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

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

Results Announcement for Year 2018

The board of directors (the "**Board**") of China Power International Development Limited (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (collectively, the "**Group**" or "**We**") for the year ended 31 December 2018.

Financial Highlights

	Year ended 31 December		
	2018	2017	Change
	RMB'000	*RMB'000*	*%*
Revenue	**23,175,626**	19,966,811	16.07
Profit for the year	**1,637,185**	1,280,707	27.83
Profit attributable to owners of the Company	**1,098,355**	795,272	38.11
	RMB	*RMB*	*%*
Basic earnings per share	**0.11**	0.10	10.00
Proposed final dividend	**0.11**	0.081	35.80
	MWh	*MWh*	*%*
Total power generation	**74,101,429**	66,683,402	11.12
Total electricity sold	**70,964,796**	64,053,714	10.79

- The main reasons for the increase in revenue and profit were (i) the impact of consolidating the results of the newly acquired clean energy project companies, in particular from the hydropower generating units in Guangxi, the PRC, (ii) the substantial increase in contributions from photovoltaic power and wind power, and (iii) the increase in both electricity sales and average on-grid tariff of coal-fired power that turned around to profit during the year under review.
- In 2018, the Group completed the acquisitions of Guangxi Company, Shangdong Company, Anhui Company, Hubei Company and Shouxian Company. All of them are principally engaged in clean energy power generation.
- As at 31 December 2018, the Group increased its clean energy installed capacity in hydropower, wind power and photovoltaic power by 617.5MW, 914.5MW and 1,057.5MW (i.e. 12.85%, 167.03% and 134.54%) respectively as compared to 2017.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Note	Year ended 31 December 2018 RMB'000	2017 RMB'000
Revenue	2	**23,175,626**	19,966,811
Other income	3	**300,346**	365,607
Fuel costs		**(11,020,697)**	(9,549,980)
Depreciation		**(3,906,575)**	(3,482,744)
Staff costs		**(2,063,525)**	(1,809,372)
Repairs and maintenance		**(608,509)**	(603,177)
Consumables		**(249,034)**	(244,214)
Other gains and losses, net	4	**359,625**	(62,393)
Other operating expenses		**(1,572,916)**	(1,472,084)
Operating profit	5	**4,414,341**	3,108,454
Finance income	6	**125,846**	40,413
Finance costs	6	**(2,578,254)**	(1,855,603)
Share of profits of associates		**114,461**	222,630
Share of (loss)/profits of joint ventures		**(6,446)**	44,743
Profit before taxation		**2,069,948**	1,560,637
Income tax expense	7	**(432,763)**	(279,930)
Profit for the year		**1,637,185**	1,280,707
Attributable to:			
Owners of the Company		**1,098,355**	795,272
Non-controlling interests		**538,830**	485,435
		1,637,185	1,280,707
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
- Basic	8	**0.11**	0.10
- Diluted	8	**0.11**	0.10
Dividends		**1,078,757**	794,358

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**1,637,185**	1,280,707
Other comprehensive expense:		
Item that will not be reclassified to profit or loss:		
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	**(344,187)**	-
Items that may be reclassified subsequently to profit or loss:		
Fair value loss on:		
- available-for-sale ("AFS") financial assets, net of tax	**-**	(817,407)
- debt instruments at FVTOCI, net of tax	**(993)**	-
	(993)	(817,407)
Other comprehensive expense for the year, net of tax	**(345,180)**	(817,407)
Total comprehensive income for the year	**1,292,005**	463,300
Attributable to:		
Owners of the Company	**775,426**	(22,135)
Non-controlling interests	**516,579**	485,435
Total comprehensive income for the year	**1,292,005**	463,300

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	As at 31 December **2018** *RMB'000*	2017 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**95,691,610**	75,118,822
Prepayments for construction of power plants		**2,388,715**	3,266,642
Prepaid lease payments		**1,106,126**	979,376
Goodwill	10	**946,261**	835,165
Other intangible assets	11	**752,114**	-
Interests in associates		**2,661,367**	2,732,560
Interests in joint ventures		**467,792**	471,845
Equity instruments at FVTOCI	1(a)(i)	**3,083,174**	-
AFS financial assets	1(a)(i)	**-**	3,495,933
Deferred income tax assets		**376,672**	431,878
Other non-current assets		**4,252,263**	1,374,432
		111,726,094	88,706,653
Current assets			
Inventories		**712,551**	462,942
Prepaid lease payments		**23,916**	23,408
Accounts receivable	12	**2,784,743**	2,642,383
Prepayments, deposits and other receivables		**2,035,965**	1,113,464
Amounts due from related parties		**1,061,935**	452,768
Tax recoverable		**60,496**	27,613
Debt instruments at FVTOCI	1(a)(ii)	**237,299**	-
Restricted deposits		**23,692**	19,582
Cash and cash equivalents		**1,853,044**	4,577,786
		8,793,641	9,319,946
Assets associated with disposal group classified as held for sale	13	**4,439,122**	-
Total assets		**124,958,857**	98,026,599

	Note	As at 31 December 2018 RMB'000	2017 RMB'000
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**17,268,192**	17,268,192
Reserves		**12,681,726**	12,533,688
		29,949,918	29,801,880
Non-controlling interests		**12,901,244**	7,392,579
Total equity		**42,851,162**	37,194,459
LIABILITIES			
Non-current liabilities			
Deferred income		**75,341**	101,937
Bank borrowings		**24,551,579**	25,089,317
Borrowings from related parties	14	**19,044,910**	2,837,800
Other borrowings	15	**2,000,000**	999,544
Obligations under finance leases		**3,986,005**	685,415
Deferred income tax liabilities		**1,674,188**	1,461,717
Provisions for other long-term liabilities	16	**1,054,538**	834,886
		52,386,561	32,010,616

	Note	As at 31 December **2018** ***RMB'000***	 2017 *RMB'000*
Current liabilities			
Accounts and bills payables	17	**776,577**	1,116,348
Construction costs payable		**5,996,791**	3,202,088
Other payables and accrued charges		**1,202,118**	1,269,362
Amounts due to related parties		**2,535,264**	1,017,952
Bank borrowings		**6,557,141**	15,542,089
Borrowings from related parties	14	**6,547,385**	6,055,106
Other borrowings	15	**1,024,959**	-
Current portion of obligations under finance leases		**1,205,997**	430,759
Tax payable		**165,906**	187,820
		26,012,138	28,821,524
Liabilities associated with disposal group classified as held for sale	13	**3,708,996**	-
Total liabilities		**82,107,695**	60,832,140
Total equity and liabilities		**124,958,857**	98,026,599
Net current liabilities		**16,488,371**	19,501,578
Total assets less current liabilities		**95,237,723**	69,205,075

General Information

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

The financial information relating to the years ended 31 December 2018 and 2017 included in this announcement of annual results 2018 do not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. The Company's auditor has reported on the financial statements of the Group for the years ended 31 December 2018 and 2017. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Notes to the Consolidated Financial Statements

1 Basis of preparation

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

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Application of new and amendments to HKFRSs

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Hong Kong (International Financial Reporting Interpretations Committee) Interpretation ("HK(IFRIC)-Int") 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Impacts on application of HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time retrospectively in the current year with the cumulative effect of initially applying this standard recognized at the date of initial application, 1 January 2018. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

Since more than 99% of the Group's revenue comprised of revenue from contracts with customers from sales of electricity to regional and provincial power grid companies, and revenue continue to be recognized at a point in time upon transmission to the customers, the adoption of HKFRS 15 did not have a material impact on the Group's financial position at 1 January 2018 except for disclosures.

Impacts on application of HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for: the classification and measurement of financial assets and financial liabilities and expected credit losses ("ECL") for financial assets.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9 i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognized as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognized as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognized in the opening retained earnings and other components of equity, without restating comparative information.

Classification and measurement of financial assets

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 "Financial Instruments: Recognition and Measurement" at the date of initial application, 1 January 2018:

	AFS financial assets *RMB'000*	Equity instruments at FVTOCI *RMB'000*	Debt instruments at FVTOCI *RMB'000*	Amortized cost (previously classified as loans and receivables included in accounts receivable) *RMB'000*	Deferred income tax assets/ (liabilities) *RMB'000*	AFS financial assets/ FVTOCI reserve *RMB'000*	Non-controlling interests *RMB'000*
Balance at 31 December 2017 – HKAS 39	3,495,933	-	-	157,607	(507,701)	1,408,395	-
Effects arising from initial application of HKFRS 9:							
Reclassification							
From AFS financial assets (note (i))	(3,495,933)	3,495,933	-	-	-	-	-
From loans and receivables (included in accounts receivable) (note (ii))	-	-	157,607	(157,607)	-	-	-
Remeasurement							
From cost less impairment to fair value (note (i))	-	60,357	-	-	(15,090)	28,709	16,558
From amortized cost to fair value (note (ii))	-	-	(2,213)	-	553	(1,299)	(361)
Balance at 1 January 2018	-	3,556,290	155,394	-	(522,238)	1,435,805	16,197

Notes:

(i) AFS financial assets

The Group elected to present in other comprehensive income for the fair value changes of all its equity investments previously classified as AFS financial assets. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, the balance of RMB3,495,933,000 were reclassified from AFS financial assets to equity instruments at FVTOCI, of which RMB175,442,000 related to unlisted equity investments previously measured at cost less impairment under HKAS 39. The fair value gains, net of tax, of RMB28,709,000 relating to those unlisted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and FVTOCI reserve as at 1 January 2018. The fair value gains of RMB1,408,395,000 relating to those investments previously carried at fair value continued to accumulate in FVTOCI reserve.

(ii) Loans and receivables

As part of the Group's cash flow management, certain subsidiaries of the Group has the practice of discounting or endorsing some of the notes received from debtors to financial institutions or suppliers respectively, before the notes receivable are due for payment and derecognizes these notes receivable discounted or endorsed on the basis that the Group has transferred substantially all risks and rewards to the relevant counterparties.

Accordingly, the Group's notes receivable of RMB157,607,000 were considered as within the hold to collect contractual cash flows and to sell business model, and reclassified to debt instruments at FVTOCI. The related fair value losses, net of tax, of RMB1,299,000 was adjusted to debt instruments at FVTOCI and FVTOCI reserve as at 1 January 2018.

Impairment under ECL model

The Groups applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all accounts receivable. Except for those which had been determined as credit impaired under HKAS 39, accounts receivable have been assessed individually.

Except for those which had been determined as credit impaired under HKAS 39, ECL for debt instruments at FVTOCI and other financial assets measured at amortized cost, including other receivables, deposits, amounts due from related parties, restricted deposits and cash and cash equivalents are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. As the assessed amount is not material, no additional credit loss allowance has been recognized against retained earnings as at 1 January 2018.

Save for HKFRS 9, the adoption of the above new and amendments to HKFRSs did not have significant impact to the results and financial position of the Group.

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

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

HKFRS 16	Leases[(1)]
HKFRS 17	Insurance Contracts[(2)]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[(1)]
Amendments to HKFRS 3	Definition of a Business[(4)]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[(1)]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[(3)]
Amendments to HKAS 1 and HKAS 8	Definition of Material[(5)]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[(1)]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[(1)]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[(1)]

(1) Effective for annual periods beginning on or after 1 January 2019
(2) Effective for annual periods beginning on or after 1 January 2021
(3) Effective for annual periods beginning on or after a date to be determined
(4) Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
(5) Effective for annual periods beginning on or after 1 January 2020

Save for HKFRS 16 "Leases", the directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future. The directors have already commenced an assessment of the related impact of HKFRS 16 to the Group and the assessment result is consistent with assessment made by directors, to the extent of directors' anticipation, and disclosed in the annual financial statements for the year ended 31 December 2018.

2 Turnover, revenue and segment information

Revenue, representing turnover net of sales related taxes, recognized during the year is as follows:

	2018	2017
	RMB'000	*RMB'000*
Types of goods and services:		
Sales of electricity to regional and provincial power grid companies (note (a))	**23,132,372**	19,938,470
Provision of power generation and related services (note (b))	**43,254**	28,341
	23,175,626	19,966,811
Timing of revenue recognition:		
At a point in time	**23,175,626**	19,966,811

Notes:

(a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the People's Republic of China (the "PRC" or "China").

(b) Provision of power generation and related services represents income from the provision of power generation and related services to other companies in the PRC which are calculated based on mutually agreed terms.

Segment information

The chief operating decision maker has been identified as the executive directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from equity instruments at FVTOCI (2017: AFS financial assets). Other information provided to the CODM is measured in a manner consistent with that in these consolidated financial statements.

Segment assets exclude equity instruments at FVTOCI (2017: AFS financial assets), deferred income tax assets and corporate assets, which are managed on a central basis.

Segment liabilities exclude deferred income tax liabilities, tax payable and corporate liabilities, which are managed on a central basis.

	Year ended 31 December 2018					
	Coal-fired electricity *RMB'000*	**Hydropower electricity** *RMB'000*	**Wind power electricity** *RMB'000*	**Photovoltaic power electricity** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment revenue						
Sales of electricity	**16,562,217**	**4,559,756**	**904,567**	**1,105,832**	**-**	**23,132,372**
Provision of power generation and related services	**27,421**	**5,553**	**935**	**9,345**	**-**	**43,254**
	16,589,638	**4,565,309**	**905,502**	**1,115,177**	**-**	**23,175,626**
Segment results	**1,584,567**	**2,209,734**	**397,424**	**566,127**	**-**	**4,757,852**
Unallocated income	**-**	**-**	**-**	**-**	**144,457**	**144,457**
Unallocated expenses	**-**	**-**	**-**	**-**	**(487,968)**	**(487,968)**
Operating profit/(loss)	**1,584,567**	**2,209,734**	**397,424**	**566,127**	**(343,511)**	**4,414,341**
Finance income	**3,451**	**7,609**	**6,072**	**29,295**	**79,419**	**125,846**
Finance costs	**(994,489)**	**(1,125,960)**	**(179,855)**	**(185,297)**	**(92,653)**	**(2,578,254)**
Share of profits of associates	**78,623**	**-**	**-**	**13,434**	**22,404**	**114,461**
Share of (loss)/profits of joint ventures	**(7,685)**	**-**	**-**	**406**	**833**	**(6,446)**
Profit/(loss) before taxation	**664,467**	**1,091,383**	**223,641**	**423,965**	**(333,508)**	**2,069,948**
Income tax expense	**(147,132)**	**(241,502)**	**(8,029)**	**(17,122)**	**(18,978)**	**(432,763)**
Profit/(loss) for the year	**517,335**	**849,881**	**215,612**	**406,843**	**(352,486)**	**1,637,185**
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets:						
Capital expenditure						
- Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	**3,730,637**	**796,329**	**4,247,469**	**2,629,195**	**160,248**	**11,563,878**
Depreciation of property, plant and equipment	**1,660,552**	**1,405,220**	**403,216**	**422,557**	**15,030**	**3,906,575**
Amortization of prepaid lease payments	**14,742**	**1,921**	**765**	**999**	**1,682**	**20,109**
Amortization of other intangible assets	**-**	**-**	**-**	**3,086**	**-**	**3,086**
(Gain)/loss on disposal of property, plant and equipment and prepaid lease payments, net	**(60,728)**	**(40,341)**	**-**	**(116)**	**108**	**(101,077)**
Impairment of inventories	**4,798**	**4,212**	**-**	**1,357**	**-**	**10,367**
Impairment of other receivables	**34,585**	**-**	**-**	**-**	**-**	**34,585**

	As at 31 December 2018					
	Coal-fired electricity	Hydropower electricity	Wind power electricity	Photovoltaic power electricity	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets						
Other segment assets	**37,577,087**	**39,816,482**	**16,031,583**	**17,354,975**	**-**	**110,780,127**
Assets associated with disposal group classified as held for sale	**4,439,122**	**-**	**-**	**-**	**-**	**4,439,122**
Goodwill	**67,712**	**872,865**	**-**	**5,684**	**-**	**946,261**
Interests in associates	**2,117,915**	**2,000**	**-**	**140,675**	**400,777**	**2,661,367**
Interests in joint ventures	**395,070**	**-**	**-**	**1,254**	**71,468**	**467,792**
	44,596,906	**40,691,347**	**16,031,583**	**17,502,588**	**472,245**	**119,294,669**
Equity instruments at FVTOCI						**3,083,174**
Deferred income tax assets						**376,672**
Other unallocated assets						**2,204,342**
Total assets per consolidated statement of financial position						**124,958,857**
Segment liabilities						
Other segment liabilities	**(4,882,605)**	**(2,452,959)**	**(3,702,247)**	**(4,906,376)**	**-**	**(15,944,187)**
Liabilities associated with disposal group classified as held for sale	**(3,708,996)**	**-**	**-**	**-**	**-**	**(3,708,996)**
Borrowings	**(20,771,233)**	**(21,188,207)**	**(7,116,410)**	**(6,818,620)**	**(3,831,504)**	**(59,725,974)**
	(29,362,834)	**(23,641,166)**	**(10,818,657)**	**(11,724,996)**	**(3,831,504)**	**(79,379,157)**
Deferred income tax liabilities						**(1,674,188)**
Tax payable						**(165,906)**
Other unallocated liabilities						**(888,444)**
Total liabilities per consolidated statement of financial position						**(82,107,695)**

	Year ended 31 December 2017					
	Coal-fired electricity	**Hydropower electricity**	**Wind power electricity**	**Photovoltaic power electricity**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales of electricity	14,274,648	4,796,644	389,109	478,069	-	19,938,470
Provision of power generation and related services	21,031	-	-	7,310	-	28,341
	14,295,679	4,796,644	389,109	485,379	-	19,966,811
Segment results	240,648	2,833,894	122,724	247,041	-	3,444,307
Unallocated income	-	-	-	-	157,858	157,858
Unallocated expenses	-	-	-	-	(493,711)	(493,711)
Operating profit/(loss)	240,648	2,833,894	122,724	247,041	(335,853)	3,108,454
Finance income	19,514	1,810	149	1,336	17,604	40,413
Finance costs	(771,798)	(989,783)	(89,477)	(73,790)	69,245	(1,855,603)
Share of profits of associates	190,975	-	-	11,095	20,560	222,630
Share of profits of joint ventures	44,594	-	-	-	149	44,743
(Loss)/profit before taxation	(276,067)	1,845,921	33,396	185,682	(228,295)	1,560,637
Income tax credit/(expense)	84,190	(396,112)	(3,637)	7,672	27,957	(279,930)
(Loss)/profit for the year	(191,877)	1,449,809	29,759	193,354	(200,338)	1,280,707
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets:						
Capital expenditure						
- Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	3,666,377	601,192	1,286,524	2,787,308	160,530	8,501,931
Depreciation of property, plant and equipment	1,866,986	1,234,773	203,598	166,857	10,530	3,482,744
Amortization of prepaid lease payments	14,294	6,227	924	-	2,080	23,525
Loss/(gain) on disposal of property, plant and equipment, net	47,581	2,148	-	71	(61)	49,739
Impairment of inventories	1,158	-	-	-	-	1,158

	As at 31 December 2017					
	Coal-fired electricity	**Hydropower electricity**	**Wind power electricity**	**Photovoltaic power electricity**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets						
Other segment assets	38,442,589	34,827,300	5,111,016	6,607,613	-	84,988,518
Goodwill	67,712	767,453	-	-	-	835,165
Interests in associates	2,227,179	-	840	109,807	394,734	2,732,560
Interests in joint ventures	401,209	-	-	-	70,636	471,845
	41,138,689	35,594,753	5,111,856	6,717,420	465,370	89,028,088
AFS financial assets						3,495,933
Deferred income tax assets						431,878
Other unallocated assets						5,070,700
Total assets per consolidated statement of financial position						98,026,599
Segment liabilities						
Other segment liabilities	(4,607,334)	(2,206,593)	(365,848)	(633,741)	-	(7,813,516)
Borrowings	(22,685,234)	(22,208,106)	(3,104,620)	(2,497,897)	(27,999)	(50,523,856)
	(27,292,568)	(24,414,699)	(3,470,468)	(3,131,638)	(27,999)	(58,337,372)
Deferred income tax liabilities						(1,461,717)
Tax payable						(187,820)
Other unallocated liabilities						(845,231)
Total liabilities per consolidated statement of financial position						(60,832,140)

All revenue from external customers are generated from the PRC. As at 31 December 2018, except for cash and bank balances equivalent to RMB119,729,000 (2017: RMB4,041,450,000) which were deposited with certain banks in Hong Kong, substantially all of the Group's assets, liabilities and capital expenditure were located or utilized in the PRC.

The Group's major customers are regional and provincial power grid companies. For the year ended 31 December 2018, the Group's external revenue amounting to RMB15,996,709,000 (2017: RMB15,406,202,000) was generated from four (2017: four) major customers, each of which accounted for 10% or more of the Group's external revenue.

3 Other income

	2018	2017
	RMB'000	*RMB'000*
Rental income	**67,908**	63,366
Hotel operations income	**32,085**	30,246
Income from provision of repairs and maintenance services	**79,983**	64,643
Dividend income	**77,108**	71,133
Income from provision of IT and other services	**26,899**	20,885
Value-added tax ("VAT") refund	**2,779**	102,479
Compensation income	**13,584**	12,855
	300,346	365,607

4 Other gains and losses, net

	2018	2017
	RMB'000	*RMB'000*
Amortization of deferred income	**7,527**	4,269
Government subsidies	**40,936**	36,076
Gain/(loss) on disposal of property, plant and equipment and prepaid lease payments, net	**101,077**	(49,739)
Gain on disposal of a subsidiary	**32,298**	-
Fair value change on derivative financial instruments	**-**	(110,547)
Sales of unused power production quota	**138,317**	46,604
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	**36,017**	48,430
Loss on deemed disposal of partial interest in an associate (note)	**(17,181)**	-
Others	**20,634**	(37,486)
	359,625	(62,393)

Note:

During the current year, Sichuan Energy Investment Development Co., Ltd. ("Sichuan Energy Investment"), an associate of the Group, has completed its initial public offering on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 28 December 2018. Upon listing, the proportion of the Group's equity interest in Sichuan Energy Investment was diluted from 12.17% to 9.13%, and a loss on deemed disposal of RMB17,181,000 was recognized in the consolidated income statement as other losses.

5 Operating profit

Operating profit is stated after charging the following:

	2018	2017
	RMB'000	*RMB'000*
Amortization of prepaid lease payments	**20,109**	23,525
Amortization of other intangible assets	**3,086**	-
Auditor's remuneration	**7,851**	6,746
Research and development expenses	**18,019**	9,930
Depreciation:		
- owned property, plant and equipment	**3,827,628**	3,401,426
- property, plant and equipment under finance leases	**78,947**	81,318
Operating lease rental expenses:		
- equipment	**5,323**	10,692
- leasehold land and buildings	**77,844**	55,876
Impairment of inventories	**10,367**	1,158
Impairment of other receivables	**34,585**	-
Reservoir maintenance and usage fees	**125,917**	129,569
Cost of purchase of unused power production quota	**7,167**	89,472

6 Finance income and finance costs

	2018	2017
	RMB'000	*RMB'000*
Finance income		
Interest income from bank deposits	**82,870**	25,211
Interest income from related parties	**15,002**	15,202
Interest income on discounting effect on clean energy power price premium receivable (Note 12(b))	**27,974**	-
	125,846	40,413
Finance costs		
Interest expense on		
- bank borrowings	**2,026,651**	1,673,094
- long-term borrowings from related parties	**398,836**	192,648
- short-term borrowings from related parties	**172,385**	74,964
- long-term other borrowings	**64,201**	122,571
- short-term other borrowings	**19,080**	17,835
- amounts due to related parties	**2,898**	3,093
- obligations under finance leases	**109,606**	41,494
- provisions for other long-term liabilities (Note 16)	**86,110**	87,119
	2,879,767	2,212,818
Less: amounts capitalized	**(456,061)**	(252,621)
	2,423,706	1,960,197
Exchange losses/(gains), net	**154,548**	(104,594)
	2,578,254	1,855,603

The weighted average interest rate on capitalized borrowings is 4.48% (2017: 4.40%) per annum.

7 Income tax expense

No Hong Kong profits tax was provided for as the Group did not have any estimated assessable profits in Hong Kong for the years ended 31 December 2018 and 2017.

The provision for PRC current income tax was calculated based on the statutory tax rate of 25% (2017: 25%) on the estimated assessable profits for the year except that certain subsidiaries of the Group were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 10%, 12.5% or 15% (2017: 7.5%, 12.5% or 15%).

The amount of income tax recognized in the consolidated income statement represents:

	2018	2017
	RMB'000	*RMB'000*
PRC current income tax		
Charge for the year	**455,915**	519,730
Under provision in prior year	**3,598**	6,378
	459,513	526,108
Deferred income tax		
Credit for the year	**(26,750)**	(246,178)
	432,763	279,930

Share of taxation charge attributable to associates and joint ventures for the year ended 31 December 2018 of RMB55,594,000 (2017: RMB67,072,000) and RMB2,753,000 (2017: RMB14,800,000) respectively were included in the Group's share of profits/loss of associates/joint ventures.

8 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of shares in issue during the year.

	2018	2017
Profit for the year attributable to owners of the Company (RMB'000)	**1,098,355**	795,272
Weighted average number of shares in issue (shares in thousands)	**9,806,886**	7,956,270
Basic earnings per share (RMB)	**0.11**	0.10

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume exercise of all dilutive potential ordinary shares arising from the Company's share options.

For the year ended 31 December 2018, the computation of diluted earnings per share did not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market share price of the Company's shares during the year.

	2018	2017
Profit for the year attributable to owners of the Company (RMB'000)	**1,098,355**	795,272
Weighted average number of shares in issue (shares in thousands)	**9,806,886**	7,956,270
Adjustment for share options (shares in thousands)	**-**	1,344
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	**9,806,886**	7,957,614
Diluted earnings per share (RMB)	**0.11**	0.10

9 Property, plant and equipment

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**75,118,822**	70,886,660
Additions and transfer from prepayments (note)	**12,890,182**	7,921,614
Acquired on acquisitions of subsidiaries	**15,633,063**	-
Disposal of a subsidiary	**(94,652)**	-
Disposals (note)	**(53,238)**	(206,708)
Reclassified to disposal group classified as held for sale (Note 13)	**(3,895,992)**	-
Depreciation charge for the year	**(3,906,575)**	(3,482,744)
At 31 December	**95,691,610**	75,118,822

Note:

Additions in 2018 included additions of dam of RMB10,978,000 (Note 16) which were the recognition of provisions for inundation compensation caused by the construction of certain hydropower plants of the Group. And disposals in 2017 included disposals of dam of RMB141,339,000 (Note 16) which were the reversal of provisions for the same. These provisions were based on the review and assessment performed by the management to reflect the current best estimates at year ends.

10 Goodwill

On 9 October 2017, the Company entered into Acquisition Agreements with CPI Holding and SPIC respectively, pursuant to which the Company agreed to acquire 100% of equity interest in various companies principally engaging in clean energy power generation, including Guangdong Company (excluding Qian Zhan), Guangxi Company, Sihui Company, Anhui Company, Hubei Company, Shandong Company and Shouxian Company. For details, please refer to the announcement of the Company dated 9 October 2017.

In 2018, the Company obtained the control over Guangxi Company and its subsidiaries ("Guangxi Group"), Shandong Company and its subsidiaries ("Shandong Group"), Anhui Company and its subsidiaries ("Anhui Group"), Hubei Company and its subsidiaries ("Hubei Group") and Shouxian Company, and the acquisitions were accounted for using the acquisition method.

The considerations for the acquisitions of Guangxi Group, Shandong Group, Anhui Group, Hubei Group and Shouxian Company were RMB3,594,652,000, RMB60,598,000, RMB268,065,000, RMB94,995,000 and RMB5,347,000 respectively.

The Group recorded goodwill on acquisitions of Guangxi Group and Shandong Group at initial accounting were RMB105,412,000 and RMB5,684,000 respectively. They included the benefits of the expected synergies, revenue growth, future market development and assemble workforce of Guangxi Group and Shandong Group. As these benefits did not meet the recognition criteria for identifiable intangible assets, they were not recognized separately.

11 Other intangible assets

Other intangible assets represent the carrying amount of the favourable tariff contracts acquired on the acquisition of Shandong Group, Anhui Group and Hubei Group during the current year. These intangible assets have finite useful lives and are amortized on a straight-line basis over the periods of 18 to 20 years.

12 Accounts receivable

	2018	2017
	RMB'000	*RMB'000*
Accounts receivable from regional and provincial power grid companies (notes (a) and (b))	**4,798,696**	3,057,995
Accounts receivable from other companies (note (a))	**9,481**	6,785
	4,808,177	3,064,780
Notes receivable (note (c))	**13,473**	166,543
	4,821,650	3,231,323
Analyzed for reporting purpose as:		
- Non-current (included in other non-current assets) (note (b))	**2,036,907**	588,940
- Current	**2,784,743**	2,642,383
	4,821,650	3,231,323

Notes:

The analysis below covered those included in a disposal group classified as held for sale (Note 13) of RMB146,009,000.

(a) The ageing analysis of the accounts receivable based on the invoice date is as follows:

	2018	2017
	RMB'000	*RMB'000*
Unbilled (note (b))	**2,335,601**	670,752
1 to 3 months	**2,618,585**	2,394,028
	4,954,186	3,064,780

The accounts receivable that were neither past due nor impaired had been assessed by reference to the historical information about counterparty default rates. The existing counterparties did not have significant default in the past.

(b) As at 31 December 2018, accounts receivable from regional and provincial power grid companies included clean energy power price premium receivables of RMB2,335,601,000 (2017: RMB670,752,000), which was unbilled and stated after discounting.

The clean energy power price premium, which was a component of the government-approved on-grid tariff for wind and photovoltaic power generation, was recognized as revenue from sales of electricity in the consolidated income statement of the Group for its wind and photovoltaic power projects.

The financial resource for the clean energy power price premium was the national renewable energy fund that accumulated through a special levy on the consumption of electricity. Pursuant to 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, the National Development and Reform Commission and the National Energy Administration in March 2012, the standardized application and approval procedures on a project by project basis for the settlement of the tariff premium came into force since 2012, and such applications had been accepted and approved batch by batch at intervals.

Based on the above, the Directors estimated that there were no foreseeable obstacles that would lead to the application not being approved. It was expected that the approval of the Group's certain wind and photovoltaic power projects would be obtained after 31 December 2019 (2017: obtained after 31 December 2018) and the corresponding premium receivables were estimated to be recovered after twelve months from the reporting date. Therefore, the Directors considered the electricity sales contract contains a significant financing component. During the year ended 31 December 2018, the respective clean energy power price premium was adjusted for this financing component based on an effective interest rate of 4.75% (2017: 4.75%) per annum. The Group's revenue was adjusted by RMB172,450,000 (2017: RMB53,626,000), and interest income amounting to RMB27,974,000 (2017: Nil) (Note 6) was recognized.

(c) As at 31 December 2018, notes receivable were bank acceptance notes issued by third parties and were normally with maturity period of 360 days (2017: 360 days).

(d) As at 31 December 2018, certain bank borrowings, long-term borrowings from related parties (including SPIC Financial Company Limited ("SPIC Financial"), Industrial and Commercial Bank of China Limited ("ICBC") and Agricultural Bank of China Limited ("ABC")), and certain obligations under finance leases were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these debts as at 31 December 2018 amounted to RMB1,580,203,000 (2017: RMB1,125,299,000).

13 Assets and liabilities associated with disposal group classified as held for sale

During the year ended 31 December 2018, Shanxi Shentou Power Generating Company Limited* (山西神頭發電有限責任公司), a wholly-owned subsidiary of the Company, entered into a joint venture agreement to form Sujin Energy Holding Company Limited* (蘇晉能源控股有限公司) ("Sujin Energy"), an associate of the Group, in Shanxi Province of the PRC. And the Company will use its 80% interest in China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司) ("CP Shentou") as part of the capital contribution to Sujin Energy. Accordingly, the assets and liabilities attributable to CP Shentou had been classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position. The operations of CP Shentou was included in the Group's "Generation and sales of coal-fired electricity" segment for segment reporting.

The sales proceed was expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss had been recognized.

14 Borrowings from related parties

	2018	2017
	RMB'000	*RMB'000*
Non-current		
Long-term borrowings from SPIC (note (a))	**1,930,000**	5,374,111
Long-term borrowings from SPIC Financial (note (b))	**2,013,800**	1,358,600
Long-term borrowings from ICBC and ABC (note (c))	**17,617,419**	-
	21,561,219	6,732,711
Less: Current portion of long-term borrowings from SPIC (note (a))	**(1,100,000)**	(3,894,111)
Less: Current portion of long-term borrowings from SPIC Financial (note (b))	**(20,800)**	(800)
Less: Current portion of long-term borrowings from ICBC and ABC (note (c))	**(1,395,509)**	-
	19,044,910	2,837,800

Current		
Short-term borrowings from SPIC (note (d))	**970,296**	1,750,000
Short-term borrowings from CPI Holding (note (e))	**1,720,000**	-
Short-term borrowings from SPIC Financial (note (f))	**140,000**	-
Short-term borrowings from ICBC and ABC (note (g))	**970,000**	-
Short-term borrowings from related parties (note (h))	**230,780**	410,195
Current portion of long-term borrowings from SPIC (note (a))	**1,100,000**	3,894,111
Current portion of long-term borrowings from SPIC Financial (note (b))	**20,800**	800
Current portion of long-term borrowings from ICBC and ABC (note (c))	**1,395,509**	-
	6,547,385	6,055,106
	25,592,295	8,892,906

Notes:

The analysis below covered those included in a disposal group classified as held for sale (Note 13) of RMB1,794,000,000.

(a) The long-term borrowings from SPIC were unsecured, interest bearing from 2.88% to 5.58% (2017: 2.88% to 5.58%) per annum and were wholly repayable within five years.

(b) The long-term borrowings from SPIC Financial of RMB7,800,000 (2017: RMB8,600,000) were secured against the rights on accounts receivable of a subsidiary of the Group, interest bearing at 4.41% (2017: 4.41%) per annum. The remaining balances were unsecured and interest bearing from 3.92% to 5.50% (2017: 3.92% to 4.28%) per annum.

(c) The long-term borrowings from ICBC and ABC of RMB5,991,160,000 were secured against the rights on accounts receivable of subsidiaries of the Group, interest bearing from 4.41% to 4.90% per annum. The balance of RMB228,000,000 was guaranteed by a non-controlling shareholder of a subsidiary, interest bearing at 5.15% per annum and the balance of RMB227,820,000 was secured against property, plant and equipment and prepaid lease payments of certain subsidiaries of the Group, interest bearing from 4.41% to 4.90% per annum. The remaining balances were unsecured and interest bearing from 4.28% to 5.15% per annum. ICBC and ABC have become the related parties of the Group during the year of 2018. The Group's borrowing from ICBC and ABC as at 31 December 2017 were included in bank borrowings.

(d) The short-term borrowings from SPIC as at 31 December 2018 were unsecured, interest bearing from 2.94% to 4.45% (2017: 2.94% to 4.45%) per annum and repayable within one year.

(e) The short-term borrowings from CPI Holding as at 31 December 2018 were unsecured, interest bearing at 4.35% per annum and repayable within one year.

(f) The short-term borrowings from SPIC Financial as at 31 December 2018 were unsecured, interest bearing at 3.92% per annum and repayable within one year.

(g) The short-term borrowings from ICBC and ABC as at 31 December 2018 were unsecured, interest bearing from 4.35% to 4.57% per annum and repayable within one year.

(h) The short-term borrowings from related parties as at 31 December 2018 were unsecured, interest bearing from 4.35% to 4.55% (2017: 4.35%) per annum and repayable within one year.

15 Other borrowings

	2018	2017
	RMB'000	*RMB'000*
Non-current		
Corporate bonds issued by:		
- the Company (note (a))	**2,000,000**	-
- a subsidiary (note (b))	**999,959**	999,544
	2,999,959	999,544
Less: Amounts reclassified as current (note (b))	**(999,959)**	-
	2,000,000	999,544
Current		
Corporate bonds issued by a subsidiary reclassified as current (note (b))	**999,959**	-
Short-term other borrowing from a third party (note (c))	**25,000**	-
	1,024,959	-
	3,024,959	999,544

Notes:

(a) The balance represented the unsecured medium-term note of RMB2,000,000,000 issued by the Company in October 2018 for a term of three years, which was interest bearing at 4.15% per annum.

(b) The balance represented certain long-term corporate bonds issued by Wu Ling Power Corporation* (五凌電力有限公司) ("Wu Ling Power") for a term of ten years from April 2009 which was interest bearing at 4.60% per annum. These bonds are guaranteed by SPIC.

(c) The balance was unsecured and was interest bearing at 4.35% per annum.

16 Provisions for other long-term liabilities

Provisions for other long-term liabilities represented provisions for inundation compensations caused by the construction of certain hydropower plants of the Group.

The provisions were measured at the present value of the expenditures expected to be required to settle the compensations, based on the latest rules and regulations as set out by the relevant local government authorities in the PRC and the expected useful lives of these hydropower plants, using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provisions due to the passage of time had been recognized as interest expense.

Analysis of the provisions for compensations for inundation as at 31 December 2018 and 2017 is as follows:

	2018	2017
	RMB'000	*RMB'000*
Non-current liabilities	**1,054,538**	834,886
Current liabilities (included in other payables and accrued charges)	**87,363**	213,439
	1,141,901	1,048,325

The movements of the provisions for inundation compensations during the years ended 31 December 2018 and 2017 are as follows:

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**1,048,325**	1,164,355
Acquired on acquisition of a subsidiary	**230,286**	-
Recognition/(reversal) during the year (Note 9)	**10,978**	(141,339)
Interest expense (Note 6)	**86,110**	87,119
Payment	**(233,798)**	(61,810)
At 31 December	**1,141,901**	1,048,325

17 Accounts and bills payables

	2018	2017
	RMB'000	*RMB'000*
Accounts payable (note (a))	**666,699**	929,460
Bills payable (note (b))	**109,878**	186,888
	776,577	1,116,348

Notes:

The analysis below covered those included in a disposal group classified as held for sale (Note 13) of RMB94,344,000.

(a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable based on the invoice date is as follows:

	2018	2017
	RMB'000	*RMB'000*
1 to 6 months	**708,304**	878,418
7 to 12 months	**4,265**	16,261
Over 1 year	**48,474**	34,781
	761,043	929,460

(b) As at 31 December 2018, bills payable were bills of exchange with maturity period ranged from 3 to 12 months (2017: ranged from 3 to 12 months).

BUSINESS REVIEW

In 2018, the national total electricity consumption in China rose by 8.5% as compared with the previous year, reaching a record high over the past seven years. The national power generation recorded an increase of 8.4% as compared with the previous year, among which, coal-fired power increased by 7.3% as compared with the previous year; and hydropower increased by 3.2% as compared with the previous year. As of the end of 2018, the national power generation installed capacity increased by 6.5% and the growth rate slowed down as compared with the previous year. Overall, despite further slowdown in newly installed capacity, the national electricity demand grew steadily with balanced supply and demand in general.

In 2018, the Group achieved significant progress in transformation and development strategy by further increasing the proportion of clean energy assets and accelerating its transformation into a clean energy enterprise. During the year under review, the Group completed the acquisitions of Guangxi Company, Shandong Company, Anhui Company, Hubei Company and Shouxian Company, where all their assets are high-quality clean energy projects. As of the end of 2018, the Group's attributable installed capacity of clean energy reached 6,487.9MW, representing an increase of 38.16% as compared with the previous year.

During the year under review, the Group won the bid for and commenced the construction of four photovoltaic power projects with an installed capacity of 100MW each for Datong Phase II in Shanxi Province, the PRC. All of these projects are expected to commence operation in 2019. As national "Top-Runner" photovoltaic power demonstration projects recognized by the National Energy Administration of the PRC, they are of strategic significance to the Group.

In 2018, the Group recorded a substantial improvement in its operating results. The profit for the year attributable to owners of the Company was RMB1,098,355,000, representing a significant increase of 38.11% as compared with the previous year. It was mainly the impact of consolidating the results of the newly acquired clean energy project companies, in particular from the hydropower generating units in Guangxi, the PRC; the substantial increase in contributions from photovoltaic power and wind power; and the increase in both electricity sales and average on-grid tariff of coal-fired power that turned around to profit during the year under review. Basic earnings per share was approximately RMB0.11. As at 31 December 2018, net assets per share (excluding non-controlling interests) was RMB3.05.

Power Generation and Electricity Sold

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

	2018 ***MWh***	2017 *MWh*	Changes *%*
Total power generation	**74,101,429**	66,683,402	11.12
- Coal-fired power	**53,941,613**	48,021,260	12.33
- Hydropower	**16,460,658**	17,067,759	-3.56
- Wind power	**2,023,659**	912,880	121.68
- Photovoltaic power	**1,675,499**	681,503	145.85

Total electricity sold	**70,964,796**	64,053,714	10.79
- Coal-fired power	**51,112,016**	45,653,048	11.96
- Hydropower	**16,254,508**	16,852,555	-3.55
- Wind power	**1,953,422**	877,683	122.57
- Photovoltaic power	**1,644,850**	670,428	145.34

In 2018, the total electricity sold by the Group amounted to 70,964,796MWh, representing an increase of 10.79% as compared with the previous year. In respect of coal-fired power, due to the increased demand for electricity in the provinces where the Group's coal-fired power plants are located and rising sales volume obtained by individual coal-fired power plants through market bidding, the electricity sold significantly grew 11.96%.

Under the Group's vigorous efforts in promoting the development of clean energy, both electricity sale of wind power and photovoltaic power were significantly up by 122.57% and 145.34% year-on-year respectively. As for the hydropower segment, the Group experienced a significant decline in terms of power generation due to low rainfall in Hunan Province, the PRC where some of the Group's hydropower plants are located, which offset part of the positive impact of consolidating the result of hydropower from Guangxi Group during the year.

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

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

	2018 *MWh*	2017 *MWh*	Changes *%*
Total electricity sold	**18,612,085**	19,579,150	-4.94
Associates			
- Coal-fired power	**15,230,041**	16,138,900	-5.63
- Photovoltaic power	**99,594**	62,323	59.80
Joint Venture			
- Coal-fired power	**3,282,450**	3,377,927	-2.83

Heat Sold

In order to strongly support the existing environmental policies promulgated by the PRC government, the Group has carried out in-depth exploration in the heat supply potentials in various regions, strengthened the development of user base and promoted the construction of centralized heating pipe networks in recent years, thereby achieving satisfactory results in energy efficiency upgrade and development of heat supply market. In 2018, the total heat sold by the Group (including an associate and two joint ventures) was 18,480,340GJ, representing an increase of 1,022,329GJ or 5.86% as compared with the previous year.

Direct Power Supply

The Group has played an active role in the market-oriented reform of national power industry, analyzed the opportunities therein and participated in direct power supply transactions (including competitive bidding for on-grid electricity sales) with a view to securing market share. In 2018, a number of coal-fired power plants and clean energy power plants of the Group participated in direct power supply transactions, the electricity sold through direct power supply transactions amounted to 19,913,594MWh and 3,360,047MWh respectively, together accounting for approximately 32.80% of the Group's total electricity sold.

As direct power supply is a way of open market trading of electricity, the tariffs will therefore vary with supply and demand in the electricity market. In 2018, for those coal-fired power and hydropower plants of the Group which participated in direct power supply transactions, their average post-tax tariffs were at a discount of approximately 8.02% and 1.03% respectively compared with the respective average post-tax on-grid tariffs approved by the PRC government (including ultra-low emission tariff). The direct power supply tariff discount for coal-fired power was slightly lower than that of 2017.

On-Grid Tariff

In 2018, the Group's average on-grid tariffs as compared with the previous year were as follows:

- coal-fired power was RMB324.57/MWh, representing an increase of RMB11.43/MWh;
- hydropower was RMB280.86/MWh, representing a decrease of RMB3.76/MWh;
- wind power was RMB463.55/MWh, representing an increase of RMB20.21/MWh; and
- photovoltaic power was RMB677.98/MWh, representing a decrease of RMB46.00/MWh.

The year-on-year increase in average on-grid tariff of coal-fired power of the Group was mainly due to the rise of the relevant on-grid tariffs commencing from 1 July 2017. The increase in average on-grid tariff of wind power was mainly due to the higher average tariff resulting from some newly operating wind power plants and the consolidation of new wind power project companies with higher average on-grid tariffs. The decrease in average on-grid tariff of photovoltaic power was mainly due to the reductions of on-grid tariffs by the National Development and Reform Commission for those photovoltaic power projects that commenced operation after 1 January 2018 and 31 May 2018 respectively.

Unit Fuel Cost

In 2018, the average unit fuel cost of the Group's coal-fired power business was RMB215.62/MWh, representing an increase of 3.07% from that of RMB209.19/MWh of the previous year. The unit fuel cost in 2017 increased by 35.48% as compared with the prior year, indicating a significantly stabilized unit fuel cost in 2018.

Coal Consumption

In 2018, the net coal consumption rate of the Group was 302.41g/kWh, representing a decrease of 1.82g/kWh as compared with the previous year. The existing coal-fired power generating units of the Group are mostly environmental friendly power generating units with large capacity and high parameter. These units have achieved substantial effect in energy saving and emission reduction, which have helped maintaining the net coal consumption rate at a low level, and outperformed the national standard coal consumption rate of power supply.

Utilization Hours of Power Generating Units

In 2018, the average utilization hours of the Group's coal-fired power generating units was 4,585 hours, representing an increase of 481 hours as compared with the previous year. Due to the fact that the PRC government has been committed to regulating the development of coal-fired power in an orderly manner in recent years, the growth of newly-installed capacity of coal-fired power across China slowed down and the national total electricity consumption increased while the average utilization hours of coal-fired power of the Group also picked up.

The average utilization hours of hydropower generating units was 3,148 hours, representing a decrease of 405 hours as compared with the previous year, mainly attributable to the decrease in power generation as a result of low rainfall in the river basins where some of the hydropower plants of the Group are located. The average utilization hours of wind power generating units was 1,967 hours, representing an increase of 114 hours as compared with the previous year. The average utilization hours of photovoltaic power stations was 1,398 hours, representing a decrease of 132 hours as compared with the previous year.

OPERATING RESULTS OF 2018

In 2018, the net profit of the Group amounted to RMB1,637,185,000, representing an increase of RMB356,478,000 as compared with the previous year. During the year under review, the Group continued to promote the development of clean energy. With the commencement of operation of various new power generating units and the consolidation of newly acquired project companies, profit contribution from wind power and photovoltaic power segments grew dramatically. The coal-fired power segment realized a turnaround in profit attributing to the increase in both electricity sold and average on-grid tariff as compared with the previous year.

In 2018, the net profit and loss of each business segment and their respective ratio of contribution to the total net profit were as follows:

- net profit from hydropower was RMB849,881,000 (51.91%, 2017: 113.20%);
- net profit from wind power was RMB215,612,000 (13.17%, 2017: 2.32%);
- net profit from photovoltaic power was RMB406,843,000 (24.85%, 2017: 15.10%);
- net profit from coal-fired power was RMB517,335,000 (31.60%, 2017 (restated): -14.98%); and

- unallocated net loss was RMB352,486,000 (-21.53%, 2017 (restated): -15.64%).

As compared with 2017, the changes in net profit were mainly due to the following factors:

- Revenue from coal-fired power increased by RMB2,293,959,000, which was attributable to the increase in sales and rise of the average on-grid tariff of coal-fired power as compared with the previous year;

- Revenue from wind power and photovoltaic power increased by RMB1,146,191,000 in aggregate due to the commencement of commercial operation of various new power generating units and the consolidation of newly acquired project companies;

- Revenue from hydropower decreased by RMB231,335,000 as a result of lower hydropower electricity sales and the decrease in average on-grid tariff of hydropower as compared with the previous year;

- Fuel costs increased by RMB1,470,717,000 as a result of the increase in unit fuel cost of RMB6.43/MWh and the increase in fuel consumption attributable to the growth in sales of coal-fired power during the year;

- Depreciation of plant and equipment and staff cost increased by RMB677,984,000 in aggregate as a result of business expansion, newly acquired project companies and addition of power generating units; and

- Finance costs increased by RMB722,651,000 as a result of the increase in total debts level and overall interest rates.

Revenue

The revenue of the Group was mainly derived from sales of electricity to regional and provincial power grid companies and provision of power generation and related services while the Group recognized its revenue when the Group satisfied a performance obligation. In 2018, the Group recorded a revenue of RMB23,175,626,000, representing an increase of 16.07% as compared with RMB19,966,811,000 of the previous year.

The increase in revenue was mainly attributable to the year-on-year increase of RMB2,293,959,000 in revenue from coal-fired power as a result of the combined effect of the year-on-year increases of 11.96% and 3.65% in its sales and average on-grid tariff respectively. The revenue of wind power and photovoltaic power have also recorded significant increases due to the commencement of commercial operation of various new power generating units and the consolidation of newly acquired project companies.

Segment Information

The reportable segments identified by the Group are now the “Generation and sales of coal-fired electricity”, “Generation and sales of hydropower electricity”, “Generation and sales of wind power electricity”, and “Generation and sales of photovoltaic power electricity”.

Operating Costs

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

In 2018, the operating costs of the Group amounted to RMB19,421,256,000, representing a rise of 13.17% as compared with RMB17,161,571,000 of the previous year. Operating costs increased mainly due to the rising fuel cost, and the increase in depreciation and staff costs resulting from the commencement of operation of various new power generating units and the consolidation of newly acquired project companies.

Operating Profit

In 2018, the Group's operating profit was RMB4,414,341,000, representing an increase of 42.01% as compared with the operating profit of RMB3,108,454,000 of the previous year. The increase in operating profit was mainly due to the substantial increase in gross profit of the coal-fired power business attributable to the increase in the electricity sales and the rise of average on-grid tariff of coal-fired power, and the profit contributions from the continuous expansion of the wind power and photovoltaic power businesses.

Finance Costs

In 2018, the finance costs of the Group amounted to RMB2,578,254,000, representing an increase of 38.94% as compared with RMB1,855,603,000 of the previous year. Among which, the interest expenses increased due to the rise of debts level and lending interest rates. Exchange gains decreased drastically due to the decline in the exchange rate of RMB against USD. Challenged by the interest rate hike of borrowings and capital cost for infrastructure investment, the Group put more efforts to improve the efficiency of capital utilization, expedited financing among various business units internally and simplified the procedures of internal fund transfer to control the amount and actual interest rate of borrowings.

Share of Profits of Associates

In 2018, the share of profits of associates was RMB114,461,000, representing a decrease of RMB108,169,000 or 48.59% as compared with the share of profits of RMB222,630,000 of the previous year. The decrease in profits was mainly due to the decrease in both electricity sold and average on-grid tariff from some coal-fired power plants. In order to maintain profitability, Changshu Power Plant (the principal associate of the Group engaging in coal-fired power generation) completed the upgrade and expansion of the heat supply system of four generating units during the year under review. The maximum heat supply of each unit increased by 150%, which significantly boosted heat supply capacity.

Share of (Loss)/Profits of Joint Ventures

In 2018, the share of loss of joint ventures was RMB6,446,000, representing a decrease in profits of RMB51,189,000 or 114.41% as compared with the share of profits of RMB44,743,000 of the previous year. The decrease in profits was mainly due to the relocation of some major heat consumers in the industrial park where Xintang Power Plant (the principal joint venture of the Group engaging in coal-fired power generation and heat supply) is located, and the rise in coal price which led to an increase in fuel costs, resulting in a significant reduction in net profit.

Income Tax Expense

In 2018, income tax expense of the Group was RMB432,763,000, representing an increase of RMB152,833,000 as compared with RMB279,930,000 of the previous year.

Earnings per Share and Final Dividend

In 2018, the basic and diluted earnings per share for profit for the year attributable to owners of the Company were RMB0.11 (2017: RMB0.10) and RMB0.11 (2017: RMB0.10) respectively.

At the Board meeting held on 21 March 2019, the Board recommended the payment of a final dividend for the year ended 31 December 2018 of RMB0.11 (equivalent to HK$0.1292 at the exchange rate announced by the People's Bank of China on 21 March 2019) per ordinary share (2017: RMB0.081 (equivalent to HK$0.1006) per ordinary share), totaling RMB1,078,757,000 (equivalent to HK$1,267,050,000) (2017: RMB794,358,000 (equivalent to HK$986,573,000)), which is based on 9,806,886,321 shares (2017: 9,806,886,321 shares) in issue on 21 March 2019 (2017: 22 March 2018).

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

In addition, the Company intends to maintain a relatively stable dividend per share for the next three years starting from 2018 at a level not lower than that in 2017 in principle barring unforeseeable circumstance in the Group's operating environment and results.

ATTRIBUTABLE INSTALLED CAPACITY

As at 31 December 2018, the attributable installed capacity of the Group's power plant reached 19,731.6MW, representing an increase of 2,680MW as compared with the previous year. Among which, the attributable installed capacity of clean energy, including hydropower, wind power, photovoltaic power and natural gas power, was 6,487.9MW in total, accounting for approximately 32.88% of the total attributable installed capacity and representing an increase of 5.34 percentage points as compared with the previous year. The significant increase was mainly due to the acquisitions of various companies principally engaging in clean energy power generation during the year, including Guangxi Company, Shandong Company, Anhui Company and Hubei Company. The attributable installed capacity of the Group's existing natural gas power generation was wholly held by Shanghai Power.

During the year under review, the Group continued to promote its development of clean energy. By increasing the proportion of clean energy in its asset portfolio through construction and acquisition on an on-going basis, the Group is further approaching the goal of being a resource-saving and environmental friendly enterprise.

In 2018, the Group's attributable installed capacity from new power plants of wind power and photovoltaic power that commenced commercial operation were 229.9MW and 95.7MW respectively.

PROJECTS UNDER CONSTRUCTION

As at 31 December 2018, the attributable installed capacity of the projects under construction was 3,629.2MW, among which, the attributable installed capacity of coal-fired power and clean energy segments were 1,650.2MW and 1,979MW respectively. The clean energy segments accounted for 54.53% in aggregate.

NEW DEVELOPMENT PROJECTS

In response to the national supply-side reform in the power industry, the Group actively stepped up its efforts in developing clean energy projects, and made appropriate adjustments to the development and construction of coal-fired power projects and controlled its capital expenditure. For coal-fired power projects under construction, the Group has obtained approval from the local governments in the PRC, progressed according to the government's stipulated construction schedule, and matched with the planning of electricity demand in places where the project users are located.

The Group will continue to expedite the implementation and development of other clean energy projects by seizing various development opportunities, making proper preparation and capturing quality resources. It will develop offshore wind power projects and other clean energy projects in Guangdong, Shandong and other coastal regions, and closely monitor the development trend of natural gas power to identify and implement profitable projects steadily.

Currently, the total installed capacity of new projects of the Group at a preliminary development stage (including projects with applications submitted to the PRC government for approvals) is approximately 5,700MW, among which, the total installed capacity of clean energy projects (including natural gas power projects) is approximately 3,700MW, which is mainly located in areas with development potentials, including Guangxi, Hunan and Shandong.

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2018, the carrying amount of equity instruments at fair value through other comprehensive income was RMB3,083,174,000, accounting for 2.47% of total assets, including listed equity securities of RMB2,942,667,000 and unlisted equity investments of RMB140,507,000.

Listed equity securities represented the equity interests in Shanghai Power held by the Group. As at 31 December 2018, the Group held 13.88% of the issued share capital of Shanghai Power, the A shares of which are listed on Shanghai Stock Exchange. Fair value of such equity interests decreased by 11.38% as compared with RMB3,320,491,000 as at 31 December 2017.

In August 2018, Shanghai Power acquired assets from its holding company by way of issue of consideration shares, which led to an increase in its registered capital. As a result, the Group's shareholding in Shanghai Power diluted from 15.08% to 13.88%.

Unlisted equity investments represented the Group's investment in equity of some unlisted companies principally engaging in financial services, coal production, water supply and electricity trading services respectively. Upon the application of HKFRS 9 on 1 January 2018, the Group's unlisted equity investments are measured at fair value, instead of measuring at cost less impairment as previously required. As at 31 December 2018, the aggregate fair value of unlisted equity investments owned by the Group was RMB159,706,000 (including an unlisted equity investment in PRC as part of a disposal group classified as held for sale), representing a decrease of 8.97% from RMB175,442,000 measured at cost less impairment as at 31 December 2017.

MATERIAL ACQUISITIONS AND DISPOSALS

In October 2017, the Company entered into Acquisition Agreements with CPI Holding and SPIC respectively, pursuant to which the Company agreed to acquire 100% of equity interest in various companies principally engaging in clean energy power generation, including Guangdong Company (excluding Qian Zhan), Guangxi Company, Sihui Company, Anhui Company, Hubei Company, Shandong Company and Shouxian Company. Upon completion of the transactions, the Company would further hold a higher proportion of clean energy assets including large-scale hydropower, wind power, natural gas power, and centralized and distributed photovoltaic power generation projects, which would enhance the Group's assets and business coverage and improve its overall market competitiveness. For details, please refer to the announcement of the Company dated 9 October 2017.

In May and November 2018, the Company completed the acquisitions of the entire interests in Guangxi Company, Shandong Company, Anhui Company, Hubei Company and Shouxian Company respectively. Upon completion, all of the five companies became wholly-owned subsidiaries of the Group. For details, please refer to the announcements of the Company dated 31 May 2018 and 23 December 2018. The Group will closely monitor the progress on the approval from the relevant authorities for the acquisition of the remaining companies.

In February 2018, Shanxi Shentou entered into the Joint Venture Agreement with five other external companies to form the Joint Venture in Shanxi Province of the PRC. Shanxi Shentou will make contribution by way of cash and assets injection. The Company will use its interests in a non-wholly-owned subsidiary (i.e. 80% interests in CP Shentou, which is now as a disposal group classified as held for sale) as Shanxi Shentou's second tranche of contribution to the Joint Venture. In August 2018, one of the external companies decided to withdraw from the cooperation. As a result, Shanxi Shentou entered into a new Joint Venture Agreement with the remaining four external companies. Upon completion of the relevant procedures of equity change, CP Shentou will cease to be a subsidiary of the Company. For details, please refer to the announcements of the Company dated 6 February 2018 and 14 September 2018.

In October 2018, Wu Ling Power, Huabao Trust, ABC Financial and Yuanjiang Company entered into the Yuanjiang Capital Injection Agreement. Pursuant to which, Huabao Trust and ABC Financial agreed to acquire approximately 34.32% and 6.86% of the equity interest in Yuanjiang Company respectively. Wu Ling Power's equity interest in Yuanjiang Company would be diluted from 100% to approximately 58.82% after the completion of the Yuanjiang Capital Injection. For details, please refer to the announcement of the Company dated 24 October 2018.

In October 2018, Guangxi Company, ICBC Financial, ABC Financial and SPIC Changzhou entered into the Changzhou Capital Injection Agreement. Pursuant to which, ICBC Financial and ABC Financial agreed to acquire approximately 23.38% and 11.69% of the equity interest in SPIC Changzhou respectively. SPIC Guangxi's equity interest in SPIC Changzhou would be diluted from 100% to approximately 64.93% after the completion of the Changzhou Capital Injection. For details, please refer to the announcement of the Company dated 24 October 2018.

In November 2018, Guangxi Company, Danxia Company, ABC Financial and SPIC Jinzishan entered into the Jinzishan Capital Injection Agreement. Pursuant to which, ABC Financial agreed to acquire approximately 44.32% equity interest in SPIC Jinzishan. SPIC Guangxi's equity interest in SPIC Jinzishan would be diluted from 90.83% to approximately 50.57% after the completion of the Jinzishan Capital Injection. For details, please refer to the announcement of the Company dated 22 November 2018.

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

LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

As at 31 December 2018, cash and cash equivalents of the Group were RMB1,853,044,000 (31 December 2017: RMB4,577,786,000). Current assets amounted to RMB8,793,641,000 (31 December 2017: RMB9,319,946,000), current liabilities amounted to RMB26,012,138,000 (31 December 2017: RMB28,821,524,000) and current ratio was 0.34 (31 December 2017: 0.32).

In 2016, the Company entered into a 3-year financial services framework agreement with SPIC Financial. According to the agreement, the deposit services to be provided by SPIC Financial to the Group would be on normal commercial terms or better (similar to or more favorable than those offered by other major commercial banks in China for the provision of comparable services), and the annual cap in respect of the maximum daily balance of deposit (including accrued interests) placed by the Group with SPIC Financial should not exceed RMB3 billion during the term of the agreement. During the period from 1 January 2018 to 31 December 2018, the Group deposited funds with SPIC Financial at the average deposit rate higher than PBOC's benchmark interest rates for saving deposits and not lower than the agreed interest rates for saving deposits provided by major commercial banks in China for the same period. For the year ended 31 December 2018, the maximum amount of daily deposit placed by the Group with SPIC Financial was approximately RMB2.98 billion. In order to ensure that the relevant business is in compliance with the terms of the financial services framework agreement, the Company had designated personnel to monitor the funds deposited with SPIC Financial, performed daily real-time inquiries on the funds deposited with SPIC Financial, and collected deposit rates offered by major domestic commercial banks for comparison with the deposit rates offered by SPIC Financial on a monthly basis.

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

During the year under review, the Group recorded a net decrease in cash and cash equivalents (including cash and cash equivalents as part of a disposal group classified as held for sale) of RMB2,723,522,000 (2017: net increase of RMB2,829,558,000). For the year ended 31 December 2018:

- net cash generated from operating activities amounted to RMB2,784,456,000 (2017: RMB3,132,196,000).

- net cash used in investing activities amounted to RMB12,184,593,000 (2017: RMB6,284,724,000), which mainly represented the payment for the acquisition of Guangxi Company as well as cash outflow of capital expenditure on the Group's property, plant and equipment and prepayments for construction of power plants.

- net cash generated from financing activities amounted to RMB6,676,615,000 (2017: RMB5,982,086,000). The increase in cash inflow as compared with last year was mainly attributable to the new capital injections from non-controlling shareholders of some subsidiaries.

The financial resources of the Group were mainly derived from cash inflow from operating activities, borrowings from banks and related parties, project financing, and issuance of medium-term notes and super short-term commercial papers.

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

DEBTS

As at 31 December 2018, total debts of the Group amounted to RMB64,917,976,000 (31 December 2017: RMB51,640,030,000). All debts of the Group are denominated in RMB, Japanese Yen ("JPY") or United States Dollars ("USD").

As at 31 December 2018, the Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), was approximately 60% (31 December 2017: approximately 56%). The Group's gearing ratio remained stable.

As at 31 December 2018, the amount of borrowings granted by SPIC Financial was approximately RMB2.15 billion (31 December 2017: approximately RMB1.36 billion).

The details of the Group's debt as at 31 December 2018 and 2017 are set out as follows:

	2018	2017
	RMB'000	*RMB'000*
Bank borrowings, secured	**11,093,776**	13,516,324
Bank borrowings, unsecured	**20,014,944**	27,115,082
Borrowings from related parties	**25,592,295**	8,892,906
Medium-term notes issued by the Company	**2,000,000**	-
Corporate bonds issued by Wu Ling Power	**999,959**	999,544
Obligations under finance leases	**5,192,002**	1,116,174
Other borrowings	**25,000**	-
	64,917,976	51,640,030

The above debts were repayable as follows:

	2018	2017
	RMB'000	*RMB'000*
Within one year	**15,335,483**	22,027,954
In the second year	**7,861,437**	5,694,607
In the third to fifth year	**22,270,880**	12,728,865
After the fifth year	**19,450,176**	11,188,604
	64,917,976	51,640,030

Among the above debts, approximately RMB24,297,951,000 (31 December 2017: approximately RMB18,160,768,000) are subject to fixed interest rates, and the remaining debts denominated in RMB are subject to adjustment based on the relevant rules of the People's Bank of China and bearing interest rates ranged from 4.17% to 5.23% (2017: ranged from 3.92% to 5.10%) per annum.

SIGNIFICANT FINANCING ACTIVITIES

In September 2018, the Company received confirmation in relation to the acceptance of its application for the issuance of medium-term notes in the PRC in the aggregate principal amount of RMB2 billion, with an effective registration period of 2 years and to be issued in tranches within the effective registration period. On 12 October 2018, the Company completed the issuance of the 2018-first-tranche of the medium-term note in a principal amount of RMB2.0 billion, at the interest rate of 4.15% per annum and with a term of three years. The proceeds were fully used for repayment of bank borrowings.

In March and April 2018, Wu Ling Power, a subsidiary of the Company, issued super short-term commercial papers in the PRC of RMB300,000,000 with an interest rate of 4.93% per annum and of RMB500,000,000 with an interest rate of 4.78% per annum, respectively, both with maturity periods of 180 days. The proceeds were fully used for repayment of bank borrowings and the relevant super short-term commercial papers were fully redeemed by the end of 2018.

CAPITAL EXPENDITURE

In 2018, the capital expenditure of the Group was RMB11,563,878,000 (2017: RMB8,501,931,000). In particular, the capital expenditure for clean energy segments (hydropower, wind power and photovoltaic power) was RMB7,672,993,000 (2017: RMB4,675,024,000), which was mainly applied for the construction of new power plants and power stations; whereas the capital expenditure for coal-fired power segment was RMB3,730,637,000 (2017: RMB3,666,377,000), which was mainly applied for the construction of new coal-fired power generating units and technical upgrade for the existing power generating units. These expenditures were mainly funded by project financing, funds generated from business operations and borrowings from related parties.

PLEDGE OF ASSETS

As at 31 December 2018, the Group pledged certain property, plant and equipment and prepaid lease payments with a net book value of RMB533,096,000 (31 December 2017: RMB561,001,000) to certain related parties to secure borrowings from related parties (31 December 2017: bank borrowings) in the amount of RMB227,820,000 (31 December 2017: RMB257,820,000). In addition, certain bank borrowings, borrowings from related parties and obligations under finance leases totaling RMB20,301,015,000 (including bank borrowings as part of a disposal group classified as held for sale) (31 December 2017: RMB13,267,104,000) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings amounted to RMB1,580,203,000 (including accounts receivable as part of a disposal group classified as held for sale) (31 December 2017: RMB1,125,299,000).

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no material contingent liabilities.

FOREIGN EXCHANGE RATE RISKS

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

As at 31 December 2018, the Group's borrowings denominated in foreign currencies amounted to RMB3,322,940,000 (31 December 2017: RMB3,864,606,000). The Group will continue to keep track on the exchange rate movements and, if necessary, take responsive measures to avoid excessive foreign exchange rate risks.

FUNDING RISKS

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

As at 31 December 2018, the Group had sufficient available unutilized financing facilities amounting to RMB34,328,213,000.

ENERGY SAVING AND EMISSION REDUCTION

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

In active response to the policy of "Action Plan of the Upgrade and Renovation of Energy Saving and Emission Reduction of Coal-fired Units (2014 – 2020) (煤電節能減排升級與改造行動計劃 (2014 – 2020年))" promulgated by the PRC government, the Group has strengthened the environmental control and rectification measures for its coal-fired power generating units. Currently, more than 95% of the operating coal-fired power generating units have met the standards of ultra-low-emission.

In 2018, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2017: 100%), and the efficiency ratio of desulphurization was 99.20% (2017: 98.42%); the operational ratio of denitration facilities reached 100% (2017: 100%) and the efficiency ratio of denitration reached 91.02% (2017: 92.98%).

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

- the emission rate of sulphur dioxide (SO_2) at 0.056g/kWh, representing a decrease of 0.007g/kWh as compared with the previous year;

- the emission rate of nitrogen oxide (NO_x) at 0.097g/kWh, representing an increase of 0.002g/kWh as compared with the previous year; and

- the emission rate of flue gas and dusts at 0.008g/kWh, representing a decrease of 0.005g/kWh as compared with the previous year.

OPERATIONAL SAFETY

In 2018, no material accident in the aspects of employees, facilities and environmental protection occurred in the Group.

EMPLOYEES

As at 31 December 2018, the Group had a total of 10,269 (31 December 2017: 9,780) full-time employees. The increase in the number of employees was due to the consolidation of the newly-acquired project companies.

OUTLOOK FOR 2019

In 2019, in respect of the macro-economy, the Chinese government will place emphasis on driving high-quality development by taking the major task of "making up for shortcomings" in the supply-side reform, with focuses on key business sectors and greater efforts in improving any weaknesses in major fields with a view to making investments in a precise and effective manner. According to the central government, it will continue to deepen market-oriented reforms, further loosen entry barriers to the market and encourage foreign investors to engage in the high-quality development of China, at the same time consistently implementing its proactive fiscal policy and prudent monetary policy. It is estimated that the Chinese economy will maintain its growth within a reasonable range.

In terms of electricity supply and demand, the China Electricity Council predicted that the year-on-year growth in total national electricity consumption would slow down steadily to approximately 5.5% for 2019. At the same time, the national electricity supply and demand would reach equilibrium in general, and certain regions would suffer from insufficient supply temporarily. In order to seize opportunities amid intensifying competitions, the Group will continue to strengthen the development and operation of the renewable energy business, enhance the marketing of direct electricity sales and seek to increase electricity and heat transmission.

In terms of reform progress, the market-oriented reform of the power industry in China will proceed and the reform of state-owned enterprises will keep advancing. With the aim of optimizing the management structure and operating mechanism of state-owned enterprises, the State-owned Assets Supervision and Administration Commission of the State Council promulgated and implemented the "Work Program of 'Double Hundred Action' in State-owned Enterprise Reform" (國企改革「雙百行動」工作方案) so as to increase the vitality and efficiency of state-owned enterprises. As of now, the Group has established a special group to closely follow up on the issue.

The Group considers, management enhancement, revenue boost and expenditure reduction are the main focuses in improving operating results amid a relatively stable macroeconomic and power supply and demand environment, while adaptation to reforms is the key to more efficient operation under the context of comprehensively advancing reforms. With the target of becoming one of the leading clean energy enterprises globally, it is also the Group's long-term strategy to achieve high-quality growth by staying committed to the development of clean energy and comprehensive intelligent energy. The priorities of the Group for 2019 include the followings:

- Enhance operation management for higher efficiency on all counts. The Group will make greater efforts in the marketing of electricity sales, through which it will further increase direct trade of electricity in the more market-oriented environment. Moreover, it will implement strict control over fuel cost and cost of capital, and improve the labor productivity of staff simultaneously.

- Control the debt leverage and prevent operational risks. The Group will control capital expenditures and strengthen the cash flow. It will ensure a sound capital structure by introducing strategic investors at the subsidiary level as appropriate and keeping the debt ratio at a reasonable level.

- Maintain the established strategy and insist on transformational development. The Group will continue the transformation towards a clean energy enterprise and secure the development of top-notch clean energy projects, which will create advantages in scale and quality for clean energy operation. Besides, it will dispose of some of its equity interests and assets of coal-fired power subsidiaries, lower the proportion of coal-fired power installed capacity and optimize the installed capacity structure. It will expand the scope of comprehensive intelligent energy services, steadily promote project development and optimize corporate governance on an ongoing basis. Leveraging on the reform of state-owned assets and enterprises in China, the Group will improve internal systems and mechanisms, and nurture a high-caliber workforce.

REVIEW OF FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee"), which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditors of the Company, Messrs. Deloitte Touche Tohmatsu, the annual results and the consolidated financial statements for the year ended 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2018.

CORPORATE GOVERNANCE

The Company always strives to raise the standard of its corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and management on abiding by the standards of corporate governance, as well as our willingness to maintain transparency and accountability to maximize the value of our shareholders as a whole.

Except for the deviation from the code provision of E.1.2 of the Corporate Governance Code and Corporate Governance Report (the "CG Code") (as stated below) as set out in Appendix 14 to the Listing Rules, the Company had strictly complied with all the code provisions of the CG Code in 2018.

According to the provision E.1.2 of the CG Code, chairman of the board should attend the annual general meeting. The then chairman of the Board, Mr. Yu Bing, was unable to attend the annual general meeting of the Company held on 5 June 2018. He had arranged Mr. Tian Jun, the executive Director and president of the Company to attend and chair the meeting on his behalf.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors ("Code of Conduct"), the terms of which are no less than the requirement of Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have fully complied with the Code of Conduct throughout the entire year of 2018.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Hong Kong Stock Exchange at http://www.hkexnews.hk and on the Company's websites at http://www.chinapower.hk and http://www.irasia.com/listco/hk/chinapower/index.htm respectively.

The 2018 annual report will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the annual report will also be made available for review on the above websites in due course.

* *English or Chinese translation, as the case may be, is for identification only*

By order of the Board
China Power International Development Limited
Tian Jun
Executive Director

Hong Kong, 21 March 2019

As at the date of this announcement, the directors of the Company are: executive director Tian Jun, non-executive directors Guan Qihong and Wang Xianchun, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Yau Ka Chi.