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華電福新能源股份有限公司

HUADIAN FUXIN ENERGY CORPORATION LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00816)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

2020 INTERIM RESULTS HIGHLIGHTS

- Revenue: RMB9,462.8 million, representing a decrease of 3.3% over the corresponding period of 2019.
- Profit before taxation: RMB2,410.6 million, representing an increase of 0.9% over the corresponding period of 2019.
- Profit attributable to the equity holders of the Company: RMB1,893.7 million, representing an increase of 6.2% over the corresponding period of 2019.
- Earnings per share: RMB18.86 cents, representing an increase of 2.4% over the corresponding period of 2019.

The board of directors (the “**Board**”) of Huadian Fuxin Energy Corporation Limited (the “**Company**”, “**we**” or “**our**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2020 (the “**Reporting Period**”), together with comparative figures for the six months ended 30 June 2019 (the “**corresponding period of 2019**”). The Company’s financial information for the six months ended 30 June 2020 in this results announcement was based on the unaudited condensed consolidated financial information, which were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, issued by the International Accounting Standards Board, and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

MANAGEMENT DISCUSSION AND ANALYSIS

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

I. BUSINESS REVIEW

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

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

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

Consolidated Installed Capacity (MW)

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

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

Attributable Consolidated Installed Capacity (MW)

| | 2020 | 2019 | Percentage Change |
|---------------------------------------|-----------------|-----------------|----------------------|
| Wind power | 7,635.7 | 7,532.6 | 1.4% |
| Solar power | 1,163.1 | 1,159.1 | 0.3% |
| Hydropower | 1,967.0 | 1,967.0 | 0.0% |
| Coal-fired power | 5,060.4 | 3,740.4 | 35.3% |
| Natural gas-fired power (distributed) | 1,104.4 | 1,037.0 | 6.5% |
| Nuclear power | 1,948.8 | 1,948.8 | 0.0% |
| Other clean energy | 25.1 | 25.1 | 0.0% |
| | <u>18,904.5</u> | <u>17,410.0</u> | <u>8.6%</u> |
| Total | <u>18,904.5</u> | <u>17,410.0</u> | <u>8.6%</u> |

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

Gross Power Generation (MWh)

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

1. Wind power business

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

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

2. Solar power business

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

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

3. Hydropower business

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

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

4. Coal-fired power business

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

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

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

5. Natural gas-fired power business and other business

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

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

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

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

1. Overview

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

2. Revenue

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

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

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

Revenue

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

3. Other income and gains

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

4. Operating expenses

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

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

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

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

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

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

5. Operating profit

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

Operating Profit

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

6. Finance income

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

7. Finance expenses

The Group's finance expenses decreased by 13.3% to RMB1,247.2 million for the six months ended 30 June 2020 as compared with RMB1,438.1 million in the corresponding period of 2019. This decrease was primarily due to the decrease in bank borrowings of the Group's operating projects and the decrease in financing interest rates for the period.

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

The Group's share of profits less losses of associates and joint ventures decreased by 10.9% to RMB266.7 million for the six months ended 30 June 2020 as compared with that of RMB299.2 million in the corresponding period of 2019. The decrease was primarily due to a decrease in the net profit of Fuqing Nuclear, an associate of the Group, resulting from an increase in operating costs for the period as compared with the corresponding period of 2019, together with an increase in the net profit of Sanmen Nuclear Power for the period as compared with the corresponding period of 2019.

9. Income tax

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

10. Profit for the period

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

11. Profit attributable to the equity holders of the Company

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

12. Profit attributable to non-controlling interests

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

13. Liquidity and sources of capital

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

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

14. Capital expenditure

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

15. Net gearing ratio

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

16. Material acquisitions and disposals

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

17. Material investment

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

18. Material investment/Capital assets purchase plan

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

19. Pledge of assets

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

20. Contingencies

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

III. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

The development and profitability of our clean energy projects are significantly dependent on the policies and regulations that support such development in the PRC. As the power system reform goes deeper, and power marketization continues to scale up, the share of market-driven power generation, including renewable energy, will increase and the market-driven competition will further intensify, which may weaken our profitability. Additionally, projects on the subsidy catalog will continue to face problems, such as continuously rising arrearages and sluggish settlement of electricity tariffs. In the future, tariff of electricity generated from additional renewable energy projects is highly likely to be lowered stepwise, which poses uncertainties to our revenue. The gross power generation and revenue of our hydropower projects rely upon hydrological conditions prevailing from time to time in the broad geographic regions in which our existing and future hydropower projects are located. In addition, the resettlement of relocated residents may cause significant cost increases and/or construction delays of our hydropower projects. The gross power generation and revenue generated from our wind power business and projects are highly dependent on wind conditions, which vary across seasons and regions. Our coal-fired power plants are fueled by coal, and an increase in coal prices and a disruption in coal supply or its transportation could materially and adversely affect our coal-fired power business. Our natural gas (distributed) energy projects and other natural gas-fired power projects are fueled by natural gas. As such, a sufficient and timely supply of natural gas and the change in the price are essential to our natural gas-fired power (distributed) business.

2. Competition risk

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

3. Risk related to power grid

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

4. Exchange rate risk

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

IV. PROSPECT AND OUTLOOK

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

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

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

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

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

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

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

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

OTHER INFORMATION

1. Interim Dividend

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

2. Compliance with the Corporate Governance Code

During the Reporting Period, the Company was in compliance with all the code provisions in the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix 14 to the Listing Rules.

3. Compliance with the Model Code for Securities Transactions by Directors, Supervisors and Relevant Employees

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by all of the directors (the “**Directors**”), supervisors (the “**Supervisors**”) and relevant employees (as defined in the Corporate Governance Code) of the Company in the securities of the Company. Having made specific enquiry of the Directors and Supervisors, all Directors and Supervisors have confirmed that they have strictly complied with the required standards regarding securities transactions by Directors as set out in the Model Code and its code of conduct during the Reporting Period.

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

4. Responsibility Statement by the Directors in Relation to the Financial Statements

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

5. Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

6. Audit and Risk Management Committee

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

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

PUBLICATION OF INTERIM RESULTS AND REPORT

This results announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company's website at www.hdfx.com.cn. The Company's 2020 interim report with all the information required under the Listing Rules will be despatched to the shareholders of the Company and will be published on the websites of the Company and the Hong Kong Stock Exchange in due course.

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

Beijing, the PRC, 28 August 2020

As at the date of this announcement, the executive Directors are Mr. HUANG Shaoxiong, Mr. WU Jianchun and Mr. DU Jiangwu; the non-executive Directors are Mr. TAO Yunpeng, Mr. SHI Chongguang and Mr. WANG Bangyi; and the independent non-executive Directors are Mr. ZHANG Bai, Mr. TAO Zhigang and Mr. WU Yiqiang.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

(Amounts expressed in Renminbi (“RMB”))

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

| | | For the six months ended 30 June | |
|---|-------------|---|------------------|
| | | 2020 | 2019 |
| | <i>Note</i> | RMB'000 | RMB'000 |
| Attributable to: | | | |
| Equity holders of the Company | | 1,893,737 | 1,783,737 |
| Non-controlling interests | | 141,726 | 249,478 |
| | | <u>2,035,463</u> | <u>2,033,215</u> |
| Basic and diluted earnings per ordinary share | | | |
| <i>(RMB cents)</i> | 10 | <u>18.86</u> | <u>18.41</u> |
| Profit for the period | | | |
| | | <u>2,035,463</u> | <u>2,033,215</u> |
| Other comprehensive income | | | |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax: | | | |
| Exchange difference on translation of foreign operations | | 2,315 | (2,405) |
| Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods, net of tax: | | | |
| Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax | | <u>(95,612)</u> | <u>673</u> |
| Other comprehensive loss for the period | | | |
| | | <u>(93,297)</u> | <u>(1,732)</u> |
| Total comprehensive income for the period | | | |
| | | <u>1,942,166</u> | <u>2,031,483</u> |
| Attributable to: | | | |
| Equity holders of the Company | | 1,800,440 | 1,782,005 |
| Non-controlling interests | | 141,726 | 249,478 |
| | | <u>1,942,166</u> | <u>2,031,483</u> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

(Amounts expressed in RMB)

| | | 30 June 2020 | 31 December 2019 |
|--|-------------|-------------------------|-----------------------|
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Non-current assets | | | |
| Property, plant and equipment | | 82,549,763 | 81,928,864 |
| Right-of-use assets | | 2,290,166 | 2,325,177 |
| Intangible assets | | 1,695,735 | 1,641,426 |
| Interests in associates and joint ventures | | 9,901,903 | 10,066,458 |
| Other non-current assets | | 2,116,264 | 2,327,395 |
| Deferred tax assets | | 348,908 | 362,511 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 98,902,739 | 98,651,831 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Inventories | | 418,110 | 281,242 |
| Trade and bills receivables | 11 | 13,269,584 | 9,515,174 |
| Prepayments and other current assets | | 1,118,714 | 1,280,890 |
| Tax recoverable | | 1,176 | 1,176 |
| Restricted deposits | | 18,536 | 22,484 |
| Cash and cash equivalents | | 4,600,240 | 2,457,846 |
| | | <hr/> | <hr/> |
| Total current assets | | 19,426,360 | 13,558,812 |
| | | <hr/> | <hr/> |

| | | 30 June | 31 December |
|--|-------------|---------------------------|-----------------------|
| | | 2020 | 2019 |
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Current liabilities | | | |
| Borrowings | | 15,358,361 | 13,579,188 |
| Trade and bills payables | 12 | 1,351,405 | 1,449,140 |
| Other payables and accruals | | 6,861,375 | 7,037,475 |
| Deferred income | | 38,091 | 53,256 |
| Tax payable | | 195,948 | 155,450 |
| | | <u>23,805,180</u> | <u>22,274,509</u> |
| Total current liabilities | | <u>23,805,180</u> | <u>22,274,509</u> |
| Net current liabilities | | <u>(4,378,820)</u> | <u>(8,715,697)</u> |
| Total assets less current liabilities | | <u>94,523,919</u> | <u>89,936,134</u> |

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

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

**For the six months
ended 30 June**

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |

Analysis of the balances of cash and cash equivalents

| | | |
|--|------------------|-----------|
| Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position | 4,600,240 | 2,798,034 |
| Cash and bank balance classified as held for sale | – | 251 |
| | – | 251 |

**Cash and cash equivalents as stated in the interim
condensed consolidated statement of cash flows**

| | | |
|--|------------------|-----------|
| | 4,600,240 | 2,798,285 |
| | 4,600,240 | 2,798,285 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

1. PRINCIPAL ACTIVITIES AND ORGANISATION

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

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

2. BASIS OF PREPARATION

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

- (a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

- (c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. During the period ended 30 June 2020, the Group had no material rent concessions granted by the lessors. Therefore the amendments did not have any impact on the Group's interim condensed consolidated financial information.
- (d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

4. SEGMENT REPORTING

The Group manages its businesses by divisions, which are based on their products and services. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable operating segments:

- Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.
- Solar power: this segment constructs, manages and operates solar power plants and generates electric power for sale to power grid companies.
- Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.
- Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.

- Natural gas-fired power: this segment constructs, manages and operates natural gas-fired power plants and generates electric power for sale to power grid companies.
- Other business: this segment mainly manages and operates other clean energy power and heat plants and generates electric power for sale to power grid companies or heat for sale to the customers.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

- Segment assets do not include interests in associates and joint ventures, equity investments at fair value through other comprehensive income, tax recoverable, deferred tax assets or unallocated head office and corporate assets. Segment liabilities do not include tax payable, deferred tax liabilities or unallocated head office and corporate liabilities.
- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include service concession construction revenue and cost, unallocated head office and corporate revenue and expenses, share of profits less losses of associates and joint ventures, a gain on disposal of equity investments or net finance expenses.

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2020 and 2019 is set out below:

For the six months ended 30 June 2020

| | Wind power <i>RMB'000</i> | Solar power <i>RMB'000</i> | Hydropower <i>RMB'000</i> | Coal-fired power <i>RMB'000</i> | Natural gas-fired power <i>RMB'000</i> | Other business <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|---------------------------------|----------------------------------|------------------------------|---------------------------------------|---|-------------------------------------|---------------------------|
| Revenue from external customers | | | | | | | |
| – Sale of electricity | 3,698,243 | 719,286 | 1,052,291 | 2,477,092 | 999,068 | 53,794 | 8,999,774 |
| – Sale of steam | – | – | – | 138,770 | 147,339 | 34,432 | 320,541 |
| – Others | 8,330 | 4,182 | 4,046 | 34,818 | 3,576 | 10 | 54,962 |
| Inter-segment revenue | <u>2,302</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>5,660</u> | <u>7,962</u> |
| Reconciliation | 3,708,875 | 723,468 | 1,056,337 | 2,650,680 | 1,149,983 | 93,896 | 9,383,239 |
| Inter-segment revenue | <u>(2,302)</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>(5,660)</u> | <u>(7,962)</u> |
| Reportable segment revenue | <u>3,706,573</u> | <u>723,468</u> | <u>1,056,337</u> | <u>2,650,680</u> | <u>1,149,983</u> | <u>88,236</u> | <u>9,375,277</u> |
| Reportable segment profit (operating profit) | <u>2,041,539</u> | <u>415,141</u> | <u>464,034</u> | <u>413,186</u> | <u>106,979</u> | <u>18,703</u> | <u>3,459,582</u> |
| Depreciation and amortisation | (1,374,051) | (239,021) | (258,825) | (368,312) | (137,322) | (8,095) | (2,385,626) |
| Interest income | 5,532 | 1,066 | 4,076 | 590 | 1,104 | 155 | 12,523 |
| Interest expenses | (751,521) | (137,679) | (34,054) | (88,448) | (70,086) | (4,489) | (1,086,277) |
| (Reversal)/provision of impairment losses on trade receivables, other receivables and prepayments | (6,019) | 72 | – | – | – | (2,604) | (8,551) |
| Reversal of impairment losses of inventories | 27 | – | – | – | – | – | 27 |
| Addition to non-current segment assets during the period | 2,260,236 | 344,593 | 270,956 | 14,823 | 349,024 | – | 3,239,632 |
| As at 30 June 2020 | | | | | | | |
| Reportable segment assets | <u>61,280,469</u> | <u>9,732,775</u> | <u>12,490,241</u> | <u>14,331,311</u> | <u>8,272,782</u> | <u>437,915</u> | <u>106,545,493</u> |
| Reportable segment liabilities | <u>43,858,813</u> | <u>6,284,123</u> | <u>4,018,817</u> | <u>9,829,030</u> | <u>6,558,790</u> | <u>511,536</u> | <u>71,061,109</u> |

For the six months ended 30 June 2019

| | Wind power RMB'000 | Solar power RMB'000 | Hydropower RMB'000 | Coal-fired power RMB'000 | Natural gas-fired power RMB'000 | Other business RMB'000 | Total RMB'000 |
|---|-----------------------|------------------------|-----------------------|--------------------------------|--|------------------------------|--------------------|
| Revenue from external customers | | | | | | | |
| – Sale of electricity | 3,611,613 | 674,410 | 1,557,652 | 2,516,637 | 993,527 | 47,658 | 9,401,497 |
| – Sale of steam | – | – | – | 134,781 | 145,437 | 34,133 | 314,351 |
| – Others | 3,341 | 4,569 | 5,876 | 37,003 | 4,229 | 3 | 55,021 |
| Reportable segment revenue | 3,614,954 | 678,979 | 1,563,528 | 2,688,421 | 1,143,193 | 81,794 | 9,770,869 |
| Reportable segment profit (operating profit) | 1,997,637 | 396,800 | 844,360 | 216,112 | 106,872 | (310) | 3,561,471 |
| Depreciation and amortisation | (1,365,480) | (227,524) | (249,683) | (359,790) | (128,147) | (12,170) | (2,342,794) |
| Interest income | 6,667 | 752 | 1,946 | 1,680 | 745 | 413 | 12,203 |
| Interest expenses | (821,744) | (139,222) | (53,462) | (136,289) | (67,094) | (5,164) | (1,222,975) |
| Impairment losses on property, plant and equipment | (19,582) | (3,895) | – | (66) | (5,675) | (1,482) | (30,700) |
| Reversal of impairment losses on trade receivables, other receivables and prepayments | – | – | 4 | – | – | – | 4 |
| Addition to non-current segment assets during the period | 502,010 | 66,745 | 71,633 | 374,312 | 513,919 | 5,479 | 1,534,098 |
| As at 31 December 2019 | | | | | | | |
| Reportable segment assets | 56,598,391 | 9,638,034 | 12,162,259 | 14,975,599 | 8,069,147 | 502,376 | 101,945,806 |
| Reportable segment liabilities | 41,738,127 | 6,199,564 | 4,036,088 | 10,684,169 | 6,417,077 | 560,340 | 69,635,365 |

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

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

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

(c) **Geographical information**

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

5. REVENUE

An analysis of revenue is as follows:

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

Note:

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

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

(i) **Disaggregated revenue information**

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

| | Wind power <i>RMB'000</i> | Solar power <i>RMB'000</i> | Hydropower <i>RMB'000</i> | Coal-fired power <i>RMB'000</i> | Natural gas-fired power <i>RMB'000</i> | Other business <i>RMB'000</i> | Unallocated head office <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|---------------------------------|----------------------------------|------------------------------|---------------------------------------|---|-------------------------------------|--|-------------------------|
| Types of goods and services | | | | | | | | |
| Sale of electricity | 3,698,243 | 719,286 | 1,052,291 | 2,477,092 | 999,068 | 53,794 | - | 8,999,774 |
| Service concession construction revenue | 84,833 | - | - | - | - | - | - | 84,833 |
| Sale of steam | - | - | - | 138,770 | 147,339 | 34,432 | - | 320,541 |
| Others | 3,562 | 4,057 | 1,793 | 34,053 | 3,398 | 6 | 2,732 | 49,601 |
| Total | <u>3,786,638</u> | <u>723,343</u> | <u>1,054,084</u> | <u>2,649,915</u> | <u>1,149,805</u> | <u>88,232</u> | <u>2,732</u> | <u>9,454,749</u> |
| Geographic markets | | | | | | | | |
| Mainland China | 3,768,780 | 723,343 | 1,054,084 | 2,649,915 | 1,149,805 | 88,232 | 2,732 | 9,436,891 |
| Spain | 17,858 | - | - | - | - | - | - | 17,858 |
| Total | <u>3,786,638</u> | <u>723,343</u> | <u>1,054,084</u> | <u>2,649,915</u> | <u>1,149,805</u> | <u>88,232</u> | <u>2,732</u> | <u>9,454,749</u> |
| Timing of revenue recognition | | | | | | | | |
| Goods transferred at a point in time | 3,700,274 | 719,522 | 1,052,553 | 2,649,619 | 1,149,352 | 88,226 | 2,732 | 9,362,278 |
| Services transferred over time | 86,364 | 3,821 | 1,531 | 296 | 453 | 6 | - | 92,471 |
| Total | <u>3,786,638</u> | <u>723,343</u> | <u>1,054,084</u> | <u>2,649,915</u> | <u>1,149,805</u> | <u>88,232</u> | <u>2,732</u> | <u>9,454,749</u> |

Revenue from contracts with customers for the six months ended 30 June 2019

| | Wind power <i>RMB'000</i> | Solar power <i>RMB'000</i> | Hydropower <i>RMB'000</i> | Coal-fired power <i>RMB'000</i> | Natural gas-fired power <i>RMB'000</i> | Other business <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|------------------------------|-------------------------------|------------------------------|---------------------------------------|---|-------------------------------------|-------------------------|
| Types of goods and services | | | | | | | |
| Sale of electricity | 3,611,613 | 674,410 | 1,557,652 | 2,516,637 | 993,527 | 47,658 | 9,401,497 |
| Service concession construction revenue | 10,206 | – | – | – | – | – | 10,206 |
| Sale of steam | – | – | – | 134,781 | 145,437 | 34,133 | 314,351 |
| Others | 1,157 | 4,569 | 2,411 | 35,978 | 4,229 | 3 | 48,347 |
| Total | <u>3,622,976</u> | <u>678,979</u> | <u>1,560,063</u> | <u>2,687,396</u> | <u>1,143,193</u> | <u>81,794</u> | <u>9,774,401</u> |
| Geographic markets | | | | | | | |
| Mainland China | 3,596,785 | 678,979 | 1,560,063 | 2,687,396 | 1,143,193 | 81,794 | 9,748,210 |
| Spain | 26,191 | – | – | – | – | – | 26,191 |
| Total | <u>3,622,976</u> | <u>678,979</u> | <u>1,560,063</u> | <u>2,687,396</u> | <u>1,143,193</u> | <u>81,794</u> | <u>9,774,401</u> |
| Timing of revenue recognition | | | | | | | |
| Goods transferred at a point in time | 3,612,328 | 674,554 | 1,559,384 | 2,684,945 | 1,139,509 | 81,791 | 9,752,511 |
| Services transferred over time | 10,648 | 4,425 | 679 | 2,451 | 3,684 | 3 | 21,890 |
| Total | <u>3,622,976</u> | <u>678,979</u> | <u>1,560,063</u> | <u>2,687,396</u> | <u>1,143,193</u> | <u>81,794</u> | <u>9,774,401</u> |

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

For the six months ended 30 June 2020

| | Wind power <i>RMB'000</i> | Solar power <i>RMB'000</i> | Hydropower <i>RMB'000</i> | Coal-fired power <i>RMB'000</i> | Natural gas-fired power <i>RMB'000</i> | Other business <i>RMB'000</i> | Unallocated head office <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|---------------------------------|----------------------------------|------------------------------|---------------------------------------|---|-------------------------------------|--|-------------------------|
| Revenue from contracts with customers | | | | | | | | |
| External customers | 3,786,638 | 723,343 | 1,054,084 | 2,649,915 | 1,149,805 | 88,232 | 2,732 | 9,454,749 |
| Intersegment sales | <u>2,302</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,660</u> | <u>-</u> | <u>7,962</u> |
| Intersegment adjustments and eliminations | <u>(2,302)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5,660)</u> | <u>-</u> | <u>(7,962)</u> |
| Total revenue from contracts with customers | <u><u>3,786,638</u></u> | <u><u>723,343</u></u> | <u><u>1,054,084</u></u> | <u><u>2,649,915</u></u> | <u><u>1,149,805</u></u> | <u><u>88,232</u></u> | <u><u>2,732</u></u> | <u><u>9,454,749</u></u> |

For the six months ended 30 June 2019

| | Wind power <i>RMB'000</i> | Solar power <i>RMB'000</i> | Hydropower <i>RMB'000</i> | Coal-fired power <i>RMB'000</i> | Natural gas-fired power <i>RMB'000</i> | Other business <i>RMB'000</i> | Unallocated head office <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|---------------------------------|----------------------------------|------------------------------|---------------------------------------|---|-------------------------------------|--|-------------------------|
| Revenue from contracts with customers | | | | | | | | |
| External customers | 3,622,976 | 678,979 | 1,560,063 | 2,687,396 | 1,143,193 | 81,794 | - | 9,774,401 |
| Intersegment sales | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Intersegment adjustments and eliminations | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenue from contracts with customers | <u><u>3,622,976</u></u> | <u><u>678,979</u></u> | <u><u>1,560,063</u></u> | <u><u>2,687,396</u></u> | <u><u>1,143,193</u></u> | <u><u>81,794</u></u> | <u><u>-</u></u> | <u><u>9,774,401</u></u> |

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

| | For the six months ended 30 June | |
|--|---|----------------|
| | 2020 | 2019 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period: | | |
| Types of goods and services – others | <u>34,672*</u> | <u>31,668*</u> |

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

(ii) Performance obligations

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

Sale of electricity and goods

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

Service concession construction revenue

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

Rendering of services

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

6. OTHER INCOME AND GAINS

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

Note:

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

7. FINANCE INCOME AND EXPENSES

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

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

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

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

(b) Other items

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

9. INCOME TAX

(a) Taxation in profit or loss represents:

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

The current tax provision mainly included the PRC Corporate Income Tax which was made by the Company and its subsidiaries located in the PRC. It is calculated based on a statutory rate of 25% of the assessable profit, except for certain subsidiaries of the Company which were tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the periods ended 30 June 2020 and 2019.

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

- (b) Reconciliation of tax expense applicable to accounting profit before taxation at the applicable tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

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

Note:

- (i) Pursuant to Caishui [2011] No.58, the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2011 to 2020. Pursuant to [2020] No.23 Notice jointly issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission of the PRC (the "NDRC"), the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2021 to 2030.

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

10. BASIC AND DILUTED EARNINGS PER SHARE

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

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

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

11. TRADE AND BILLS RECEIVABLES

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

(a) Ageing analysis

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

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

The Group's trade receivables are mainly electricity sales receivable from local grid companies for which there was no recent history of default. Generally, the debtors are due within 15 to 30 days from the date of invoice, except for the tariff premium of renewable energy relating to certain renewable energy projects, such as wind power projects and solar power projects. The collection of such tariff premium is subject to the allocation of funds by the relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

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

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

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that recovery of the amount is remote.

Pursuant to Caijian [2020] No. 4 Notice on Promoting the Healthy Development of Non-aqueous Renewable Energy Power Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Notice on the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) jointly issued by the Ministry of Finance, the NDRC and the National Energy Administration in January 2020, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium have come into force since 2020 and approvals on a project by project basis are required before the allocation of funds to local grid companies. Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance in March 2012 was repealed at the same time. As at 30 June 2020, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects were in the process of applying for the approval. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The directors are of the opinion that the approvals will be obtained in due course and these trade receivables from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

The Group has applied the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure the expected credit losses of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

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

12. TRADE AND BILLS PAYABLES

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

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

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

All of the trade and bills payables are expected to be settled within one year or are repayable on demand and are non-interest-bearing.

13. DIVIDENDS

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

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

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

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

14. CONTINGENCIES

(a) **Financial guarantees issued**

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

As at 30 June 2020, the Group issued financial guarantees to banks in respect of the bank loans granted to Jiangxi Huadian Jiujiang Distributed Energy Company Limited (“江西華電九江分佈式能源有限公司”) (“**Huadian Jiujiang**”) amounting to RMB179,732,000 (31 December 2019: RMB197,224,000), and full provision has been made as the directors of the Company consider that a claim is probable to be made against the Group due to continuous loss-making performance of Huadian Jiujiang.

(b) Contingent liability in respect of taxes on Clean Development Mechanism revenue

Up to date, there have been no rules issued on whether the revenue from sale of Certified Emission Reduction (“**CERs**”) is subject to any VAT or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sale of CERs. Therefore, the Group has not made any provision on such contingencies.

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

Mianhuatan Hydropower, one of the Company’s subsidiaries, owns and operates the Mianhuatan Project in Longyan, Fujian, the PRC. The relevant local government authority disputed the amount of resettlement compensation. Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the Fujian Development and Reform Commission (the “**Fujian DRC**”) and the NDRC. Mianhuatan Hydropower prepaid an aggregate amount of RMB390 million during the years ended 31 December 2009, 2010 and 2011 in relation to this dispute and recognised a provision of RMB40 million during the year ended 31 December 2011 based on the assessment of the circumstances.

On 18 November 2019, Mianhuatan Hydropower entered into a preliminary settlement agreement with the local government authority of Longyan, Fujian Province. Mianhuatan Hydropower agreed to raise the final resettlement compensation cap to RMB700 million, which included the prepayment of RMB390 million made during the period from 2009 to 2011. The final amount of resettlement compensation and payment schedule are subject to determination of the Fujian DRC. The total amounts in addition to RMB430 million recognised have been capitalised in property, plant and equipment in 2019.

Huadian has undertaken to indemnify the Group against its losses, claims, charges and expenses arising from the relocation and resettlement of local residents in relation to the Mianhuatan Project if the additional compensation which the NDRC requires the Group to pay is to exceed RMB40 million.

15. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

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