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)

2019 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of Huadian Power International Corporation Limited* (the "**Company**") hereby announces the summary of the unaudited interim consolidated financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019 (the "**Period**") prepared in accordance with the International Accounting Standards 34 "Interim Financial Reporting".

FINANCIAL AND BUSINESS SUMMARIES

- Power generation amounted to approximately 101.13 million MWh, representing an increase of approximately 5.54% over the corresponding period in 2018;
- The on-grid power sold amounted to approximately 94.54 million MWh, representing an increase of approximately 5.66% over the corresponding period in 2018;
- Turnover amounted to approximately RMB43,263 million, representing an increase of approximately 4.90% over the corresponding period in 2018;
- Profit attributable to equity shareholders of the Company for the Period amounted to approximately RMB1,417 million; and
- Basic earnings per share was approximately RMB0.144.

The Board hereby announces the unaudited operating results for the Period and the comparison between such results and the relevant results of the corresponding period in 2018. During the Period, the turnover of the Group amounted to approximately RMB43,263 million, representing an increase of approximately 4.90% over the corresponding period in 2018; the profit attributable to equity holders of the Company for the Period amounted to approximately RMB1,638 million; the profit attributable to equity shareholders of the Company for the Period amounted to approximately RMB1,417 million; the basic earnings per share was approximately RMB0.144.

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

The Group's interim financial statements for the Period are unaudited, but they have been reviewed by BDO Limited, the auditor of the Company, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report addressed by the BDO Limited to the Board will be included in the interim report to be despatched to the Company's shareholders in due course. The audit committee of the Company (the "**Audit Committee**") has also reviewed the 2019 interim results and the relevant financial information of the Group.

MAJOR ASSETS

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

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

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

	Name of power plant/company	**Installed capacity** *(MW)*	**Equity interest held by the Company**	**Generating units**
1	Zouxian Plant	2,575	100%	1 x 635 MW + 1 x 600 MW + 4 x 335 MW
2	Shiliquan Plant	2,120	100%	2 x 660 MW + 2 x 330 MW + 1 x 140 MW
3	Laicheng Plant	1,200	100%	4 x 300 MW
4	Shuozhou Thermal Power Branch	700	100%	2 x 350 MW
5	Fengjie Plant	1,200	100%	2 x 600 MW

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
6	Shenzhen Company	365	100%	1 x 120 MW + 2 x 82 MW + 1 x 81 MW
7	Huadian Zouxian Power Generation Company Limited ("**Zouxian Company**")	2,000	69%	2 x 1,000 MW
8	Huadian Laizhou Power Generation Company Limited ("**Laizhou Company**")	2,001.1	75%	2 x 1,000 MW +1.1 MW
9	Huadian Weifang Power Generation Company Limited ("**Weifang Company**")	2,002.4	45%	2 x 670 MW + 2 x 330 MW + 2.4 MW
10	Huadian Qingdao Power Generation Company Limited ("**Qingdao Company**")	1,220	55%	1 x 320 MW + 3 x 300 MW
11	Huadian Zibo Thermal Power Company Limited ("**Zibo Company**")	950	100%	2 x 330 MW + 2 x 145 MW
12	Huadian Zhangqiu Power Generation Company Limited ("**Zhangqiu Company**")	925	87.5%	1 x 335 MW + 1 x 300 MW + 2 x 145 MW
13	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("**Tengzhou Company**")	930	93.257%	2 x 315 MW + 2 x 150 MW
14	Huadian Longkou Power Generation Company Limited ("**Longkou Company**")	880	84.31%	4 x 220 MW
15	Huadian Ningxia Lingwu Power Generation Company Limited ("**Lingwu Company**")	3,320	65%	2 x 1,060 MW + 2 x 600 MW

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

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
26	Huadian Zhejiang Longyou Thermal Power Company Limited ("**Longyou Company**")	417	100%	2 x 127.6 MW + 1 x 130.3 MW + 1 x 19.5 MW + 12 MW
27	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("**Shijiazhuang Thermal Power Company**")	928.6	82%	1 x 453.6 MW + 2 x 200 MW + 3 x 25 MW
28	Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("**Yuhua Company**")	600	100%	2 x 300 MW
29	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("**Luhua Company**")	660	90%	2 x 330 MW
30	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("**Pingshi Power Company**")	600	100%	2 x 300 MW
31	Guangdong Huadian Shaoguan Thermal Power Company Limited ("**Shaoguan Thermal Power Company**")	350	100%	1 x 350 MW
32	Huadian Foshan Energy Company Limited ("**Foshan Energy Company**")	118	100%	2 x 59 MW
33	Huadian Guangdong Shunde Energy Company Limited ("**Shunde Energy Company**")	118	90%	2 x 59 MW

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

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

Power generation enterprise	Installed capacity *(MW)*	Shareholding percentage of Hubei Company	Generating units
Huadian Hubei Power Generation Company Limited Huangshi Thermal Power Plant ("**Huangshi Thermal Power Plant**")	330	100%	1 x 330 MW
Hubei Xisaishan Power Generation Company Limited ("**Xisaishan Company**")	660	50%	2 x 330 MW
Hubei Huadian Xisaishan Power Generation Company Limited ("**Huadian Xisaishan Company**")	1,360	50%	2 x 680 MW
Hubei Huadian Xiangyang Power Generation Company Limited ("**Xiangyang Company**")	2,570	60.10%	2 x 640 MW + 3 x 330 MW + 1 x 300 MW

Power generation enterprise	**Installed capacity** *(MW)*	**Shareholding percentage of Hubei Company**	**Generating units**
Hubei Huadian Jiangling Power Generation Company Limited ("**Jiangling Company**")	1,320	100%	2 x 660 MW
Hubei Huadian Wuxue New Energy Company Limited ("**Wuxue New Energy Company**")	120	100%	40 x 2 MW + 40 MW
Hubei Huadian Zaoyang Photovoltaic Power Generation Company Limited ("**Zaoyang Photovoltaic Power Generation Company**")	100	100%	100 MW
Hubei Huadian Suixian Yindian Photovoltaic Power Generation Company Limited ("**Suixian Photovoltaic Power Generation Company**")	100	100%	100 MW
Huadian Hubei Power Generation Company Limited Huangshi Photovoltaic Power Generation Branch Company ("**Huangshi Photovoltaic Power Generation Company**")	6.4	100%	6.4 MW
Huadian Hubei Power Generation Company Limited Wuhan Photovoltaic Power Generation Branch Company ("**Wuhan Photovoltaic Power Generation Company**")	8	100%	8 MW

(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 230 MW
2	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("**Za-gunao Hydroelectric Company**")	591	64%	3 x 65 MW + 3 x 56 MW +3 x 46 MW + 3 x 30 MW
3	Lixian Xinghe Power Company Limited ("**Lixian Company**")	67	100%	3 x 11 MW + 4 x 8.5 MW
4	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("**Shuiluohe Company**")	462	57%	3 x 70 MW + 3 x 38 MW + 3 x 46 MW
5	Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("**Hebei Hydropower Company**") *(Note)*	83.4	100%	1 x 16 MW + 2 x 15 MW + 1 x 11 MW +2 x 3.2 MW + 20 MW
6	Inner Mongolia Huadian Mengdong Energy Company Limited ("**Mengdong Energy Company**")	399	100%	262 x 1.5 MW + 2 x 3 MW
7	Huadian Kezuozhongqi Wind Power Company Limited ("**Kezuozhongqi Wind Power Company**")	49.5	100%	33 x 1.5 MW
8	Huadian Power International Ningxia New Energy Power Company Limited ("**Ningxia New Energy Company**")	1,311.5	100%	147 x 2 MW + 665 x 1.5 MW + 20 MW

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
9	Hebei Huadian Guyuan Wind Power Company Limited ("**Guyuan Wind Power Company**")	290.5	100%	167 x 1.5 MW + 40 MW
10	Hebei Huadian Kangbao Wind Power Company Limited ("**Kangbao Wind Power Company**")	379.5	100%	72 x 2 MW + 137 x 1.5 MW + 30 MW
11	Hebei Huarui Energy Group Corporation Limited ("**Huarui Company**")	99	100%	48 x 2 MW + 2 x 1.5 MW
12	Huadian Laizhou Wind Power Company Limited ("**Laizhou Wind Power Company**")	40.5	55%	27 x1.5 MW
13	Huadian Laizhou Wind Power Generation Company Limited ("**Laizhou Wind Company**")	48	100%	24 x 2 MW
14	Huadian Laizhou Wind Energy Power Company Limited ("**Laizhou Wind Energy Company**")	99.6	55%	48 x 2 MW + 2 x 1.8 MW
15	Huadian Longkou Wind Power Company Limited ("**Longkou Wind Power Company**")	99.3	65%	23 x 1.5 MW + 6 x 2.5 MW + 24 x 2 MW + 1 x 1.8 MW

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
16	Longkou Dongyi Wind Power Company Limited ("**Longkou Dongyi Wind Power Company**")	30	100%	20 x 1.5 MW
17	Huadian Shandong New Energy Company Limited ("**Shandong New Energy Company**") *(Note)*	573	100%	193 x 2 MW + 3 x 1.9 MW + 1 x 1.8 MW + 33 x 1.5 MW + 130 MW
18	Huadian Xuwen Wind Power Company Limited ("**Xuwen Wind Power Company**")	99	100%	48 x 2 MW + 2 x 1.5 MW
19	Huadian Xiaxian Wind Power Company Limited ("**Xiaxian Wind Power Company**")	100	100%	50 x 2 MW
20	Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("**Shangde Solar Company**")	10	60%	10 MW
21	Huadian Zhangjiakou Saibei New Energy Generation Company Limited ("**Zhangjiakou Saibei New Energy Company**")	4	100%	4 MW
22	Huadian Ningbo New Energy Generation Company Limited ("**Ningbo New Energy Company**")	10	100%	10 MW
23	Huadian Huzhou New Energy Power Generation Company Limited ("**Huzhou New Energy Company**")	30	100%	30 MW

	Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
24	Huadian Taiqian Photovoltaic Power Generation Company Limited ("**Taiqian Photovoltaic Power Generation Company**")	100	50%	100 MW

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

ADDITIONAL INSTALLED CAPACITY

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

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

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	2,350
Gas-fired generating unit	1,373.6
Hydropower generating unit	354
Wind power generating unit	1,039.3
Total	**5,116.9**

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

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Macroeconomic conditions and electricity demand

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

(2) Power generation

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

(3) Turnover and profit

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

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

(4) Major operating expenses

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

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

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

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

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

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

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

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

(5) Other revenue and net income

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

(6) Finance costs

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

(7) Share of results of associates and joint ventures

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

(8) Income tax

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

(9) Pledge and mortgage of assets

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

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

(10) Indebtedness

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

(11) Contingent liabilities

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

(12) Cash and cash equivalents

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

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

BUSINESS OUTLOOK

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

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

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

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

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

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

SIGNIFICANT EVENTS

(1) Convening of the extraordinary general meeting

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

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

(2) Change of directors

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

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

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

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

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

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

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

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

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

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

Name of shareholder	Class of shares	Number of shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian	A shares	4,534,199,224 (L)	45.97%	55.66%	–
	H shares	85,862,000 (L) *(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	99,455,779(L)	1.01%	–	5.79%

(L) = Long position

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

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

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

As at 30 June 2019, the interests or short positions of the directors, supervisors, chief executives or members of senior management of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") adopted by the Company, to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

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

MATERIAL LITIGATION

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

AUDIT COMMITTEE

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

EMPLOYEE REMUNERATION POLICY FOR THE GROUP

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

CORPORATE GOVERNANCE

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

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

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

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

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

- The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited for Directors and Supervisors and the Code on Trading in Securities of Huadian Power International Corporation Limited for Employees, which are on terms no less lenient than those set out in the Model Code.

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

- The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

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

Beijing, the PRC
23 August 2019

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

Wang Xuxiang (Chairman, Executive Director), Tian Hongbao (Vice Chairman, Executive Director), Ni Shoumin (Vice Chairman, Non-executive Director), Gou Wei (Non-executive Director), Chen Haibin (Non-executive Director), Tao Yunpeng (Non-executive Director), Wang Xiaobo (Non-executive Director), Chen Cunlai (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).

• *For identification purposes only*

I SUMMARY OF FINANCIAL INFORMATION IN CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRSs

The financial information set out below is extracted from the unaudited condensed consolidated financial statements prepared under IFRSs of the Group as set out in its 2019 interim report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019
(Expressed in Renminbi)

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

For the six months ended 30 June 2019
(Expressed in Renminbi)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019
(Expressed in Renminbi)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

As at 30 June 2019
(Expressed in Renminbi)

	Notes	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Current liabilities			
Bank loans		**28,583,270**	31,581,576
Loans from shareholders		**100,000**	100,000
State loans		**3,449**	2,774
Other loans		**5,667,180**	5,642,320
Short-term debentures payable		**9,642,527**	7,134,237
Long-term debentures payable-current portion		**1,997,214**	2,597,864
Amount due to the parent company		**72,785**	47,021
Obligations under finance leases		**–**	621,420
Trade creditors and bills payable	*11*	**18,821,048**	19,157,988
Other payables		**7,997,241**	8,163,364
Financial liabilities at fair value through profit or loss		**–**	64,496
Tax payable		**360,455**	421,350
Lease Liabilities		**683,319**	–
		73,928,488	75,534,410
Net current liabilities		**(45,194,066)**	(49,762,296)
Total assets less current liabilities		**155,379,231**	151,961,711
Non-current liabilities			
Bank loans		**58,012,520**	59,399,344
Loans from shareholders		**1,673,729**	1,678,666
State loans		**56,074**	57,906
Other loans		**5,328,440**	5,546,750
Long-term debentures payable		**8,482,354**	7,477,547
Obligations under finance leases		**–**	2,392,958
Long-term payables		**343,858**	363,999
Provisions		**122,330**	117,625
Deferred government grants		**1,580,931**	1,614,386
Deferred income	*12*	**2,700,559**	2,746,688
Deferred tax liabilities		**2,176,648**	2,305,891
Retirement benefit obligations		**17,430**	18,087
Lease Liabilities		**2,422,507**	–
		82,917,380	83,719,847
Net assets		**72,461,851**	68,241,864

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

As at 30 June 2019
(Expressed in Renminbi)

	Notes	At 30 June 2019 RMB'000 (Unaudited)	At 31 December 2018 RMB'000 (Audited)
Capital and reserves			
Share capital		**9,862,977**	9,862,977
Perpetual capital securities		**11,957,271**	9,108,775
Reserves		**35,014,344**	34,159,390
Total equity attributable to equity holders of the Company		**56,834,592**	53,131,142
Non-controlling interests		**15,627,259**	15,110,722
Total equity		**72,461,851**	68,241,864

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation of the Condensed Consolidated Financial Statements

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

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

2. Application of New and Revised IFRSs Disclosure

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2018 of the Group, except for the adoption of new standards as the following, which are effective as of 1 January 2019. The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective for the current accounting period.

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

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

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

IFRS 16 Leases

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

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

A. Definition of a lease

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

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

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

B. As a lessee

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

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

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

Right-of-use asset

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

Lease liabilities

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

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

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

i. Significant accounting policies

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

ii. Transition

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

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

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

– the exclusion of leases for which the lease term ends within 12 months of the date of initial application. Payment associated with such leases were recognised on a straight-line basis as expenses.

– the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and

– the exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application.

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

C. *Impacts on financial statements*

i. *Impacts on financial statements*

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

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

ii. Impacts on transition

The amount of the operating lease commitment disclosed as at 31 December 2018 under the principle of IAS17 was RMB380,435,000. Taking into account of the discounting effect of RMB69,848,000, the major difference between the operating lease commitment and the lease liabilities of RMB3,408,478,000 recognised at the initial date of application was the reclassification of the finance lease liabilities amounting to RMB3,014,378,000 which were previously recognised under obligation under finance leases.

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

3. Turnover

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

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

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

4. Investment income

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Gain on disposal of financial assets measured at fair value through profit or loss	**–**	2,230
Dividend income from financial assets measured at fair value through profit or loss	**–**	1,961
Interest income from other long-term receivables	**7,395**	7,041
Gain on deemed acquisition of a subsidiary *(Note 14)*	**576**	–
Gain on deemed disposal of an associate	**–**	4,053
	7,971	15,285

5. Finance costs

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

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

6. Profit before taxation

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

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

7. Income tax

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

8. Other comprehensive income

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

9. Earnings per share

(a) Basic earnings per share

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

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

(b) Diluted earnings per share

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

10. Trade debtors and bills receivable

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

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

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

11. Trade creditors and bills payable

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

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

12. Deferred income

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

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

13. Dividends

(a) A final dividend of RMB0.066 per share in respect of the year ended 31 December 2018 (six months ended 30 June 2018: RMB0.018 per share in respect of the year ended 31 December 2017) was declared to the equity shareholders of the Company and approved on 26 June 2019. The aggregate amount of the final dividend declared approximately amounted to RMB651 million (six months ended 30 June 2018: approximately RMB178 million).

(b) The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB Nil).

14. Business Combination

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

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

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

Non-controlling interests

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

Impact of deemed acquisition on the results of the Group

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

15. Contingent liabilities

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

As at 30 June 2019, Sichuan Guang'an Power Generation Company Limited ("**Guang'an Company**"), a subsidiary of the Company, provided guarantees to banks for loans amounting to approximately RMB43.58 million (31 December 2018: RMB43.65 million) which were granted to Sichuan Huayingshan Longtan Coal Company Limited, an associate of Guang'an Company.

Apart from these litigations and/the above guarantees, the Group has no other material contingent liabilities as at 30 June 2019 (31 December 2018: 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 unaudited consolidated financial statements prepared under CAS of the Group as set out in its 2019 interim report.

CONSOLIDATED BALANCE SHEET AND BALANCE SHEET (UNAUDITED)

As at 30 June 2019
(Expressed in Renminbi' 000)

	The Group		**The Company**	
Item	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018
Non-current assets:				
Long-term investment	**269,427**	254,442	**357,941**	338,260
Long term equity investment	**11,384,693**	11,083,694	**50,825,710**	50,019,722
Other non-current financial assets	**280,630**	280,330	**27,500**	27,200
Property, plant and equipment	**145,340,879**	142,975,763	**16,513,017**	16,097,872
Construction in progress	**19,875,800**	26,463,052	**1,607,162**	2,494,116
Right-of-use asset	**3,162,693**	–	**157,160**	–
Intangible assets	**13,585,727**	13,838,633	**918,114**	937,490
Goodwill	**1,056,931**	1,056,931	**12,111**	12,111
Deferred tax assets	**532,385**	405,370	**–**	–
Other non-current assets	**2,732,718**	3,008,175	**411,343**	481,056
Total non-current assets	**198,221,883**	199,366,390	**70,830,058**	70,407,827
Current assets:				
Cash and cash equivalents	**9,250,602**	6,678,125	**2,212,519**	552,760
Bills receivable	**1,180,815**	1,132,474	**149,580**	58,670
Trade debtors	**9,482,270**	9,537,909	**770,319**	773,259
Prepayments	**543,471**	322,239	**23,364**	29,934
Other receivables	**1,828,823**	1,909,306	**13,976,512**	13,413,808
Inventories	**3,971,728**	3,441,302	**595,920**	533,957
Non-current assets – current portion	**58,485**	58,493	**73,946**	73,953
Other current assets	**2,417,916**	2,579,598	**238,197**	261,581
Total current assets	**28,734,110**	25,659,446	**18,040,357**	15,697,922

CONSOLIDATED BALANCE SHEET AND BALANCE SHEET (UNAUDITED) *(CONTINUED)*

As at 30 June 2019
(Expressed in Renminbi'000)

Item	The Group **30 June 2019**	The Group 31 December 2018	The Company **30 June 2019**	The Company 31 December 2018
Current liabilities				
Salaries payables	**774,182**	238,716	**118,675**	43,080
Short-term loans	**24,234,025**	26,586,947	**7,590,000**	9,369,000
Financial liabilities at FVTPL	**–**	64,496	**–**	64,496
Bills payable	**733,791**	574,031	**–**	–
Trade payables	**18,123,049**	18,596,006	**2,264,807**	2,994,102
Contract liabilities	**265,985**	1,375,579	**11,976**	142,333
Tax payables	**1,160,424**	1,605,016	**47,968**	87,071
Other payables	**6,074,310**	5,242,174	**2,041,875**	1,305,079
Non-current liabilities – current portion	**12,868,673**	14,024,357	**4,002,391**	4,938,655
Other current liabilities	**9,689,580**	7,226,464	**9,681,696**	7,186,606
Total current liabilities	**73,924,019**	75,533,786	**25,759,388**	26,130,422
Non-current liabilities				
Long-term loans	**64,820,763**	66,682,666	**7,979,754**	8,832,469
Long-term debentures payable	**8,482,354**	7,477,547	**8,482,354**	7,477,547
Lease liabilities	**2,422,507**	–	**94,912**	–
Long-term payables	**818,595**	2,978,375	**37,408**	46,255
Retirement benefit obligations	**17,430**	18,087	**–**	–
Provisions	**122,330**	117,625	**–**	–
Deferred income	**3,741,923**	3,808,030	**66,140**	71,955
Deferred tax liabilities	**1,714,290**	1,810,074	**53,385**	53,385
Total non-current liabilities	**82,140,192**	82,892,404	**16,713,953**	16,481,611
Net assets	**70,891,782**	66,599,646	**46,397,074**	43,493,716
Shareholders' equity:				
Share capital	**9,862,977**	9,862,977	**9,862,977**	9,862,977
Perpetual capital securities	**11,957,271**	9,108,775	**11,957,271**	9,108,775
Capital reserve	**13,228,361**	13,160,416	**13,565,080**	13,497,737
Other comprehensive income	**(18,961)**	(40,405)	**(17,795)**	(37,919)
Specific reserve	**243,818**	226,327	**155,695**	145,647
Surplus reserve	**3,155,727**	3,155,727	**3,155,727**	3,155,727
Retained earnings	**17,332,098**	16,557,194	**7,718,119**	7,760,772
Total equity holders of the Company	**55,761,291**	52,031,011	**46,397,074**	43,493,716
Non-controlling interests	**15,130,491**	14,568,635	**–**	–
Total equity	**70,891,782**	66,599,646	**46,397,074**	43,493,716

CONSOLIDATED INCOME STATEMENT AND INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2019
(Expressed in Renminbi' 000)

	The Group		The Company	
	Six months ended 30 June		Six months ended 30 June	
Item	**2019**	2018	**2019**	2018
Total operating income	**43,701,904**	41,536,846	**6,125,984**	5,365,260
Less: Total operating costs	**41,545,051**	40,430,237	**6,215,609**	5,868,606
Including: Operating costs	**37,775,278**	36,387,545	**5,450,329**	4,809,290
Taxes and surcharges	**509,535**	527,514	**81,118**	79,046
Administrative expenses	**653,886**	855,566	**123,697**	162,667
Finance expenses	**2,606,352**	2,659,612	**560,465**	817,603
Reversal of Impairment loss	**(19)**	–	**–**	-
Expected credit losses	**9,242**	(507)	**–**	141,837
Add: Investment income	**329,213**	400,105	**916,553**	805,794
Net gain/(loss) on fair value changes	**201**	(22,696)	**201**	(69,972)
Gain on disposal of assets	**197**	–	**–**	–
Other income	**208,023**	209,077	**11,499**	13,196
Operating profit	**2,685,264**	1,693,602	**838,628**	103,835
Add: Non-operating income	**114,381**	50,750	**1,227**	1,113
Less: Non-operating expenses	**97,537**	75,816	**10,188**	10,980
Total profit	**2,702,108**	1,668,536	**829,667**	93,968
Less: Income tax expenses/(credit)	**541,497**	458,233	**–**	(732)
Net profit	**2,160,611**	1,210,303	**829,667**	94,700
Classified according to the ownership				
(1) Attributable to equity shareholders of the Company	**1,651,683**	986,480	**829,667**	94,700
(2) Minority interests	**508,928**	223,823	**–**	–

CONSOLIDATED INCOME STATEMENT AND INCOME STATEMENT (UNAUDITED) ***(CONTINUED)***

For the six months ended 30 June 2019
(Expressed in Renminbi' 000)

Item	The Group		The Company	
	Six months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
Other comprehensive income, net of tax	**22,187**	(8,578)	**20,124**	(7,780)
Other comprehensive income attributable to equity shareholders of the Company, net of tax	**21,444**	(8,291)	**20,124**	(7,780)
Items that may be subsequently reclassified to profit or loss:	**21,444**	(8,291)	**20,124**	(7,780)
(1) Shares of other comprehensive income that may be subsequently reclassified to profit or loss of investees accounted for under the equity method	**21,444**	(8,291)	**20,124**	(7,780)
Other comprehensive income attributable to minority interests, net of tax	**743**	(287)	**–**	–
Total comprehensive income	**2,182,798**	1,201,725	**849,791**	86,920
Attributable to equity shareholders of the Company	**1,673,127**	978,189	**849,791**	86,920
Minority interests	**509,671**	223,536	**–**	–
Earnings per share				
Basic earnings per share *(RMB/Share)*	**0.145**	0.100	**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 assets attributable to equity shareholders of the Company	
		Six months ended 30 June		**30 June**	31 December
		2019	2018	**2019**	2018
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts under CAS		**1,651,683**	986,480	**55,761,291**	52,031,011
Adjustments					
Business combination involving entities under common control	*(i)*	**(121,895)**	(121,893)	**2,381,837**	2,503,732
Government grants	*(ii)*	**16,796**	16,797	**(337,189)**	(353,985)
Maintenance and production safety funds	*(iii)*	**20,688**	80,033	**31,871**	28,674
Separation and transfer equipment	*(iv)*	**(5,400)**	–	**–**	–
The equity interest in an associate being passively diluted		**–**	4,053	**–**	–
Taxation impact of the adjustments		**29,753**	30,751	**(506,450)**	(536,203)
Attributable to minority interest		**46,260**	45,091	**(496,768)**	(542,087)
Amounts under IFRSs		**1,637,885**	1,041,312	**56,834,592**	53,131,142

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 recognise 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.