華電國際電力股份有限公司
Huadian Power International Corporation Limited *

(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "PRC"))

(Stock code: 1071)

ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Board**") of Huadian Power International Corporation Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2018 extracted from the audited consolidated financial statements of the Group prepared in accordance with the International Financial Reporting Standards ("**IFRSs**").

FINANCIAL AND BUSINESS SUMMARY

- Power generation by the Group in 2018 amounted to approximately 209.85 million MWh, representing an increase of approximately 9.46% over 2017; the volume of the power sold amounted to approximately 195.99 million MWh, representing an increase of approximately 9.32% over 2017;

- Turnover of the Group in 2018 amounted to approximately RMB87,419 million, representing an increase of approximately 11.41% over 2017;

- Profit for the year attributable to equity holders of the Company in 2018 amounted to approximately RMB1,446 million, representing an increase of approximately 231.65% over 2017; profit for the year attributable to equity shareholders of the Company in 2018 amounted to approximately RMB1,300 million.

- Basic earnings per share in 2018 was approximately RMB0.132, and the Board proposes to declare a final cash dividend of RMB0.066 per share (tax inclusive, based on the total share capital of 9,862,976,653 shares) for the financial year ended 31 December 2018, totaling approximately RMB650,956,000 (tax inclusive). The dividend distribution proposal is subject to the approval by the shareholders of the Company at the upcoming 2018 annual general meeting (such date has not been determined but will be published by the Company in due course).

STATUTORY SURPLUS RESERVE

According to the Company's articles of association (the "**Articles of Association**"), the Company is required to transfer at least 10% (at the discretion of the Board) of its profit after tax, as determined under the PRC accounting rules and regulations, to its statutory surplus reserve until the surplus reserve balance reaches 50% of its registered capital. The transfer to the statutory surplus reserve must be made before the distribution of dividend to shareholders. The statutory surplus reserve can be used to make up losses (if any) of the previous year and may be converted into share capital by issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after the issue of new shares is not less than 25% of the registered share capital. On 27 March 2019, the Board resolved to transfer 10% of the annual profit after tax as determined under the PRC accounting rules and regulations, amounting to RMB75,864,000 (2017: RMB134,437,000), to the statutory surplus reserve.

DIVIDENDS

Pursuant to a resolution passed at the Board meeting held from 26 March 2019 to 27 March 2019, the Board proposes to declare a final cash dividend of RMB0.066 per share (tax inclusive, based on the total share capital of 9,862,976,653 shares) for the financial year ended 31 December 2018, totaling approximately RMB650,956,000 (tax inclusive). The dividend distribution proposal is subject to approval by the shareholders of the Company at the upcoming 2018 annual general meeting. The notice of the 2018 annual general meeting of the Company, containing details of the period and procedures of the closure of register of members, will be published and despatched to shareholders of the Company in due course.

If the above proposal for dividend distribution is considered and approved at the upcoming 2018 annual general meeting, the Company expects to distribute cash dividends on or before 30 August 2019.

THE GROUP'S MAJOR EXISTING ASSETS

The Group is one of the largest comprehensive energy companies in the PRC, primarily engaged in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects. The Group's power generating assets are located in 14 provinces, autonomous regions and municipalities across the PRC at the prime location, mainly in the electricity and heat load centres or regions with abundant coal resources.

As at the date of this announcement, the Group had a total of 60 controlled power plants which have commenced operations involving a total of 51,570.5 MW controlled installed capacity, with a total of 40,225 MW attributable to coal-fired generating units, 5,118.1 MW attributable to gas-fired generating units and 6,227.4 MW attributable to renewable energy generating units such as hydropower, wind power and solar power generating units. The details are as follows:

1) **Details of controlled coal and gas-fired generating units are as follows:**

	Name of power plant/company	**Installed capacity** *(MW)*	**Equity interest held by the Company**	**Generating units**
1	Zouxian Plant	2,575	100%	1 x 635MW + 1 x 600MW + 4 x 335MW
2	Shiliquan Plant	2,060	100%	1 x 600MW + 1 x 660MW + 2 x 330MW + 1 x 140MW
3	Laicheng Plant	1,200	100%	4 x 300MW
4	Fengjie Plant	1,200	100%	2 x 600MW
5	Shuozhou Thermal Power Branch Company	700	100%	2 x 350MW
6	Shenzhen Company	120	100%	120MW
7	Huadian Zouxian Power Generation Company Limited ("**Zouxian Company**")	2,000	69%	2 x 1,000MW
8	Huadian Laizhou Power Generation Company Limited ("**Laizhou Company**")	2,001.1	75%	2 x 1,000MW + 1.1MW
9	Huadian Weifang Power Generation Company Limited ("**Weifang Company**")	2,002.4	45%	2 x 670MW + 2 x 330MW + 2.4MW
10	Huadian Qingdao Power Generation Company Limited ("**Qingdao Company**")	1,220	55%	1 x 320MW + 3 x 300MW
11	Huadian Zibo Thermal Power Company Limited ("**Zibo Company**")	950	100%	2 x 330MW + 2 x 145MW
12	Huadian Zhangqiu Power Generation Company Limited ("**Zhangqiu Company**")	925	87.5%	1 x 335MW + 1 x 300MW + 2 x 145MW
13	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("**Tengzhou Company**")	930	93.257%	2 x 315MW + 2 x 150MW

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
14	Hudian Longkou Power Generation Company Limited ("**Longkou Company**")	880	84.31%	4 x 220MW
15	Huadian Ningxia Lingwu Power Generation Company Limited ("**Lingwu Company**")	3,320	65%	2 x 1,060MW + 2 x 600MW
16	Sichuan Guang'an Power Generation Company Limited ("**Guang'an Company**")	2,400	80%	2 x 600MW + 4 x 300MW
17	Huadian Xinxiang Power Generation Company Limited ("**Xinxiang Company**")	1,320	90%	2 x 660MW
18	Huadian Luohe Power Generation Company Limited ("**Luohe Company**")	660	75%	2 x 330MW
19	Huadian Qudong Power Generation Company Limited ("**Qudong Company**")	660	90%	2 x 330MW
20	Anhui Huadian Suzhou Power Generation Company Limited ("**Suzhou Company**")	1,260	97%	2 x 630MW
21	Anhui Huadian Wuhu Power Generation Company Limited ("**Wuhu Company**")	2,320	65%	2 x 660MW + 1 x 1,000MW
22	Anhui Huadian Lu'an Power Generation Company Limited ("**Lu'an Company**")	1,320	95%	2 x 660MW
23	Hangzhou Huadian Banshan Power Generation Company Limited ("**Hangzhou Banshan Company**")	2,415.7	64%	3 x 415MW + 3 x 390MW + 0.7MW
24	Hangzhou Huadian Xiasha Thermal Power Company Limited ("**Xiasha Company**")	246	56%	1 x 88MW + 2 x 79MW
25	Hangzhou Huadian Jiangdong Thermal Power Company Limited ("**Jiangdong Company**")	960.5	70%	2 x 480.25MW

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
26	Huadian Zhejiang Longyou Thermal Power Company Limited ("**Longyou Company**")	406	100%	2 x 127.6MW + 1 x 130.3MW + 1 x 19.5MW + 1MW
27	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("**Shijiazhuang Thermal Power Company**")	928.6	82%	453.6MW + 2 x 200MW + 3 x 25MW
28	Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("**Yuhua Company**")	600	100%	2 x 300MW
29	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("**Luhua Company**")	660	90%	2 x 330MW
30	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("**Pingshi Power Company**")	600	100%	2 x 300MW
31	Guangdong Huadian Shaoguan Thermal Power Company Limited ("**Shaoguan Thermal Power Company**")	350	100%	350MW
32	Huadian Foshan Energy Company Limited ("**Foshan Energy Company**")	118	100%	2 x 59MW
33	Tianjin Huadian Fuyuan Thermal Power Company Limited ("**Fuyuan Thermal Power Company**")	400	100%	2 x 200MW
34	Huadian Hubei Power Generation Company Limited ("**Hubei Company**") *(Note)*	5,906.4	82.56%	2 x 680MW + 1 x 660MW + 2 x 640MW + 6 x 330MW + 1 x 300MW + 40 x 2MW + 246.4MW

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

Power generation enterprise	**Installed capacity** *(MW)*	**Shareholding percentage of Hubei Company**	**Generating units**
Huadian Hubei Power Generation Company Limited Huangshi Thermal Power Branch Company ("**Huangshi Thermal Power Company**")	330	100%	1 x 330MW
Huadian Hubei Power Generation Company Limited Huangshi Photovoltaic Power Generation Branch Company ("**Huangshi Photovoltaic Power Generation Company**")	6.4	100%	6.4MW
Hubei Xisaishan Power Generation Company Limited ("**Xisaishan Company**")	660	50%	2 x 330MW
Hubei Huadian Xisaishan Power Generation Company Limited ("**Huadian Xisaishan Company**")	1,360	50%	2 x 680MW
Hubei Huadian Xiangyang Power Generation Company Limited ("**Xiangyang Company**")	2,570	60.10%	2 x 640MW + 3 x 330MW + 1 x 300MW
Hubei Huadian Jiangling Power Generation Company Limited ("**Jiangling Company**")	660	100%	1 x 660MW
Hubei Huadian Wuxue New Energy Company Limited ("**Wuxue New Energy Company**")	120	100%	40 x 2MW + 40MW
Hubei Huadian Zaoyang Photovoltaic Power Generation Company Limited ("**Zaoyang Photovoltaic Power Generation Company**")	100	100%	100MW
Hubei Huadian Suixian Yindian Photovoltaic Power Generation Company Limited ("**Suixian Photovoltaic Power Generation Company**")	100	100%	100MW

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

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
1	Sichuan Huadian Luding Hydropower Company Limited ("**Luding Hydropower Company**")	920	100%	4 x 230MW
2	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("**Za-gunao Hydroelectric Company**")	591	64%	3 x 65MW + 3 x 56MW + 3 x 46MW + 3 x 30MW
3	Lixian Xinghe Power Company Limited ("**Lixian Company**")	67	100%	3 x 11MW + 4 x 8.5MW
4	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("**Shuiluohe Company**")	462	57%	3 x 70MW + 3 x 38MW + 3 x 46MW
5	Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("**Hebei Hydropower Company**") *(Note)*	83.4	100%	1 x 16MW + 2 x 15MW + 1 x 11MW + 2 x3.2MW + 20MW
6	Inner Mongolia Huadian Mengdong Energy Company Limited ("**Mengdong Energy Company**")	399	100%	262 x 1.5MW + 2 x 3MW
7	Huadian Kezuozhongqi Wind Power Company Limited ("**Kezuozhongqi Wind Power Company**")	49.5	100%	33 x 1.5MW
8	Huadian Power International Ningxia New Energy Power Company Limited ("**Ningxia New Energy Company**")	1,311.5	100%	147 x 2MW + 665 x 1.5MW + 20MW
9	Hebei Huadian Guyuan Wind Power Company Limited ("**Guyuan Wind Power Company**")	290.5	100%	167 x 1.5MW + 40MW
10	Hebei Huadian Kangbao Wind Power Company Limited ("**Kangbao Wind Power Company**")	379.5	100%	72 x 2MW + 137 x 1.5MW + 30MW
11	Hebei Huarui Energy Group Corporation Limited ("**Huarui Company**")	99	100%	48 x 2MW + 2 x 1.5MW

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
12	Huadian Laizhou Wind Power Company Limited ("**Laizhou Wind Power Company**")	40.5	55%	27 x1.5MW
13	Huadian Laizhou Wind Power Generation Company Limited ("**Laizhou Wind Company**")	48	100%	24 x 2MW
14	Huadian Laizhou Wind Energy Power Company Limited ("**Laizhou Wind Energy Company**")	99.6	55%	48 x 2MW + 2 x 1.8MW
15	Huadian Changyi Wind Power Company Limited ("**Changyi Wind Power Company**")	97.5	100%	24 x 2MW + 33 x 1.5MW
16	Huadian Longkou Wind Power Company Limited ("**Longkou Wind Power Company**")	99.3	65%	23 x 1.5MW + 6 x 2.5MW + 24 x 2MW + 1 x 1.8MW
17	Huadian Zaozhuang New Energy Generation Company Limited ("**Zaozhuang New Energy Company**")	60	100%	25 x 2MW + 10MW
18	Longkou Dongyi Wind Power Company Limited ("**Longkou Dongyi Wind Power Company**")	30	100%	20 x 1.5MW
19	Huadian Shandong New Energy Company Limited ("**Shandong New Energy Company**")	415.5	100%	144 x 2MW + 100MW + 3 x 1.9MW + 1 x 1.8MW + 20MW
20	Huadian Xuwen Wind Power Company Limited ("**Xuwen Wind Power Company**")	99	100%	48 x 2MW + 2 x 1.5MW
21	Huadian Xiaxian Wind Power Company Limited ("**Xiaxian Wind Power Company**")	100	100%	50 x 2MW
22	Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("**Shangde Solar Company**")	10	60%	10MW

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

Note: Hebei Hydropower Company completed the acquisition of generating units with a total capacity of 6.4MW from Pingshan Gangnan Hydropower Co., Ltd. in 2018.

BUSINESS REVIEW

(1) Power Generation

As at 31 December 2018, the Group's total controlled installed capacity amounted to 49,952.4 MW. Power generation of the Group in 2018 amounted to approximately 209.85 million MWh, representing a year-on-year increase of approximately 9.46%; the volume of on-grid power sold amounted to 195.99 million MWh, representing a year-on-year increase of approximately 9.32%. The annual utilization hours of the Group's generating units were 4,264 hours, representing a year-on-year increase of 273 hours, among which the utilization hours of coal-fired generating units were 4,849 hours, representing a year-on-year increase of 347 hours. The coal consumption for power supply was 299.21g/KWh in aggregate, representing a year-on-year decrease of 0.4 g/KWh.

(2) Turnover

In 2018, the Group's turnover amounted to approximately RMB87,419 million, representing an increase of approximately 11.41% over 2017; Revenue generated from sale of electricity amounted to approximately RMB69,111 million, representing an increase of approximately 12.13% over 2017; revenue generated from sale of heat amounted to approximately RMB4,912 million, representing an increase of approximately 22.01% over 2017; revenue from sale of coal was approximately RMB13,397 million, representing an increase of approximately 4.63% over 2017.

(3) Profit

In 2018, the profit amounted to approximately RMB6,269 million, representing an increase of approximately 43.16% over 2017, mainly due to the increase in the power generation and the price of on-grid power. For the year ended 31 December 2018, the profit for the year attributable to equity holders of the Company amounted to approximately RMB1,446 million, the profit for the year attributable to equity shareholders of the Company amounted to approximately RMB1,300 million, and the basic earnings per share was approximately RMB0.132.

(4) The Capacity of Newly-added Generating Units

From 1 January 2018 to the date of this announcement, the details of the Group's newly-added generating units are as follows:

Projects	**Category**	**Capacity** *(MW)*
Wuhu Company	Coal-fired	1,000
Shaoguan Thermal Power Company	Coal-fired	350
Shijiazhuang Thermal Power Company	Gas-fired	453.6
Shenzhen Company	Gas-fired	120
Foshan Energy Company	Gas-fired	118
Shuiluohe Company	Hydropower	134
Hebei Hydropower Company	Hydropower	6.4
Kangbao Wind Power Company	Wind power	49.5
Huzhou New Energy Company	Solar power	15
Taiqian Photovoltaic Power Generation Company	Solar power	100
Laizhou Company	Solar power	1.1
Zaozhuang New Energy Company	Solar power	10
Wuxue New Energy Company	Solar power	40
Shandong New Energy Company	Solar power	110
Suixian Photovoltaic Power Generation Company	Solar power	70
Huangshi Photovoltaic Power Generation Company	Solar power	6.4
Weifang Company	Solar power	2.4
Total		**2,586.4**

(5) The Shutdown of Installed Capacity

The shutdown of generating units by the Group from 1 January 2018 to the date of this announcement is as follows:

Projects	Category	Capacity *(MW)*
Huangshi Thermal Power Company	Coal-fired	200
Pingshi Company	Coal-fired	125
Huadian Suzhou Biomass Energy Power Generation Company Limited ("**Suzhou Biomass Energy Company**") *(note)*	Biomass energy	25
Total		350

Note: In August 2018, the creditor of Suzhou Biomass Energy Company applied to Anhui Suzhou Intermediate People's Court for bankruptcy liquidation of the company. Since September 2018, Suzhou Biomass Energy Company has been deconsolidated from the Group's consolidated financial statements, and according to the China Accounting Standards For Business Enterprises, a loss of RMB257 million was recognized as asset impairment, meanwhile a gain of RMB220 million was recognized as investment income.

(6) Generating units under construction:

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

Type of generating units	Planned installed capacity *(MW)*
Coal-fired generating unit	3,010
Gas-fired generating unit	1,839.6
Hydropower generating unit	989.8
Wind power generating unit	354
Solar power generating unit	8
Total	**6,201.4**

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

BUSINESS OUTLOOK

(1) Competition and Development Trend of the Industry

In terms of the electricity market, according to the prediction of China Electricity Council, the power consumption in China will increase by approximately 5.5% in 2019, which is less than the growth rate in 2018. It is expected that the installed capacity of new generating units in China in 2019 will be approximately 110 million kW, of which the installed capacity of 62 million kW will be generated from non-fossil energy, and at the end of the year, the installed capacity of generating units in China will be approximately 2 billion kW, representing a year-on-year increase of approximately 5.5%. Throughout the year, there will be an overall balance between electricity supply and demand in China, with a tight supply of electricity in certain regions during the rush hours and the utilization hours of coal-fired equipment will reach approximately 4,400 hours. With the accelerated authorization for electricity distribution and sale businesses, continuous improvement in the electricity pricing mechanism, gradually independent operation of electricity trading organizations and accelerated implementation of pilot projects for the electricity spot market, the electricity market will further develop towards the market-oriented and competitive trend, from which power enterprises with a high-quality installation structure are expected to benefit.

In terms of the coal market, in 2019, with the gradual release of high-quality coal production capacity, slowdown in the economic growth and coal demand growth, it is expected that the coal supply and demand relation will tend to be stable, so there will be insufficient support for the price increase.

In terms of the capital market, the prudent monetary policy of the central government will be maintained to an appropriate degree, with reasonably sufficient liquidity. It will enhance the countercyclical adjustment, encourage and direct financial institutes to provide greater support for the real economy, focus on mitigating constraints on capital, liquidity and interest rate.

(2) Development Strategies of the Group

The Company will carefully implement the national energy strategy and the "13th Five-Year" Development Plan, adhere to the new development philosophy, as well as standard operations and legal corporate governance as foundation, make effort to achieve the shift from scale expansion to profit improvement, accelerate the high-quality transformation and development, and endeavor to establish a competitive integrated energy company.

(3) Operation Plan of the Group in 2019

Where external conditions remain relatively stable, the Group expects to complete the goal of generating over 220 million MWh of power in 2019, and the utilisation hours of power-generating units are expected to basically remain stable, or decrease slightly. According to the actual progress of each project, in 2019, the Group intends to invest approximately RMB16 billion, among which approximately 68% will be used for the infrastructure of power supply projects, approximately 27% will be used for environmental protection and energy-saving technical transformation projects, and 5% will be used for other projects.

In 2019, the Company will focus on the following four aspects:

Enhancing the control and coordination of operations and comprehensively increasing management profits. Defining responsibilities under revenue increase and expenditure reduction measures, enhancing overall management and control, strengthening management and control of key elements and indicators, and comprehensively promoting quality and efficiency improvement. Optimizing strategies, strengthening marketing, using advantages to generate profitable electricity, increasing the hours of equipment utilization, and leveraging advantages of centralized procurement to effectively reduce fuel costs. Properly managing funds, striving to diversify sources of funds, and ensuring the supply of funds and corporate credit security. Properly managing assets, standardizing disposal procedures, and increasing disposal proceeds.

Deepening the legal corporate governance and comprehensively promoting standard operations. Developing the philosophy of legal corporate governance, enhancing risk awareness, conducting legal review in the whole process of important aspects including asset acquisition, project development, contract management and connected transaction, so as to prevent corporate legal risks. Strengthening the system construction, enhancing the system effectiveness and legality review, and preventing the system compliance risk.

Implementing new development philosophy and comprehensively promoting structural adjustment. Highlighting the main principle of structural adjustment and quality improvement, and adhering to the combination of asset acquisition and greenfield project development, and continuously promoting high-quality transformation and development of the Company.

Consolidating the safety foundation and comprehensively strengthening environmental protection. Strengthening safety supervision and the construction of an intrinsically safe enterprise, comprehensively identifying and managing hidden risk in operation, conducting the prevention of natural disasters, reinforcing the investigation and analysis of safety accidents, and the implementation of preventive measures, so as to prevent risks in a timely manner. Properly benchmarking energy consumption, formulating and implementing consumption reduction measures and further lowering the energy consumption index. Enhancing the monitoring and management of the emissions of generating units and operations of environmental protection facilities, continuously unblocking the access to environmental protection information, as well as solidly and properly conducting emergency management of environmental protection work.

(4) Possible Risks and Measures

China's macro economy has seen changes amid overall stability, and faced downward pressure in the complicated and severe external environment, which lead to a greater uncertainty in the electricity consumption growth. In consideration of the international and domestic situation, industrial operation and local development, and the impact of the high base number in 2018, it is expected that the electricity consumption growth rate in China will fall steadily in 2019, and there are risks of year-on-year decline in the growth rate of power generation volume of the Group. With the further implementation of the electricity market-oriented reform, increasingly fierce competition on trading, and the gradual increase in the proportion of the volume of electricity traded in the market, the electricity pricing mechanism will be more complex, which will pose challenges for the marketing of the Group.

In terms of the coal market, it is expected that the demand growth will slow down for the year, with a slightly loose supply-demand balance, but there are regional and periodical risks of resource shortages. In terms of market price, affected by various factors, there are greater demands for coal as a whole in certain regions, and there are risks of fluctuations in coal market prices.

In terms of environmental protection policy, the state intensifies the implementation of a series of special actions including "defending the blue sky", with increasingly strict atmospheric, soil and water pollution control requirements, and increasingly strong binding force of ecological protection redlines, minimum environmental quality requirements, upper limits on resource utilization and the negative list for environmental access, which imposes stricter requirements on the Group's preliminary work, capital construction and production.

With regard to the above risks, in future operation and development, the Company will carry out in-depth study on electricity and coal markets and policies, make efforts to generate profitable electricity, and increase the hours of equipment utilization, so as to improve the benefits of the Group. The Company will optimize coal procurement strategies, leverage advantages of centralized procurement, and effectively reduce the fuel costs. Meanwhile, more attention will be paid to environmental protection, so as to comprehensively improve the self-discipline for eco-environment protection and enhance the operation and maintenance management of environmental protection facilities.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Macroeconomic Conditions and Electricity Demand

According to preliminary calculation of the National Bureau of Statistics, the GDP of the PRC in 2018 amounted to RMB90,030.9 billion, representing an increase of 6.6% over 2017 determined based on comparable prices. Power consumption of the entire society totalled 6,844.9 billion KWh, representing an increase of 8.5% over 2017. With regard to different industries, the consumption by the primary industry accounted for 72.8 billion KWh, representing a year-on-year increase of 9.8%; secondary industry accounted for 4,723.5 billion KWh, representing a year-on-year increase of 7.2%; and tertiary industry accounted for 1,080.1 billion KWh, representing a year-on-year increase of 12.7%; and the consumption by urban and rural residents accounted for 968.5 billion KWh, representing a year-on-year increase of 10.4%.

(2) Turnover

In 2018, the turnover of the Group was approximately RMB87,419 million, representing an increase of approximately 11.41% over 2017, mainly due to the increase in the power generation and the price of on-grid power.

(3) Major Operating Expenses

In 2018, the operating expenses of the Group amounted to approximately RMB81,151 million, representing an increase of approximately 9.54% over 2017. The particulars are as follows:

Fuel costs of the Group amounted to approximately RMB44,980 million in 2018, representing an increase of approximately 13.47% over 2017, mainly due to the increase of power generation and the price of coals-as-fired.

Cost of coal sold of the Group amounted to approximately RMB12,389 million in 2018, representing an increase of approximately 0.95% over 2017, mainly due to the increase in sales volume of coal.

Depreciation and amortisation expenses of the Group amounted to approximately RMB10,398 million in 2018, representing a decrease of approximately 0.64% over 2017, mainly due to the cessation of depreciation arising from expiry of service life of certain units.

In 2018, the maintenance, repair and inspection expenses of the Group were approximately RMB3,840 million, representing an increase of approximately 44.31% as compared with 2017, mainly due to (a) the increase in the costs of consumable materials such as desulfurisation and denitrification materials as a result of the completion of ultra-low emission transformation of most of the Group's coal equipment; (b) the increase in the workload of overhaul and maintenance arranged according to the conditions of generating units; and (c) the expenses incurred in the separation and transfer of "water/electricity/heat supply and property management" equipment.

In 2018, the staff cost of the Group was approximately RMB5,309 million, representing an increase of approximately 15.14% as compared with 2017, mainly due to the increase in employee remuneration .

In 2018, the administration expenses of the Group was approximately RMB2,074 million, representing a decrease of approximately 14.61% as compared with 2017, mainly due to (a) a reduction in the controllable expenses as a result of greater cost control; and (b) the losses from the shutdown of Shunge Mine in 2017.

Taxes and surcharges of the Group amounted to approximately RMB1,094 million in 2018, representing an increase of approximately 23.99% over 2017, mainly due to the increase in the power generation.

(4) Investment income

Investment income of the Group amounted to approximately RMB268 million in 2018, representing a decrease of approximately 47.27% over 2017. This was mainly due to the income from disposal of equity incurred in 2017.

(5) Other Revenue

Other revenue of the Group amounted to approximately RMB791 million in 2018, representing an increase of approximately 22.83% over 2017. This was mainly due to the increase in income from government grants.

(6) Finance Costs

Finance costs of the Group amounted to approximately RMB5,409 million in 2018, representing an increase of approximately 5.32% over 2017. This was mainly due to the increase in capital cost rate.

(7) Share of results of associates and joint ventures

Share of results of associates and joint ventures of the Group amounted to approximately RMB647 million in 2018, representing an increase of approximately 22.64% over 2017, which was mainly due to the increase in the profits of the coal mining enterprises invested by the Group.

(8) Income Tax

Income tax of the Group amounted to approximately RMB827 million in 2018, representing an increase of approximately 80.35% over 2017. This was mainly due to the increase in profits.

(9) Pledge and Mortgage of Assets

As at 31 December 2018, the Company and the Company's subsidiaries have pledged their income stream in respect of the sale of electricity and heat to secure loans amounting to approximately RMB20,037 million.

As at 31 December 2018, some of the Company's subsidiaries have mortgaged their generating units and relevant equipments, land use rights and mining rights to secure loans amounting to approximately RMB3,189 million.

(10) Indebtedness

As at 31 December 2018, the total borrowings of the Group amounted to approximately RMB104,009 million, of which borrowings denominated in Euro amounted to approximately EUR11.45 million. The liabilities to assets ratio was approximately 70.00%, representing a decrease of 3.88 percentage points compared to the end of 2017. Borrowings of the Group were mainly of floating rates. Short-term borrowings and long-term borrowings due within one year amounted to approximately RMB37,327 million, and long-term borrowings due after one year amounted to approximately RMB66,683 million. The closing balance of super short-term debenture payables of the Group amounted to approximately RMB7,134 million, and the closing balance of the medium-term notes (including the portion due within one year) and debt financing instruments issued through non-public offering to target subscribers (including the portion due within one year) amounted to approximately RMB10,075 million. The closing balance of obligations under finance lease of the Group amounted to approximately RMB3,014 million.

(11) Contingent Liabilities

As at 31 December 2018, Guang'an Company, a subsidiary of the Company, provided guarantees to banks for loans amounting to approximately RMB43.65 million which were granted to Sichuan Huayingshan Longtan Coal Company Limited, an associate of Guang'an Company.

(12) Provisions

Provisions represent the Group's best estimate of its liabilities and remedial work costs arising from mine disposal and environmental restoration based on industry practices and historical experience. As at 31 December 2018, the balance of the Group's provision amounted to approximately RMB118 million.

(13) Cash flow analysis

In 2018, the net cash inflow from operating activities of the Group amounted to approximately RMB11,649 million, increased by approximately RMB4,506 million over 2017, mainly due to the increase in the electricity, heat and coal sales incomes for 2018; the net cash outflow used in investing activities amounted to approximately RMB16,465 million, increased by approximately RMB2,378 million over 2017, mainly due to the increase in construction work and technological innovation expenditures in 2018; the net cash inflow from financing activities amounted to approximately RMB4,038 million, decreased by approximately RMB3,965 million over 2017, mainly due to the increase in repayment of debts by the Group in 2018.

(14) Exchange rate fluctuation risk and related hedging

The Group mainly engages in business and obtains income in China, and has a relatively small amount of foreign currency borrowings. Therefore, the exchange rate fluctuation risk is relatively low. Based on the above considerations, the Group did not adopt relevant hedging measures.

SIGNIFICANT EVENTS

(1) Equity Interest Transfer

According to the Reply on Relevant Matters in Relation to Transfer of A Shares Held by Shandong Development and Reform Commission in Huadian Power International Corporation Limited at Nil Consideration (Guo Zi Chan Quan [2018] No. 326) issued by the State-owned Assets Supervision and Administration Commission of the State Council, upon termination of the fiduciary relationship with Shandong International Trust Co., Ltd. ("**Shandong International Trust**") in relation to shares of Huadian Power International by law, Shandong Development and Reform Commission ("**SDRC**") transferred 800,766,729 A shares of Huadian Power International to Shandong Development Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司) ("**Shandong Development**") at nil consideration.

No shares of the Company were held by Shandong Development prior to such transfer. Upon the transfer of 800,766,729 shares of the Company held by Shandong International Trust on behalf of SDRC (accounting for 8.12%) to Shandong Development at nil consideration, no shares of the Company will be held by Shandong International Trust, while Shandong Development will hold 800,766,729 shares of the Company, accounting for 8.12% of the Company's shares.

For details, please refer to the announcement of the Company dated 30 August 2018.

(2) Change of Directors and Supervisors

In consideration of the equity transfer by Shangdong International Trust to Shandong Development, Ms. Wang Yingli tendered to the Board, her resignation as the vice chairman of the Company, a non-executive director and a member of the Strategic Committee; Mr. Zhang Ke tendered to the Board, his resignation as a non-executive director of the Company, a member of the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee (the "**Director Resignation**"); Mr. Li Xiaopeng tendered to the Board of Supervisors, his resignation as a supervisor and the chairman of the Board of Supervisors (the "**Supervisor Resignation**"). The Director Resignation and the Supervisor Resignation came into force on the conclusion of the extraordinary general meeting held on 30 October 2018.

Mr. Ni Shoumin (倪守民) was appointed as a non-executive director, the vice chairman of the Company and a member of the Strategic Committee, and Mr. Wang Xiaobo (王曉渤) was appointed as a non-executive director of the Company, a member of the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, for a term commencing on the conclusion of the extraordinary general meeting held on 30 October 2018 and ending on the expiry date of the term of office for the eighth session of the Board, at which time each of them will be eligible for re-election. Ms. Chen Wei (陳煒) was appointed as the supervisor and the chairman of the Board of Supervisors, for a term commencing on the conclusion of the extraordinary general meeting held on 30 October 2018 and ending on the expiry date of the term of office for the eighth session of the Board of Supervisors, at which time she will be eligible for re-election.

For details, please refer to the announcement of the Company dated 30 October 2018.

On 19 February 2019, Mr. Zhao Jianguo tendered his resignation as the chairman of the Company and a non-executive director of the eighth session of the Board, and the chairman of the Strategic Committee of the Board with effect from the same date due to work arrangement. On 11 March 2019, Mr. Chen Bin tendered his resignation as the vice chairman of the Company and an executive director of the eighth session of the Board, and a member of the Strategic Committee due to his age; Mr. Chu Yu tendered his resignation as a non-executive director of the eighth session of the Board, and a member of the Audit Committee, in each case with effect from the date, due to work arrangement. Mr. Zhao Jianguo, Mr. Chen Bin and Mr. Chu Yu have confirmed that they have no disagreements with the Board and there is no matter in relation to their resignations that need to be brought to the attention of the shareholders of the Company. The Board would like to express its satisfaction with the work done by them during their tenures of service and its high appreciation and sincere gratitude for their contributions to the development of the Company.

On 19 February 2019, at the fourteenth meeting of the eighth session of the Board, the nomination of Mr. Wang Xuxiang as a candidate for the director of the Company was approved and submitted at the general meeting for approval. On 11 March 2019, at the sixteenth meeting of the eighth session of the Board, the nomination of Mr. Chen Haibin, Mr. Tao Yunpeng and Mr. Chen Cunlai as candidates for the directors of the Company was approved and submitted at the general meeting for approval. The above extraordinary general meeting is proposed to be held on 9 April 2019, and the notice and supplemental announcement of the meeting were despatched to shareholders on 22 February 2019 and 11 March 2019.

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

(3) Convening of the Extraordinary General Meetings

The Company held the first extraordinary general meeting of 2018 on 30 October 2018 (the "**2018 First EGM**"). At 2018 First EGM, the following were considered and approved: (i) two proposals on the issue of financial financing instruments: the Company proposed to register and issue asset backed securities in the interbank market or exchange market, and proposed the combination authorization for financing instruments and exchange corporate bond financing instruments to be applied for in exchange, insurance and other markets; (ii) election and appointment of Ms. Chen Wei as the member of the eighth session of the Board of Supervisors, for a term commencing on the conclusion of the extraordinary general meeting and ending on the expiry of the term of office for the eighth session of the Board of Supervisors; and (iii) election and appointment of Mr. Ni Shoumin and Mr. Wang Xiaobo as non-executive directors of the Company, for a term commencing on the conclusion of the extraordinary general meeting and ending on the expiry of the term of office for the eighth session of the Board.

For details, please refer to the announcements of the Company dated 12 September 2018 and 30 October 2018.

On 27 December 2018, the Company held the second extraordinary general meeting of 2018 (the "**2018 Second EGM**"), at which the following were considered and approved: (i) the ordinary resolution in relation to the entering into by the Company of the Fuel, Equipments and Services Purchase (Supply) Framework Agreement with China Huadian and the continuing connected transactions contemplated thereunder together with their respective annual caps; and (ii) the ordinary resolution in relation to the continuing connected transaction on the provision of deposit services by China Huadian Finance Corporation Limited ("**Huadian Finance**") to the Group under the Financial Service Agreement entered into between the Company and Huadian Finance together with the maximum average daily balance of deposit (inclusive of accrued interests).

For details, please refer to the announcements of the Company dated 12 November 2018 and 27 December 2018 and the circular dated 28 November 2018.

(4) Amendments to the Articles of Association

As China Huadian Corporation has changed its name to China Huadian Corporation Limited., it is necessary for the Company to amend relevant articles set out in the Articles of Association accordingly. Furthermore, pursuant to the Company Law of People's Republic of China (the "**Company Law**") and the Guidelines on Articles of Association of Listed Companies (Revised in 2016) (《上市公司章程指引(2016年修訂)》) issued by the China Securities Regulatory Commission, shareholders who individually or jointly hold more than 3% of the Company's shares should be entitled to propose resolutions at the general meeting.

For details, please refer to the announcements of the Company dated 26 March 2018 and 26 June 2018.

(5) Change of Auditors

At the annual general meeting held on 26 June 2018, the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) and BDO Limited as the domestic auditor and the overseas auditor of the Company, respectively (the "**Proposed Change of Auditors**"), was approved, for a proposed term of office commencing on the date of approval and ending on the date of the next annual general meeting of the Company.

Deloitte Touche Tohmatsu Certified Public Accountants LLP(Special General Partnership), the former domestic auditor of the Company, and Deloitte Touche Tohmatsu (collectively, "**Deloitte**"), the current overseas auditor of the Company, had provided audit services to the Company for years and their term of service expired at the 2017 annual general meeting. Pursuant to relevant requirements regarding the rotation of auditors issued by the Ministry of Finance and the State-owned Assets Supervision and Administration Commission, the Company decided to change its auditors as the service years of current auditors to the Company have reached the prescribed time limit. Deloitte has confirmed to the Board that there are no matters regarding their retirement as a domestic auditor and an overseas auditor which need to be brought to the attention of the shareholders of the Company.

For details, please refer to the announcements of the Company dated 26 March 2018 and 26 June 2018.

(6) Issue of Equity Financing Instruments

In 2018, the Company successfully issued two tranches of renewable debentures in the total amount of RMB5,000 million, including 3+N products in the total amount of RMB2,650 million with the average coupon rate of 4.94%, 5+N products in the total amount of RMB2,350 million with the average coupon rate of 5.15%, which reflected the outstanding performance in the current market in terms of the size of issue and financing costs. The Company successfully issued two tranches of perpetual medium-term notes each in the amount of RMB2,000 million, with the coupon rate of 4.86% and 4.68% respectively. The above equity financing instruments in the total amount of RMB9,000 million helped reduce the liabilities to assets ratio of the Company by approximately 4 percentage points.

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company (the "**Directors**") are aware, each of the following persons, not being a Director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 31 December 2018 in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 31 December 2018, or was a substantial shareholder of the Company as at 31 December 2018 as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

Name of Shareholder	Class of shares	Number of shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian	A shares	4,534,199,224 (L)	45.97%	55.66%	–
	H shares	85,862,000 (L) *(note)*	0.87%	–	5.00%
Shandong Development Investment Holding Group Co., Ltd.	A shares	800,766,729 (L)	8.12%	9.83%	–
BlackRock, Inc.	H shares	105,593,762 (L)	1.07%	–	6.15%
		1,854,000 (S)	0.02%	–	0.11%

(L) = long position
(S) = short position
(P) = lending pool

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

Save as disclosed above and so far as the Directors are aware, as at 31 December 2018, no other person (other than the Directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial Shareholder (as defined in the Hong Kong Listing Rules) of the Company.

SECURITIES INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND MEMBERS OF SENIOR MANAGEMENT

As at 31 December 2018, the interests or short positions of the Directors, supervisors, chief executives and members of senior management of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Part XV of SFO) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") adopted by the Company, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

Name	Position in the Company	Number of A shares of the Company held as personal interest	Capacity in A shares
Gou Wei	Non-executive Director	10,000 *(Note)*	Beneficial owner

Note: Accounted for approximately 0.0001% of the total issued A shares of the Company on 31 December 2018.

Save as disclosed above, as at 31 December 2018, none of the Directors, supervisors, chief executives or members of senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO) or was (ii) required to be recorded in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code (which for this purpose shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

In 2018, the Company has adopted a code of conduct regarding transactions of the Directors in the Company's securities on terms identical to those of the Model Code. Having made specific enquiries of all Directors, the Company understands that all Directors have complied with the required standards set out in the Model Code.

CORPORATE GOVERNANCE

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

The codes on corporate governance of the Company include, but not limited to, the following documents:

1. Articles of Association;
2. Code on Shareholders' General Meetings, Code on Board Practices and Code on Supervisory Committee (as parts of the current Articles of Association of the Company);
3. Terms of Reference of the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategic Committee of the Board;
4. Working Requirements for Independent Directors;
5. Working Requirements for Secretary to the Board;
6. Working Rules for General Manager;
7. Code on the Company's Investment Projects;
8. the Company's Management Methods on Raised Proceeds;
9. the Company's Management Methods on External Guarantees;
10. the Company's Management Rules on Information Disclosure;
11. Management Rules on Investor Relations and Implementation Procedures;
12. Code on Trading in Securities of the Company by Directors (Supervisors) of the Company;
13. Code on Trading in Securities of the Company by Employees of the Company;
14. Management Methods for Affairs of the Board of Directors;
15. Working Rules on Annual Report for the Audit Committee of the Board;
16. Working Rules on Annual Report for Independent Directors;
17. Management Methods on Connected Transactions; and
18. Insider Registration and Management Methods.

The Board is committed to the principles of corporate governance in order to achieve a prudent management and enhancement of shareholders' value. Transparency, accountability and independence are enshrined under these principles.

The Board has reviewed the relevant requirements prescribed under the corporate governance codes adopted by the Company and its actual practices, and has taken the view that the corporate governance of the Company in 2018 has met the requirements under the code provisions in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Hong Kong Listing Rules and there was no deviation from such provisions. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the CG Code, the particulars of which are as follows:

– The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited* by Directors (Supervisors) and the Code on Trading in Securities of Huadian Power International Corporation Limited* by Employees, which are on terms no less exacting than those set out in the Model Code set out in Appendix 10 to the Hong Kong Listing Rules.

– In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and stipulated the Terms of Reference of the Strategic Committee.

– In the financial year of 2018, a total of six Board meetings were held by the Company.

– The Audit Committee comprises four members, including one non-executive Directors and three independent non-executive Directors.

PURCHASE, SALE OR REDEMPTION OF LIMITED SECURITIES

During the financial year of 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued securities ("**securities**" having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Hong Kong Listing Rules).

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2018, the Group's deposits placed with financial institutions or other parties did not include any designated or entrusted deposits, or any material overdue time deposits which could not be collected by the Group upon maturity.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the annual results of the Group for 2018 and the financial statements prepared under IFRSs for the financial year ended 31 December 2018.

MATERIAL LITIGATION

In 2018, in the Shandong Shuntian Mining Co., Ltd. v. Inner Mongolia Haoyuan Coal Company Limited, a subsidiary of the Company ("**Haoyuan Company**") equity transfer case, Haoyuan Company was the losing party, in respect of which the Group recorded litigation losses of RMB343 million.

As of 31 December 2018, some members of the Group were a party to certain litigations arising from the Group's ordinary course of business or acquisition of assets. The management of the Group believes that, except of the case as disclosed above, possible legal liability which incurred or may incur from any of other cases has no material adverse effect on the financial position and operating results of the Group.

By order of the Board
Huadian Power International Corporation Limited*
Tian Hongbao
Vice Chairman and General Manager

As at the date of this announcement, the Board comprises:

Tian Hongbao (Vice Chairman, Executive Director), Ni Shoumin (Vice Chairman, Non-executive Director), Gou Wei (Non-executive Director), Wang Xiaobo (Non-executive Director), Ding Huiping (Independent Non-executive Director), Wang Dashu (Independent Non-executive Director), Wang Chuanshun (Independent Non-executive Director) and Zong Wenlong (Independent Non-executive Director).

Beijing, the PRC
27 March 2019

* *For identification purposes only*

I SUMMARY OF FINANCIAL INFORMATION IN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRSS

The consolidated financial information set out below is extracted from the audited consolidated financial statements prepared under IFRSs of the Group as set out in its 2018 annual report.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2018
(Expressed in Renminbi)

	Notes	**2018** *RMB'000*	2017 *RMB'000*
Turnover	*3*	**87,419,418**	78,463,912
Operating expenses			
Fuel costs		**(44,980,414)**	(39,640,864)
Cost of coal sold		**(12,388,566)**	(12,272,334)
Depreciation and amortisation		**(10,398,216)**	(10,465,411)
Repairs, maintenance and inspection		**(3,839,939)**	(2,660,888)
Personnel costs	*4*	**(5,309,392)**	(4,610,753)
Administration expenses		**(2,073,634)**	(2,428,462)
Taxes and surcharges	*5*	**(1,094,297)**	(882,539)
Other operating expenses		**(1,066,355)**	(1,123,724)
		(81,150,813)	(74,084,975)
Operating profit		**6,268,605**	4,378,937
Investment income	*6*	**268,072**	508,365
Other revenue	*7*	**790,876**	643,867
Other net income	*7*	**103,747**	137,883
Interest income from bank deposits		**86,680**	91,970
Fair value gain on financial assets at fair value through profit or loss		**47,276**	–
Fair value gain on financial liabilities at fair value through profit or loss		**(64,496)**	–
Finance costs	*8*	**(5,409,024)**	(5,135,765)
Share of results of associates and joint ventures		**647,158**	527,703
Profit before taxation	*9*	**2,738,894**	1,152,960
Income tax	*10*	**(826,862)**	(458,484)
Profit for the year		**1,912,032**	694,476

Consolidated statement of profit or loss and other comprehensive income ***(Continued)***
For the year ended 31 December 2018
(Expressed in Renminbi)

	Notes	2018 RMB'000	2017 RMB'000
Other comprehensive expense for the year (net of tax):	11	**(15,894)**	(22,335)
Items that may be subsequently reclassified to profit or loss:			
Net fair value loss on available-for-sale investments		**–**	(11,965)
Share of net fair value loss on available-for-sale investments of associates		**–**	(10,370)
Share of other comprehensive income of investees accounted for under the equity method		**(15,894)**	–
Total comprehensive income for the year		**1,896,138**	672,141
Profit for the year attributable to:			
Equity holders of the Company		**1,445,736**	435,905
Non-controlling interests		**466,296**	258,571
		1,912,032	694,476
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**1,430,374**	413,917
Non-controlling interests		**465,764**	258,224
		1,896,138	672,141
Basic earnings per share	12	**RMB0.132**	RMB0.044

Consolidated statement of financial position
As at 31 December 2018
(Expressed in Renminbi)

	Notes	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**149,582,344**	145,694,565
Construction in progress		**26,415,047**	23,648,651
Lease prepayments		**3,441,173**	3,013,047
Intangible assets		**5,843,716**	5,940,446
Goodwill		**1,432,802**	1,432,780
Interests in associates and joint ventures		**11,100,365**	10,836,925
Available-for-sale investments		**–**	241,867
Financial asset at fair value through profit or loss		**280,330**	–
Other non-current assets		**3,262,617**	2,738,336
Deferred tax assets		**365,613**	270,487
		201,724,007	193,817,104
Current assets			
Inventories		**3,441,302**	2,871,233
Trade debtors and bills receivable	*13*	**10,670,383**	10,511,497
Deposits, other receivables and prepayments		**4,756,158**	4,092,172
Tax recoverable		**113,790**	94,506
Restricted deposits		**39,799**	65,361
Lease prepayments		**112,356**	109,032
Cash and cash equivalents		**6,638,326**	7,416,801
		25,772,114	25,160,602
Current liabilities			
Bank loans		**31,581,576**	36,100,608
Loans from shareholders		**100,000**	–
State loans		**2,774**	8,944
Other loans		**5,642,320**	4,954,220
Short-term debentures payable		**7,134,237**	6,059,239
Long-term debentures payable-current portion		**2,597,864**	6,493,146
Amount due to the parent company		**47,021**	64,295
Obligations under finance leases	*14*	**621,420**	791,590
Trade creditors and bills payable	*15*	**19,157,988**	18,042,924
Other payables		**8,163,364**	7,580,928
Financial liabilities at fair value through profit or loss		**64,496**	–
Tax payable		**421,350**	221,431
		75,534,410	80,317,325

Consolidated statement of financial position ***(Continued)***
As at 31 December 2018
(Expressed in Renminbi)

	Notes	2018 RMB'000	2017 RMB'000
Net current liabilities		**(49,762,296)**	(55,156,723)
Total assets less current liabilities		**151,961,711**	138,660,381
Non-current liabilities			
Bank loans		**59,399,344**	53,513,930
Loans from shareholders		**1,678,666**	1,778,666
State loans		**57,906**	61,373
Other loans		**5,546,750**	6,855,191
Long-term debentures payable		**7,477,547**	10,058,115
Obligations under finance leases	*14*	**2,392,958**	2,209,517
Long-term payables		**363,999**	414,852
Provisions		**117,625**	108,912
Deferred government grants	*7*	**1,614,386**	1,246,431
Deferred income		**2,746,688**	2,732,905
Deferred tax liabilities		**2,305,891**	2,457,838
Retirement benefit obligations		**18,087**	20,858
		83,719,847	81,458,588
Net assets		**68,241,864**	57,201,793
Capital and reserves			
Share capital		**9,862,977**	9,862,977
Perpetual capital securities		**9,108,775**	–
Reserves		**34,159,390**	33,046,182
Total equity holders of the Company		**53,131,142**	42,909,159
Non-controlling interests		**15,110,722**	14,292,634
Total equity		**68,241,864**	57,201,793

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements for the year ended 31 December 2018 comprise the Group and its interests in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that part of the financial instruments are stated at their fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories, or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. Application of New and Revised IFRSs Disclosure

In the current year, the Group has applied, for the first time, the following amendments to IFRSs:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to IAS 40	Transfers of Investment Property
Amendments to IAS 28	Investment in Associates and Joint Ventures Annual Improvement of IFRS Standards 2014-2017 Cycle
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions

Except as describe impact of IFRS 9 and IFRS 15 adoption in below, the application of the new or revised IFRS in this year has had no material impact on the Group's financial performance and positions.

<u>IFRS 9 Financial Instruments</u>

(a) <u>Classification and measurement of financial instruments</u>

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of IFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of IFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under IFRS 9, except for certain trade debtors and bills receivable (that the trade receivables do not contain a significant financing component in accordance with IFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at FVOCI; or (iii) financial assets at FVPL (as defined in above). The classification of financial assets under IFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under IFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and its has not been designated as at FVPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVPL	FVPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt instruments)	Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss
FVOCI (equity instruments)	Equity investments at FVOCI are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarizes the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Carrying amount as at 1 January 2018 under IAS 39 RMB'000	Carrying amount as at 1 January 2018 under IFRS 9 RMB'000
Unlisted equity securities	Available-for-sale	FVPL	241,867	241,867
Other non-current assets	Loans and receivables	Amortised cost	155,032	155,032
Trade debtors and bills receivable	Loans and receivables	Amortised cost	10,511,497	10,511,497
Other receivables	Loans and receivables	Amortised cost	1,646,590	1,646,590
Restricted deposits	Loans and receivables	Amortised cost	65,361	65,361
Cash and cash equivalents	Loans and receivables	Amortised cost	7,416,801	7,416,801

(b) <u>Impairment of financial assets</u>

The adoption of IFRS 9 has changed the Group's impairment model by replacing the IAS 39 "incurred loss model" to the "ECLs model". IFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than IAS 39. Restricted deposits and cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

No additional impairment for trade debtors and bills receivable and other receivables as at 1 January 2018 is recognised as the amount of additional impairment measured under the ECL model is immaterial.

Measurement of ECLs

The Group has elected to measure loss allowances for trade debtors and bills receivable using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade debtors and bills receivable for the sale of electricity, heat and coal, the management of the Group makes periodic individual assessment on the recoverability of trade debtors and bi1ls receivable based on historical experience and forward-looking information. The adoption of the simplified ECL approach has not resulted in any additional impairment loss for trade debtors and bills receivable as at 1 January 2018. The expected credit loss for trade debtors and bills receivable is immaterial.

For other non-current assets (including other long-term receivables with fixed-rate and non-current feature), the management of the Group makes individual assessment on the recoverability of other non-current assets based on historical experience and forward-looking information. The adoption of the simplified ECL approach has not resulted in any additional impairment loss for other non-current assets as at 1 January 2018. The expected credit loss for other non-current assets is immaterial.

For deposits and other receivables (including amount due from shareholders/joint ventures/associates/subsidiaries/related parties), loss allowances are measured on 12 months basis and there had been no significant increase in credit risk since initial recognition. The management of the Group makes individual assessment for significant outstanding items and collective assessment for other insignificant outstanding items on the recoverability of deposits and other receivables based on historical experience and forward-looking information. The management considers that the expected credit loss for deposits and other receivables is immaterial.

For cash and cash equivalents (including restricted deposits and bank balances), the management of the Group makes periodic assessment on the recoverability of the cash and cash equivalents based on historical experience and forward-looking information. The credit risk on cash and cash equivalents is limited because the counterparties are reputable banks, and the risk of inability to pay at the due date is low, therefore, the expected credit loss for cash and cash equivalents is immaterial.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(c) <u>Transition</u>

The Group has applied the transitional provision in IFRS 9 such that IFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of IFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

<u>IFRS 15 Revenue from Contracts with Customers</u>

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

The Group has adopted IFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

Notes	Product/Service	Nature of the goods or services satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 January 2018
(1)	Sale of electricity	Revenue is recognised at a point in time when electricity is supplied to power grid companies. Invoice are usually payable within 30 days.	**<u>Impact</u>** IFRS 15 did not result in significant impact on the Group's accounting policies.
(2)	Sale of heat	Revenue is recognised at a point in time when heat is supplied to customer.	**<u>Impact</u>** IFRS 15 did not result in significant impact on the Group's accounting policies.
(3)	Sale of coal	Revenue is recognised at a point in time when customer obtain control of the goods when the goods are delivered and have been accepted.	**<u>Impact</u>** IFRS 15 did not result in significant impact on the Group's accounting policies.

The impact of the adoption of IFRS 15 for each individual line item

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Statement of financial position (extract)	31 December 2017 RMB'000	IFRS 15 RMB'000	1 January 2018 Restated RMB'000
Current liabilities			
Other payables:			
– Receipts in advance	(1,358,617)	1,358,617	–
Other payables:			
– Contract liabilities	–	(1,358,617)	(1,358,617)

The amount by each financial statements line items affected in the current period and period to date by the application of IFRS 15 as compared to IAS 18 that were previously in effect before the adoption of IFRS 15 is as follows:

		As at 31 December 2018	
Statement of financial position (extract)	Amounts without the adoption of IFRS 15 RMB'000	Effects of adoption of IFRS 15 RMB'000	Amounts as reported RMB'000
Current liabilities			
Other payables:			
– Receipts in advance	(1,375,597)	1,375,597	–
Other payables:			
– Contract liabilities	–	(1,375,597)	(1,375,597)

3. Turnover

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

	2018 *RMB'000*	2017 *RMB'000*
Sale of electricity	**69,110,654**	61,634,215
Sale of heat	**4,911,666**	4,025,595
Sale of coal	**13,397,098**	12,804,102
	87,419,418	78,463,912

The Group's customers are mainly local power grid companies. In 2018, there is two customer sale with whom has exceeded 10% of the Group's revenue, and revenue from sale of electricity to this customer, including sale to entities which are known to the Group to be under common control of this customer, amounted to approximately Renminbi 39,126 million (2017: RMB27,425 million).

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

The following table provides information about trade debtors and bills receivable and contract liabilities from contracts with customers.

	31 December 2018 *RMB'000*	1 January 2018 *RMB'000*
Trade debtors and bills receivable *(note 13)*	**10,670,383**	10,511,497
Contract liabilities	**1,375,579**	1,358,617

The contract liabilities mainly relate to the advance consideration received from customers. RMB1,107 million of the contract liabilities as of 1 January 2018 has been recognised as revenue for the year ended 31 December 2018 from performance obligations satisfied.

As at 31 December 2018, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB1,376 million. The Group will recognise the expected revenue in future which usually within 12 months or less.

4. Personnel costs

	2018 *RMB'000*	2017 *RMB'000*
Wages, welfare and other benefits	**3,562,207**	3,056,710
Retirement costs	**877,573**	727,785
Other staff costs	**869,612**	826,258
	5,309,392	4,610,753

5. Taxes and surcharges

During the current year, taxes and surcharges of the group with the amounts of RMB1,094 million (2017: RMB883 million) mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

6. Investment income

	2018 *RMB'000*	2017 *RMB'000*
Gain on loss of control of a subsidiary	**219,675**	6,304
Loss on disposal of financial assets measured at FVPL	**(4,078)**	–
Gain on disposal of a listed equity security	**–**	19,916
Dividend income from available-for-sale investments	**–**	49,501
Dividend income from financial assets measured at FVPL	**28,088**	–
Interest on loans and receivables	**14,232**	14,197
Loss on disposal of an associate	**–**	(237)
Gain on deemed disposal of an associate	**4,053**	–
Gain on disposal of partial equity interest in an associate	**–**	418,684
Gain on disposal of equity interest in associates	**6,102**	–
	268,072	508,365

Note:

In the current year, the Group disposal of 35% and 30% interest in Hubei Huazhong Electric Power Fuel Co., Limited (“湖北華中電力燃料有限責任公司”) and Shanxi Huasheng Tonglian Coal Sales Co., Limited (“山西華盛統配煤炭銷售有限公司”) respectively. The carrying amount of investment disposal was RMB8.52 million. The consideration of RMB14.62 million were not received and recognised as other receivables.

On 12 September 2018, the Suzhou Intermediate People’s Court of Anhui Province received a winding-up application. Finally, the Group lost a subsidiary, namely Huadian Suzhou Biomass Power Generation Co., Limited (“華電宿州生物質能發電有限公司”), in the current year.

According to the additional investment agreement signed with Jinshajiang Hydropower Company on 28 December 2017. The Company’s shareholding has diluted from 20% to 12% such deemed disposal of associate and recognised in note 8. The Company still have significant influence over Jinshajiang Hydropower Company.

In the prior current year, the Group disposed of 8% interest in Huadian Property to China Huadian Corporation Limited (“China Huadian”) for proceeds of RMB665.76 million determined based on an independent valuation report. The Group has accounted for the remaining 8.31% interest as an associate, due to that according to the articles of Huadian Property, the Company has one representation in the board of directors and therefore can participate in the financial and operating policy decisions of Huadian Property, so as to have significant influence in its activities. In addition, during the prior year, the Group completed the liquidation of Huadian Hubei Material Company, previously owned as an associate. The consideration arising from the aforesaid liquidation was RMB5.87 million.

	2018 ***RMB’000***	2017 *RMB’000*
Proceeds of disposal	**14,624**	671,630
Less: carrying amount of the investment disposed	**(8,522)**	(253,183)
Gain recognised	**6,102**	418,447
Consideration		
Received in cash	**–**	671,630
Total consideration	**–**	671,630

7. Other revenue and net income

	2018 ***RMB’000***	2017 *RMB’000*
Other revenue		
Government grants *(Note)*	**516,038**	322,222
Revenue from upfront connection and installation fees for heating networks	**195,138**	158,018
Others	**79,700**	163,627
	790,876	643,867
Other net income		
Net income on disposal of property, plant and equipment	**30,660**	25,143
Net income from sale of materials	**602,193**	304,917
Others	**(529,106)**	(192,177)
	103,747	137,883

Note: Government grants mainly represent value added tax refund and the grants from government for environmental protection and heat supply. There is no unfulfilled condition relating to those grants.

In addition, for grants related to assets, such grants have been deferred and released to profit or loss in accordance with the useful lives of the related assets. In 2018, the Group received such grants amounting to RMB287 million (2017: RMB131 million), and the amount released to profit or loss is RMB125 million (2017: RMB78 million).

8. Finance costs

	2018	2017
	RMB'000	*RMB'000*
Interest on loans and other financial liabilities	**5,842,367**	5,566,517
Less: interest capitalised	**(691,760)**	(651,093)
	5,150,607	4,915,424
Net foreign exchange loss/(gain)	**12,550**	(21,579)
Amortisation on unrecognised finance charges	**140,183**	159,157
Other finance costs	**105,684**	82,763
	5,409,024	5,135,765

The borrowing costs have been capitalised at an average rate of 4.70% per annum (2017: 4.70%) for construction in progress.

9. Profit before taxation

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

	2018	2017
	RMB'000	*RMB'000*
Amortisation		
– Lease prepayments	**117,594**	106,953
– Intangible assets	**238,983**	180,881
Depreciation of property, plant and equipment	**10,041,639**	10,177,577
Total depreciation and amortisation	**10,398,216**	10,465,411
Auditors' remuneration	**8,900**	10,950
Cost of inventories expensed	**61,208,919**	54,174,824
Impairment losses included in administration expenses		
– Trade debtors and bills receivable	**500**	–
– Deposits, other receivables and prepayments	**262,012**	–
– Inventories	**3,233**	–
– Construction in progress	**4,292**	299,559
– Property, plant and equipment	**113,134**	477,781
– Lease prepayments	**–**	1,417
Reversal of impairment losses		
– Trade debtors and bills receivable	**–**	(25)
– Deposits, other receivables and prepayments	**1,133**	–
– Inventories	**–**	(13)
Operating lease charges in respect of land and buildings	**169,693**	157,935
Research and development costs	**19,549**	13,549

10. Income tax in the consolidated statement of profit or loss and other comprehensive income

	2018	2017
	RMB'000	*RMB'000*
Current tax		
Charge for PRC enterprise income tax for the year	**1,061,989**	807,972
Under provision in respect of prior years	**11,946**	23,819
	1,073,935	831,791
Deferred tax		
Origination and reversal of temporary differences and tax losses	**(247,073)**	(373,307)
Total income tax expense in the consolidated statement Statement of profit or loss and other comprehensive income	**826,862**	458,484

11. Other comprehensive expenses

	2018	2017
	RMB'000	*RMB'000*
Net decrease in fair value on available-for-sale investments	**–**	(15,953)
Net deferred tax credited to other comprehensive income	**–**	3,988
	–	(11,965)
Share of net fair value loss on available-for-sale investments of associates	**–**	(10,370)
Share of other comprehensive income of investees Accounted for under the equity method	**(15,894)**	–
Other comprehensive expense, net of income tax	**(15,894)**	(22,335)

12. Earnings per share

(a) Basic earnings per share

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

	For the year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**1,445,736**	435,905
Less: Cumulative distribution to perpetual capital securities	**145,576**	–
Profit attributable to equity shareholders	**1,300,160**	435,905
Weighted average number of ordinary shares in issue	**9,862,976,653**	9,862,976,653
Basic earnings per share (RMB)	**0.132**	0.044

(b) Diluted earnings per share

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the years ended 31 December 2018 and 2017.

13. Trade debtors and bills receivable

	2018	2017
	RMB'000	*RMB'000*
Trade debtors and bills receivable for the sale of electricity	**9,090,233**	8,789,891
Trade debtors and bills receivable for the sale of heat	**622,883**	414,287
Trade debtors and bills receivable for the sale of coal	**1,210,698**	1,560,250
	10,923,814	10,764,428
Less: allowance for doubtful debts	**(253,431)**	(252,931)
	10,670,383	10,511,497

Notes:

(i) At 31 December 2018, the Group had not continued to recognised any Endorsed Bills.

At 31 December 2017, the Group endorsed certain bills receivable accepted by banks in the PRC (the "**Endorsed Bills**") with a carrying amount of RMB355 million to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated liabilities. The aggregate carrying amount of the trade payables and other payables settled by the Endorsed Bills is RMB355 million as at 31 December 2017.

(ii) As at 31 December 2018, bank acceptance bills discounted or endorsed to banks and suppliers of RMB2,112 million (2017: RMB3,488 million) were derecognised by the Group (the "**Derecognised Bills**"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. Losses related to derecognition of the Derecognised Bills was RMB6.51 million (2017: RMB7.14 million) in total and charged into profit or loss.

(iii) As at 31 December 2018, trade receivables amounted to RMB3,298 million (2017: RMB2,358 million) had been factored to a bank on a non-recourse basis. These trade receivables were derecognised as the Group had transferred the significant risks and rewards relating to the trade receivables to the bank under the non-recourse factoring agreements. Losses related to derecognition of the derecognised trade receivables was RMB1.1 million (2017: RMB1.1 million) in total and charged into profit or loss.

As at 31 December 2018, the ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**9,975,584**	10,306,608
1 to 2 years	**630,882**	142,498
2 to 3 years	**5,846**	16,226
Over 3 years	**58,071**	46,165
	10,670,383	10,511,497

14. Obligations under finance leases

The Group had obligations under finance leases payable as follows:

	At 31 December 2018		At 31 December 2017	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Within 1 year	**621,420**	**708,975**	791,590	926,037
After 1 year but within 2 years	**732,553**	**826,940**	546,933	644,656
After 2 years but within 5 years	**1,318,038**	**1,489,384**	1,351,379	1,464,414
After 5 years	**342,367**	**386,875**	311,205	337,095
	2,392,958	**2,703,199**	2,209,517	2,446,165
	3,014,378	**3,412,174**	3,001,107	3,372,202
Less: total future interest expenses		**(397,796)**		(371,095)
Present value of finance leases obligations		**3,014,378**		3,001,107

In 2018, the Group entered into three new agreements with a leasing company to sell certain of the Group's facilities and leaseback the facilities for 6 years to 10 years. The Group has an option to purchase these facilities at a nominal price of RMB1 at the end of the lease period.

As at 31 December 2018, the carrying amounts of the facilities held under finance leases included in generators, machinery and equipment of property, plant and equipment amounted to RMB4,557 million (2017: RMB3,899 million).

15. Trade creditors and bills payable

As at 31 December 2018, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**14,057,094**	12,706,878
1 to 2 years	**3,110,936**	2,258,506
Over 2 years	**1,989,958**	3,077,540
	19,157,988	18,042,924

16. Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2018	2017
	RMB'000	*RMB'000*
Final dividend proposed after the end of reporting period of RMB0.066 per share (2017: RMB0.018 per share)	**650,956**	177,534

Pursuant to a resolution passed at the directors' meeting from 26 March to 27 March 2019, final dividend of RMB0.066 per share will be payable to shareholders for 2018, subject to the approval of the shareholders at the coming annual general meeting

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2018	2017
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year approved and paid during the year, of RMB0.018 per share (2017: RMB0.136 per share)	**177,534**	1,341,365

17. Contingent liabilities

During 2018, Guang'an Company, a subsidiary of the Group, has provided guarantees to banks for loans amounting to approximately RMB43.65 million which were granted to Sichuan Huayingshan Longtan Coal Company Limited.

Apart from the guarantees, the Group has no other material contingent liabilities as at 31 December 2018 (2017: nil).

II. SUMMARY OF FINANCIAL INFORMATION IN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("CAS")

The consolidated financial information set out below is extracted from the audited consolidated financial statements prepared under CAS of the Group as set out in its 2018 annual report.

Consolidated balance sheet and balance sheet
As at 31 December 2018
(Expressed in Renminbi'000)

	The Group		The Company	
Item	**31 December 2018**	31 December 2017	**31 December 2018**	31 December 2017
Non-current assets:				
Property, plant and equipment	**149,582,344**	145,694,565	**16,094,833**	16,546,246
Construction in progress	**26,415,047**	23,648,651	**2,498,285**	1,894,796
Lease prepayments	**3,441,173**	3,013,047	**893,685**	489,672
Intangible assets	**5,843,716**	5,940,446	**28,906**	34,307
Goodwill	**1,432,802**	1,432,780	**46,524**	46,524
Investments in subsidiaries	**–**	–	**43,365,143**	41,603,000
Interests in associates and joint ventures	**11,100,365**	10,836,925	**7,521,655**	7,287,594
Available-for-sale investments	**–**	241,867	**–**	26,900
Financial asset at fair value through profit or loss	**280,330**	–	**27,200**	–
Other non-current assets	**3,262,617**	2,738,336	**819,316**	754,118
Deferred tax assets	**365,613**	270,487	**–**	–
	201,724,007	193,817,104	**71,295,547**	68,683,157
Current assets:				
Inventories	**3,441,302**	2,871,233	**533,957**	419,336
Trade debtors and bills receivable	**10,670,383**	10,511,497	**831,929**	1,260,191
Amounts due from subsidiaries	**–**	–	**12,164,896**	11,935,582
Deposits, other receivables and prepayments	**4,756,158**	4,092,172	**1,610,678**	1,370,527
Tax recoverable	**113,790**	94,506	**–**	–
Restricted deposits	**39,799**	65,361	**–**	–
Lease prepayments	**112,356**	109,032	**18,418**	18,418
Cash and cash equivalents	**6,638,326**	7,416,801	**552,760**	1,971,054
	25,772,114	25,160,602	**15,712,638**	16,975,108

Item	The Group 31 December 2018	31 December 2017	The Company 31 December 2018	31 December 2017
Current liabilities				
Bank loans	**31,581,576**	36,100,608	**9,988,790**	14,345,853
Loans from shareholders	**100,000**	–	**–**	–
State loans	**2,774**	8,944	**–**	–
Other loans	**5,642,320**	4,954,220	**1,721,000**	1,576,000
Short-term debentures payable	**7,134,237**	6,059,239	**7,134,237**	6,059,239
Long-term debentures payable – current portion	**2,597,864**	6,493,146	**2,597,864**	6,493,146
Amount due to the parent company	**47,021**	64,295	**17,640**	17,640
Amounts due to subsidiaries	**–**	–	**1,005,880**	1,005,880
Obligations under finance leases	**621,420**	791,590	**–**	–
Trade creditors and bills payable	**19,157,988**	18,042,924	**2,247,626**	1,840,390
Other payables	**8,163,364**	7,580,928	**1,352,889**	1,746,265
Financial liabilities at fair value through profit or loss	**64,496**	–	**64,496**	–
Tax payable	**421,350**	221,431	**–**	–
	75,534,410	80,317,325	**26,130,422**	33,084,413
Net current liabilities	**(49,762,296)**	(55,156,723)	**(10,417,784)**	(16,109,305)
Total assets less current liabilities	**151,961,711**	138,660,381	**60,877,763**	52,573,852
Non-current liabilities				
Bank loans	**59,399,344**	53,513,930	**8,075,432**	4,641,647
Loans from shareholders	**1,678,666**	1,778,666	**–**	–
State loans	**57,906**	61,373	**2,036**	3,055
Other loans	**5,546,750**	6,855,191	**755,001**	2,747,000
Long-term debentures payable	**7,477,547**	10,058,115	**7,477,547**	10,058,115
Obligations under finance leases	**2,392,958**	2,209,517	**–**	–
Long-term payables	**363,999**	414,852	**46,255**	–
Provisions	**117,625**	108,912	**–**	–
Deferred government grants	**1,614,386**	1,246,431	**116,087**	117,273
Deferred income	**2,746,688**	2,732,905	**–**	–
Deferred tax liabilities	**2,305,891**	2,457,838	**53,807**	54,540
Retirement benefit obligations	**18,087**	20,858	**–**	–
	83,719,847	81,458,588	**16,526,165**	17,621,630
Net asset	**68,241,864**	57,201,793	**44,351,598**	34,952,222
Shareholders' equity:				
Share capital	**9,862,977**	9,862,977	**9,862,977**	9,862,977
Perpetual capital securities	**9,108,775**	–	**9,108,775**	–
Reserves	**34,159,390**	33,046,182	**25,379,846**	25,089,245
Total equity holders of the Company	**53,131,142**	42,909,159	**–**	–
Non-controlling interests	**15,110,722**	14,292,634	**–**	–
Total equity	**68,241,864**	57,201,793	**44,351,598**	34,952,222

Consolidated income statement and income statement
For the year ended 31 December 2018
(Expressed in Renminbi'000)

Item	The Group 2018	The Group 2017	The Company 2018	The Company 2017
Total operating income	**88,365,069**	79,006,836	**12,120,214**	10,596,307
Total operating costs	**86,137,759**	79,070,485	**13,152,401**	12,330,562
Less: Operating costs	**77,449,829**	70,676,809	**10,821,361**	9,938,330
Taxes and surcharges	**1,111,879**	900,837	**193,038**	117,419
Administrative expenses	**1,871,667**	1,677,259	**353,327**	368,907
Finance expenses	**5,322,344**	5,043,795	**1,529,588**	1,351,797
Impairment loss	**120,661**	771,785	**41**	554,109
Expected credit loss	**261,379**	–	**255,046**	–
Add: Investment income	**911,177**	978,142	**1,861,504**	3,131,971
Including: income/(loss) from investment in associates and joint ventures	**646,900**	469,777	**563,232**	430,468
Net loss on fair value changes	**(17,220)**	–	**(64,496)**	–
Gain on disposal of assets	**23,043**	48,345	**–**	55,320
Other income	**425,096**	336,424	**34,864**	34,988
Operating profit	**3,569,406**	1,299,262	**799,685**	1,488,024
Add: Non-operating income	**115,768**	284,079	**2,730**	7,057
Less: Non-operating expenses	**529,106**	285,652	**44,506**	150,716
Total profit	**3,156,068**	1,297,689	**757,909**	1,344,365
Less: Income tax expenses/(credit)	**884,296**	521,776	**(732)**	–
Net profit	**2,271,772**	775,913	**758,641**	1,344,365
(i) Classified according to the continuity of operation				
(1) Continuous operating net profit	**2,271,772**	775,913	**758,641**	1,344,365
(2) Terminate operating net profit	**–**	–	**–**	–
(ii) Classified according to the ownership				
(1) Minority interests	**576,377**	345,786	**–**	–
(2) Attributable to equity shareholders of the Company	**1,695,395**	430,127	**758,641**	1,344,365

Consolidated income statement and income statement *(Continued)*
For the year ended 31 December 2018
(Expressed in Renminbi'000)

Item	The Group 2018	2017	The Company 2018	2017
Other comprehensive expense, net of tax	**(15,894)**	(22,335)	**(14,416)**	(9,406)
Other comprehensive expense attributable to equity shareholders of the Company, net of tax	**(15,362)**	(21,988)	**(14,416)**	(9,406)
(i) Items that will not be subsequently reclassified to profit or loss:	**–**	–	**–**	–
(ii) Items that may be subsequently reclassified to profit or loss:	**(15,362)**	(21,988)	**(14,416)**	(9,406)
(1) Shares of other comprehensive expense that may be subsequently reclassified to profit or loss of investees accounted for under the equity method	**(15,362)**	(10,023)	**(14,416)**	(9,406)
(2) Net fair value loss on available-for-sale investments	**–**	(11,965)	**–**	–
Other comprehensive expense attributable to minority interests, net of tax	**(532)**	(347)	**–**	–
Total comprehensive income	**2,255,878**	753,578	**744,225**	1,334,959
Attributable to equity shareholders of the Company	**1,680,033**	408,139	**744,225**	1,334,959
Minority interests	**575,845**	345,439	**–**	–
Earnings per share				
Basic earnings per share *(RMB/Share)*	**0.157**	0.044	**N/A**	N/A
Diluted earnings per share *(RMB/Share)*	**N/A**	N/A	**N/A**	N/A

III. RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSS

Effects of major differences between the CAS and IFRSs on net profit and net assets attributable to equity shareholders of the Company are analysed as follows:

		Net profit attributable to equity shareholders of the Company		**Net asset attributable to equity shareholders of the Company**	
		2018	2017	**2018**	2017
	Notes	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Amounts under CAS		**1,695,395**	430,127	**52,031,011**	41,758,901
Adjustments					
Business combination involving entities under common control	*(i)*	**(243,787)**	(255,675)	**2,503,732**	2,747,519
Government grants	*(ii)*	**33,592**	33,592	**(353,985)**	(387,577)
Maintenance and production safety funds	*(iii)*	**38,851**	77,351	**28,674**	13,995
Separation and transfer equipment	*(iv)*	**(249,883)**	–	**–**	–
The equity interest in an associate being passively diluted		**4,053**	–	**–**	–
Taxation impact of the adjustments		**57,434**	63,295	**(536,203)**	(593,637)
Attributable to minority Interest		**110,081**	87,215	**(542,087)**	(630,042)
Amounts under IFRSs		**1,445,736**	435,905	**53,131,142**	42,909,159

Notes:

(i) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. In preparing the consolidated financial statements, the respective financial statements of subsidiaries are adjusted based on the fair value of individual identifiable assets and liabilities at the date of acquisition. The excess of purchase consideration paid by the Company over its share of fair value of identifiable net assets of the acquired was recognised as goodwill.

In accordance with CAS, assets and liabilities acquired by the Group in business combination involving entities under common control are measured at their carrying value at the date of combination. The excess of carrying value of purchase consideration paid by the Company over its share of carrying value of identifiable net assets of the acquiree for business combination involving entities under common control reduces the share premium of capital reserve or retained profits.

In addition, according to CAS, in respect of business combination involving entities under common control, when preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods (no earlier than the later of both parties were under common control).

(ii) According to IFRSs, conditional government grants should be first recorded in long-term liabilities and amortised to profit or loss using the straight line method over the useful lives of the relevant assets after fulfilling the requirements from the government in respect of the construction projects.

According to CAS, government grants related to assets (required to be recorded in capital reserve pursuant to the relevant government notice) are not recognised as deferred income.

(iii) Pursuant to the relevant PRC regulations for coal mining companies, the funds for production maintenance and production safety are accrued by the Group at fixed rates based on coal production volume. Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

According to IFRSs, coal mining companies are required to set aside an amount to a fund for production maintenance, production safety and other similar funds through transferring from retained earnings to specific reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of such expenses whereas specific reserve is offset against retained earnings to the extent of zero.

(iv) Pursuant to the relevant PRC regulations for the separation and transfer of "Water/Electricity/Heat Supply and Property Management", the Group required to transfer certain equipment to relevant parties without any consideration, which the loss will directly recognize to equity.

According to IFRSs, the loss from the separation and transfer of equipment should be first recorded in profit or loss as incurred, then to equity as reduced the retained profits for the Group.