



SDIC POWER HOLDINGS CO., LTD

(a joint stock company established under the laws of the People's Republic of China with limited liability)

Offering of 16,350,000 Global Depositary Receipts representing A Shares at an Offer Price of US\$12.27 per Global Depositary Receipt

This document comprises a prospectus (the “**Prospectus**”) for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) relating to SDIC Power Holdings CO., LTD a joint stock company established under the laws of the People's Republic of China (the “**PRC**”) with limited liability (the “**Company**”) and together with its subsidiaries, the “**Group**”), which has been approved as a prospectus by the United Kingdom Financial Conduct Authority (the “**FCA**”) as competent authority under the Prospectus Regulation in accordance with the prospectus regulation rules (the “**Prospectus Regulation Rules**”) of the FCA made under section 73A of the Financial Services and Markets Act 2000 (the “**FSMA**”) only in relation to the admission to listing and to trading of the global depositary receipts (the “**GDRs**”) representing A shares of the Company with a fully paid nominal value of RMB1.00 each (the “**A Shares**”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such FCA approval should not be considered as an endorsement of the Company nor the quality of the securities that are the subject of this Prospectus. Application will be made solely for the admission of the GDRs to the standard segment of the official list maintained by the FCA (the “**Official List**”) and to trading on the Shanghai-London Stock Connect segment of the main market for listed securities (the “**Main Market**”) of the London Stock Exchange plc (the “**London Stock Exchange**”), which is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”). This Prospectus has been prepared in connection with the application for the admission of the GDRs to the Main Market of the London Stock Exchange. Approval of the FCA has not been sought by the Company for this Prospectus in relation to the A Shares and no such A Shares will be listed on the Main Market of the London Stock Exchange. This Prospectus will be made available to the public in accordance with the Prospectus Regulation Rules.

This Prospectus relates to an offering (the “**Offering**”) by the Company of 16,350,000 GDRs (together with up to 1,635,000 Over-allotment GDRs (as defined below), the “**Offer GDRs**”) with one GDR representing an interest in ten A Shares at an offer price of US\$12.27 per GDR (the “**Offer Price**”). The GDRs are to be issued against the deposit of A Shares (to the extent permitted by applicable laws and regulations) with Citibank, N.A., as depositary (the “**Depositary**”). In connection with the Offering, the Company has granted to the Stabilising Manager (as defined below) an option, exercisable within 30 calendar days after the announcement of the Offer Price to purchase up to an additional 10% of the aggregate number of Offer GDRs (excluding the Over-allotment GDRs (as defined below)) (the “**Over-allotment Option**”).

Application will be made: (1) to the FCA, in its capacity as competent authority under the Prospectus Regulation, for a listing of up to 17,985,000 GDRs representing A Shares, and, consisting of the 16,350,000 GDRs to be issued on or around 22 October 2020 (the “**Closing Date**”), up to 1,635,000 GDRs to be issued pursuant to the Over-allotment Option (if exercised) and additional GDRs to be issued from time to time against the deposit of A Shares (to the extent permitted by applicable laws and regulations) with the Depositary, to be admitted to the standard segment of the Official List; and (2) to the London Stock Exchange, for such GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange, which is regulated under MiFID II, through its international order book (the “**IOB**”). Admission to the Official List and to unconditional trading on the London Stock Exchange (together, “**Admission**”) is expected to take place on the Closing Date. The GDRs are expected to be traded on the Shanghai-London Stock Connect segment of the Main Market under the symbol “SDIC”. Conditional trading in the GDRs on the London Stock Exchange through the IOB commenced on a “when issued” basis on 19 October 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

The Offering is structured as an offering of Offer GDRs outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act of 1933, as amended (the “**Securities Act**”) (“**Regulation S**”).

The A Shares are listed and traded on the Shanghai Stock Exchange under the stock code 600886. Prices for the A Shares traded on the Shanghai Stock Exchange may not reflect the value of the GDRs.

See “Risk Factors” beginning on page 8 to read about factors you should consider before buying the Offer GDRs. The GDRs are of a specialist nature and should only be bought and traded by investors who are particularly knowledgeable in investment matters.

The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. The GDRs have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. For a discussion of certain restrictions on transfers of the GDRs in other jurisdictions, see “Terms and Conditions of the Global Depositary Receipts” and “Selling Restrictions and Transfer Restrictions — Transfer Restrictions”.

The Offer GDRs are offered by Goldman Sachs International (“**Goldman Sachs**”), UBS AG London Branch (“**UBS**”), HSBC Bank plc (“**HSBC**”) and together with Goldman Sachs and UBS, the “**Joint Global Co-ordinators**”), China International Capital Corporation (UK) Limited (“**CICC**”) and CLSA Limited (“**CLSA**”) and together with the Joint Global Co-ordinators and CICC, the “**Joint Bookrunners**”) (or, where applicable in any jurisdiction that requires the offering to be made by a licensed broker or dealer, by such affiliates as are licensed in that jurisdiction for such purpose), when, as and if delivered to and accepted by the Joint Bookrunners (or their affiliates, as applicable) and subject to their right to reject orders in whole or in part. The GDRs will be issued in global form. The GDRs will be evidenced by a Master Global Depositary Receipt Certificate (the “**Master GDR Certificate**”) registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream**”). Except as described herein, beneficial interests in the Master GDR Certificate will be shown on, and transfers thereof will be effected only through the records of Euroclear and Clearstream. It is expected that delivery of the GDRs will be made against payment therefor in US Dollars in same day funds through the facilities of Euroclear and Clearstream, on or around the Closing Date. See “Clearing and Settlement”.

Joint Global Co-ordinators and Joint Bookrunners

Goldman Sachs

UBS

HSBC

Joint Bookrunners

CICC

CLSA

Company Adviser

Huatai International

The date of this Prospectus is 19 October 2020

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

By accepting delivery of this Prospectus, you agree to the following. This Prospectus is being furnished by the Company solely for the purpose of enabling a prospective investor to consider the subscription for the Offer GDRs. Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer GDRs is prohibited, except to the extent that such information is otherwise publicly available.

None of the Joint Bookrunners, nor any of their respective affiliates, makes any representation, express or implied, nor accepts any responsibility, with respect to the accuracy or completeness of any of the information contained in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Joint Bookrunners or any of their respective affiliates that any recipient of this Prospectus should subscribe for the Offer GDRs. Each potential subscriber of Offer GDRs should determine for itself the relevance of the information contained in this Prospectus, and its subscription for the Offer GDRs should be based upon such investigation, as it deems necessary, including the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience and any other factors that may be relevant to such potential subscriber in connection with the subscription for the Offer GDRs.

This Prospectus has been approved by the FCA as a Prospectus issued in compliance with the Prospectus Regulation, for the purpose of giving information with regard to the Company and the Offer GDRs.

The Company accepts responsibility for the information contained in this Prospectus. To the best of the Company's knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This Prospectus does not constitute an offer to the public generally to subscribe for or otherwise acquire the Offer GDRs. In making an investment decision regarding the Offer GDRs, you must rely on your own examination of the Company and the terms of the Offering, including the merits and risks involved. You should rely only on the information contained in this Prospectus. None of the Company, the Joint Bookrunners or any of their respective affiliates has authorised any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Prospectus is accurate only as at its date. The Company's business, financial condition, results of operations, prospects and the information set forth in this Prospectus may have changed since the date of this Prospectus.

You should not consider any information in this Prospectus to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisers for legal, tax, business, financial and related advice regarding purchasing the Offer GDRs. None of the Company, the Joint Bookrunners or any of their respective affiliates makes any representation to any offeree or subscriber for the Offer GDRs regarding the legality of an investment in the Offer GDRs by such offeree or subscriber under appropriate investment or similar laws.

As the Company's A Shares are listed on the Shanghai Stock Exchange, the Company has been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time the Group publicly releases information relating to itself on the Shanghai Stock

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

Exchange or other media outlets designated by The China Securities Regulatory Commission (the “CSRC”). However, the information announced by the Company in connection with its A Shares is based on the regulatory requirements of the securities authorities and market practice in the PRC which are different from those which will be applicable to the GDRs following Admission. Such information does not and will not form a part of this Prospectus. As a result, prospective investors in the Offering are reminded that, in making their investment decision as to whether to purchase the GDRs, they should rely only on the financial, operating and other information included in this Prospectus. By applying to purchase GDRs in the Offering, prospective investors will be deemed to have agreed that they will not rely on any information other than that contained in this Prospectus and any formal announcements made by the Group in the PRC with respect to the Offering.

Goldman Sachs and HSBC are each authorised by the United Kingdom Prudential Regulation Authority (the “PRA”) and regulated by the FCA and PRA in the United Kingdom. UBS AG London Branch is authorised and regulated by the Financial Market Supervisory Authority in Switzerland and in the United Kingdom is authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA. CICC is authorised and regulated by the FCA in the United Kingdom. CLSA is licensed by the Securities and Futures Commission of Hong Kong. Huatai Financial Holdings (Hong Kong) Limited (the “**Company Adviser**”) is licensed by the Securities and Futures Commission of Hong Kong. The Joint Bookrunners are acting exclusively for the Company and no one else in connection with the Offering and will not be responsible to any other person as their respective clients in relation to the Offering and for providing the protections afforded to their respective clients or for providing advice in relation to the Offering or any transaction or arrangement referred to herein.

Each investor acknowledges that: (i) it has not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) it has relied only on the information contained in this Prospectus; and (iii) no person has been authorised to provide any information or to make any representation concerning the Company, its subsidiaries or the GDRs (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Joint Bookrunners or any of their respective affiliates.

In connection with the Offering, each of the Joint Bookrunners and/or any of their respective affiliates, acting as an investor for its or their own account(s), may subscribe for Offer GDRs and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Offer GDRs being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Joint Bookrunners and/or any of their respective affiliates acting as an investor for its or their own account(s). In addition, certain of the Joint Bookrunners or their affiliates may enter into financing or hedging arrangements (including swaps) with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of GDRs. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Company may withdraw the Offering at any time prior to Admission, and the Company, the Joint Bookrunners and their respective affiliates reserve the right to reject any offer to subscribe for

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

the Offer GDRs, in whole or in part, and to sell to any prospective investor less than the full amount of the Offer GDRs sought by such investor.

The distribution of this Prospectus and the offer and sale of the Offer GDRs may be restricted by law in certain jurisdictions. You must inform yourself about, and observe, any such restrictions. See “Terms and Conditions of the Global Depositary Receipts” and “Selling Restrictions and Transfer Restrictions” elsewhere in this Prospectus. You must comply with all applicable laws and regulations in force in any jurisdiction in which you subscribe, purchase, offer or sell the Offer GDRs or possess or distribute this Prospectus and must obtain any consent, approval or permission required for your subscription, purchase, offer or sale of the Offer GDRs under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such subscriptions, purchases, offers or sales. None of the Company, the Joint Bookrunners or any of their respective affiliates is making an offer to sell the Offer GDRs or a solicitation of an offer to buy any of the Offer GDRs to any person in any jurisdiction except where such an offer or solicitation is permitted or accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of applicable restrictions.

In connection with the Offering, Goldman Sachs International (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail in the open market. Deferred settlement arrangements have been made with the Cornerstone Investor in order to allow the Stabilising Manager to over-allot GDRs to facilitate any stabilisation action by the Stabilising Manager (for details see “Plan of Distribution—Cornerstone Investor”). However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on the date of announcement of the Offer Price and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter (the “**Stabilisation Period**”). Any stabilisation action must be undertaken in accordance with applicable laws and regulations. Save as required by law or regulation, the Stabilising Manager does not intend to disclose the extent of any over-allotments made and/or stabilisation transactions concluded in relation to the Offering.

In connection with the Offering, the Stabilising Manager may, for stabilisation purposes, over-allot GDRs up to a maximum of 1,635,000 additional GDRs, being 10% of the total number of GDRs sold in the Offering excluding the Over-allotment GDRs (as defined below). For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of GDRs effected by it during the Stabilisation Period, the Stabilising Manager will enter into over-allotment arrangements pursuant to which the Stabilising Manager may purchase or procure purchasers for additional GDRs up to a maximum of 1,635,000 additional GDRs, being 10% of the total number of GDRs sold in the Offering (the “**Over-allotment GDRs**”) at the Offer Price. The over-allotment arrangements will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the date of announcement of the Offer Price. Any Over-allotment GDRs made available pursuant to the over-allotment arrangements, including for all dividends and other distributions declared, made or paid on the GDRs, will be purchased on the same terms and conditions as the GDRs being issued or sold in the Offering and will form a single class for all purposes with the other GDRs.

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Information to distributors

Solely for the purposes of the product governance requirements contained within (a) MiFID II, (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer GDRs have been subject to a product approval process, which has determined that such Offer GDRs are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer GDRs may decline and investors could lose all or part of their investment; the Offer GDRs offer no guaranteed income and no capital protection; and an investment in the Offer GDRs is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners and their respective affiliates will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute (a) an assessment of suitability or appropriateness for the purposes of MiFID II, or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer GDRs.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer GDRs and determining appropriate distribution channels.

NOTICE TO CERTAIN INVESTORS

Notice to UK and EEA Investors

This Prospectus and the Offering are only addressed to, and directed at, persons in member states of the European Economic Area (the “**EEA**”) and the United Kingdom who are “qualified investors” within the meaning of the Prospectus Regulation (“**Qualified Investors**”). In addition, in the United Kingdom, this Prospectus is only being distributed to, and is only directed at, Qualified Investors who are: (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or high-net-worth entities falling within Article 49(2)(a)-(d) of the Order; or (2) otherwise persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “**relevant persons**”). The Offer GDRs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with: (1) in the United Kingdom, relevant persons; and (2) in any member state of the EEA, Qualified Investors. This Prospectus and its contents should not be acted upon or relied upon: (1) in the United Kingdom, by persons who are not relevant persons; or (2) in any member state of the EEA, by persons who are not Qualified Investors.

This Prospectus has been prepared solely for the purpose of Admission of the GDRs and on the basis that all offers of Offer GDRs following approval by the FCA will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to produce a Prospectus for offers of the Offer GDRs. Accordingly, any person making or intending to make any offer within the EEA of the Offer GDRs should only do so in circumstances in which no obligation arises for the Company, the Joint Bookrunners or any of their respective affiliates to produce a prospectus for such offer. None of the Company, the Joint Bookrunners or any of their respective affiliates has authorised or authorises the making of any offer of the Offer GDRs through any financial intermediary, other than offers made by the Joint Bookrunners or their respective affiliates which constitute the final placement of the Offer GDRs contemplated in this Prospectus.

Notice to all investors

Investors should be aware that foreign investors are not generally able to hold A shares in Chinese companies pursuant to restrictions under PRC law, subject to certain limited exceptions, such as for Qualified Foreign Institutional Investors (“**QFIIs**”) and RMB Qualified Foreign Institutional Investors (“**RQFIIs**”).

However, one of the features of the Shanghai-London Stock Connect scheme is that investors will be able to: (i) buy GDRs by requesting a Designated Broker to buy A Shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A Shares; and (ii) sell GDRs by requesting a Designated Broker to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange. Pursuant to the “Provisions on the Supervision and Administration of Depositary Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and London Stock Exchange” (for trial implementation) (关于上海证券交易所与上海证券交易所互联互通存托凭证业务的监管规定(试行)) published by the CSRC on 12 October 2018 (the “**DR Provisions**”), the creation and redemption of GDRs in connection with the purchase and sale of underlying A Shares may only be facilitated by the Designated Brokers who hold accounts with Shanghai Stock Exchange members enabling them to create or redeem GDRs by buying or selling the underlying A Shares on the Shanghai Stock Exchange (subject to certain quotas imposed by relevant regulators) and providing relevant instructions to the Depositary. For further details, see “Plan of Distribution — Trading GDRs”.

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This mechanism is intended to provide fungibility between the GDRs and the A Shares by enabling investors or their brokers to place buy and sell orders with the Designated Brokers who are able to seek the best price for the security from either market.

It should be noted that, pursuant to the Shanghai-London Stock Connect scheme, GDR holders will not be permitted to redeem their GDRs and hold the underlying A Shares in their on-shore accounts (such as QFII or RQFII accounts, if they have such an account) or have the underlying A Shares held on their behalf by a Designated Broker. GDR holders that are QFIIs and RQFIIs (or are otherwise able to hold A Shares through another exemption) that wish to redeem some or all of their GDRs to hold A Shares would need to sell such GDRs (either on the London Stock Exchange or by redeeming their GDRs and selling the underlying A Shares on the Shanghai Stock Exchange, as described above) and separately buy A Shares outside of the Shanghai-London Stock Connect scheme to be held in a separate (existing or newly established) QFII or RQFII or other account.

In addition, pursuant to the DR Provisions, GDRs subscribed for by investors in the Offering may not be redeemed within 120 days following the date of Admission. Therefore, for such period, GDR holders will not be able to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange and will only be able to sell their GDRs through the IOB of the London Stock Exchange or another legitimate trading venue. For the avoidance of doubt, during such period investors will be able to buy GDRs by requesting a Designated Broker to buy A Shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A Shares, subject to the cap on the number of GDRs approved by the CSRC.

Investors should also be aware that pursuant to the DR Provisions and the rules of Shanghai-London Stock Connect promulgated by the Shanghai Stock Exchange, the aggregate holding of a single overseas investor of the equities of the Company (including the A Shares and GDRs whether held directly or indirectly) shall not exceed 10% of the total outstanding shares of the Company. In the event an overseas investor's holding of equities exceeds such limit, such investor is required to liquidate the excess portion within five trading days. Furthermore, the DR Provisions and the rules of Shanghai-London Stock Connect promulgated by the Shanghai Stock Exchange also require that the aggregate interests in the Company's A Shares held by all overseas investors shall not exceed 30% of the total outstanding shares of the Company. In the event the 30% limit is exceeded, overseas investors may be required to liquidate their holdings (in reverse chronological order of when such holdings were acquired). The foregoing restrictions do not apply to overseas investors' strategic investments as defined and regulated by the Measures for the Administration of Strategic Investment in Listed Companies by Foreign Investors last amended in October 2015 (外国投资者对上市公司战略投资管理办法).

Furthermore, investors should note that to the extent stabilisation is undertaken, in order to ensure there is sufficient headroom under the GDR facility, including under the cap on the number of GDRs prescribed by the CSRC, for the Company to issue new A Shares and sell GDRs representing such A Shares to the Stabilising Manager in order to satisfy its obligations under the Over-allotment Option (if exercised), investors and shareholders of the Company may be prevented from depositing additional A Shares into the GDR facility in order to receive (or sell) GDRs for the duration of the Stabilisation Period.

Pursuant to the Measures for the Administration of Acquisition of Listed Companies (上市公司收购管理办法) promulgated by the CSRC and last amended in March 2020 (the “**PRC Takeover Rules**”), an investor and any persons acting in concert who together hold 5% or more of the

NOTICE TO CERTAIN INVESTORS

outstanding shares in a listed company (including the Company) shall, within three days upon its shareholding in the listed company reaching such percentage: (i) prepare a report on its change of shareholding; (ii) notify the CSRC, the relevant stock exchange and the listed company; and (iii) make an announcement on such event. In addition, a person holding 5% or more of a listed company's outstanding shares shall be subject to the same reporting and announcement obligations as set out above each time its shareholding in the listed company increases or decreases by 5%. Such persons will also be subject to trading restrictions before making a report and an announcement or from the date of the fact aforementioned to a period of time after the announcement. If, by trading securities on a stock exchange, the interests held by the aforesaid investors and persons acting in concert with the investor reach such shareholding ratio, such persons shall not exercise voting rights on the excess portion of the shares purchased in violation of the aforesaid provisions within 36 months from the date of purchase. A person shall file a short-form report if it holds 5% or more but less than 20% of the outstanding shares in the listed company and it is not the largest shareholder or de facto controlling person of the listed company; otherwise it will be required to file a long-form report disclosing its shareholding. After the equity interests held by an investor and its persons acting in concert reach 5% of the issued shares of a listed company, each increase or decrease of 1% in the proportion of the shares held by them to the issued shares of the listed company shall be reported to the listed company on the day following the date of occurrence of such fact and be subject to a public announcement. Pursuant to the DR Provisions, an investor's holding of GDRs will be aggregated with its holding of the Company's outstanding A Shares through other channels, including but not limited to, any direct holding of the Company's A Shares, as well as the holding of GDRs and A Shares by persons acting-in-concert with such investor. The Company is also required to disclose in its annual reports, among other things, information on persons holding 5% or more of its A Shares, together with any changes to their shareholding and any pledge or encumbrance over the A Shares held by such persons.

Furthermore, pursuant to the Articles of Association of the Company, persons holding 5% or more of the total equity interests in the Company are also required to:

- notify the Company in writing on the date of any pledge of its shares in the Company; and
- surrender any profit realised from any purchase and sale, or any sale and purchase, of any shares of the Company within any period of less than six months.

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SUMMARY

1. **Introduction**

a. **Name and ISIN of securities**

Name: Global Depositary Receipts (“GDRs”) representing A Shares of SDIC Power Holdings CO., LTD
International Securities Identification Number (ISIN): US78397C2098

b. **Identity and contact details of the issuer**

Name: SDIC Power Holdings CO., LTD (the “Company”, and together with its subsidiaries, the “Group”)
Address: No. 147 Xizhimen Nanxiao Street, Xicheng District, Beijing, People’s Republic of China.
Tel: +86 10 8800 6378 Legal Entity Identifier (LEI): 300300LQJ91PHBNFC721

c. **Identity and contact details of the competent authority**

Name: Financial Conduct Authority
Address: 12 Endeavour Square, London E20 1JN, United Kingdom
Tel: +44 (0) 20 7066 8348

d. **Date of approval of the Prospectus**

19 October 2020

e. **Warnings**

This summary should be read as an introduction to this Prospectus and any decision to invest in the Offer GDRs should be based on consideration of this Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Offer GDRs.

2. **Key information on the issuer**

a. **Who is the issuer of the securities?**

i. **Domicile and legal form, LEI, applicable legislation and country of incorporation**

The Company is a joint stock company with limited liability established pursuant to the Company Law of the People’s Republic of China. The Company was established on 30 September 2002 following an asset swap agreement, pursuant to which SDIC injected certain power generating assets to Hubei Xinghua Holdings Co., Ltd., which was incorporated on 23 February 1989 and listed on the Shanghai Stock Exchange under stock code 600886 on 18 January 1996.

The Company’s LEI is 300300LQJ91PHBNFC721.

On 16 October 2020, the Company and Citibank, N.A. (the “Depositary”) entered into a deposit agreement in connection with the issuance of the GDRs represented by the Master GDR Certificate (the “Deposit Agreement”). The GDRs will be issued pursuant to the Deposit Agreement.

The Depositary is a national banking association organised under the laws of the United States. The Depositary is an indirect wholly-owned subsidiary of Citigroup Inc., a Delaware corporation. The Depositary was originally organised on 16 June 1812 and is now a national banking association organised under the National Bank Act of 1864 and is primarily regulated by the United States Office of the Comptroller of the Currency. Its principal executive office is at 388 Greenwich Street, New York, NY 10013, United States of America.

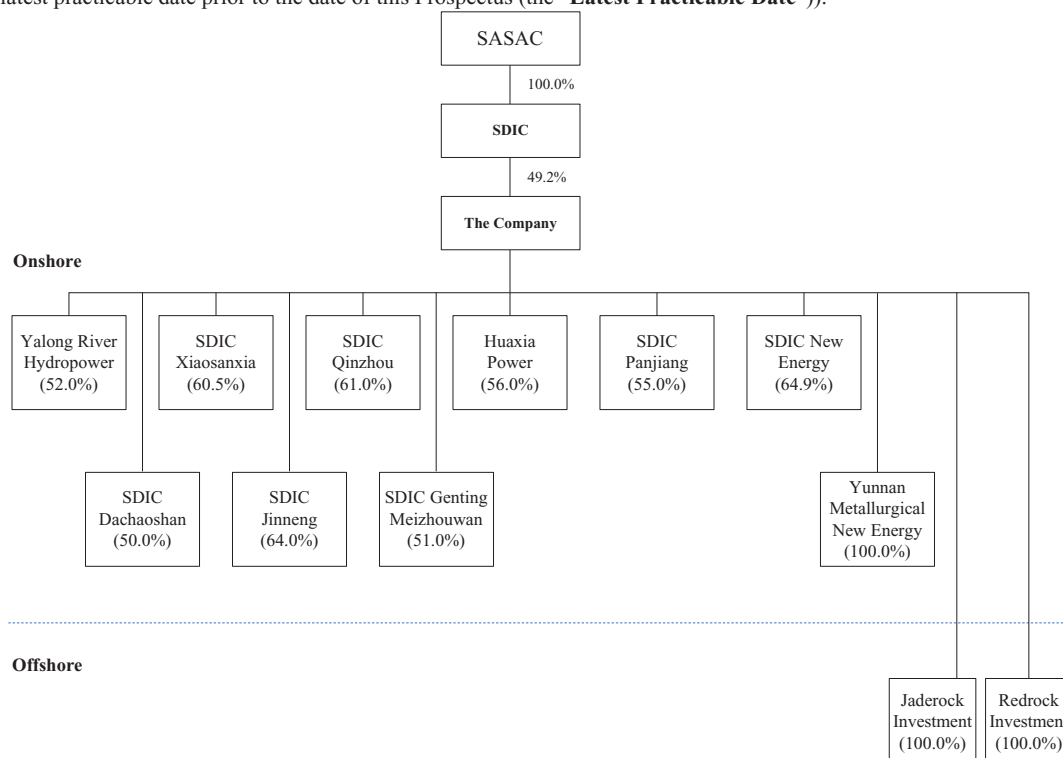
ii. **Principal activities**

The Group is a leading power generation company in China, with a diversified portfolio of projects across hydropower, coal-fired power, wind power, solar power and other renewable energy.

SUMMARY

iii. Organisation Chart

The Company is the parent company of a group that comprises the Company and its subsidiaries. The following chart illustrates the simplified organisational structure of the Group and its major subsidiaries as at 16 October 2020 (being the latest practicable date prior to the date of this Prospectus (the “Latest Practicable Date”)).



iv. Major Shareholders

The Administrative Measures for the Disclosure of Information of Listed Companies of the PRC require that an annual report of a listed company shall include, among other things, information about the top ten shareholders and shareholders holding 5% or more of the shares.

Shareholders holding 5% or more

The table below sets forth certain information regarding those shareholders of the Company which, as at the Latest Practicable Date and immediately following completion of the Offering and Admission (assuming the over-allotment option is exercised in full and 17,985,000 GDRs (including the Over-allotment GDRs) representing 179,850,000 A Shares are sold in the Offering), hold or will hold 5% or more of the A Shares of the Company:

Shareholder	A Shares held as at the Latest Practicable Date		A Shares immediately following completion of the Offering ⁽¹⁾ and Admission	
	Number of A Shares	% of total share capital	Number of A Shares	% of total share capital
SDIC	3,337,136,589	49.18	3,337,136,589	47.91
China Yangtze Power Co., Ltd. and a person acting in concert ⁽²⁾⁽³⁾	927,969,510	13.67	1,009,469,100	14.49
Chongyang Group Co., Ltd. and various persons acting in concert ⁽⁴⁾	396,528,819	5.84	396,528,819	5.69

(1) Assuming 179,850,000 new A Shares (including the Over-allotment GDRs) are issued by the Company in connection with the Offering.

(2) China Yangtze Power Co., Ltd.’s subsidiary, China Yangtze Power International (Hongkong) Co., Limited, has agreed to acquire Offer GDRs for an aggregate amount of US\$100 million. See “Plan of Distribution—Cornerstone Investor”.

(3) As at the Latest Practicable Date, China Yangtze Power Co., Ltd. held an equity interest of 13.57% of the A Shares outstanding, and its person acting in concert with China Yangtze Power Co., Ltd. was its capital investment subsidiary, holding an equity interest of 0.10% of the A Shares outstanding.

(4) According to the PRC Takeover Rules, shareholders holding 5% or more of the shares of a listed company include an investor and any persons acting in concert who together hold 5% or more of the outstanding shares in the listed company. As at the Latest Practicable Date, Chongyang Group Co., Ltd. and its persons acting in concert, mainly private equity funds and asset management schemes, together held an equity interest of 5.84% of the A Shares outstanding.

SUMMARY

Top Ten Shareholders

The table below identifies the top ten beneficial owners of the Company's A Shares and the percentage of their respective shareholding (exclusive of A Shares held by persons acting in concert, if any), based on the A Shares outstanding as at 30 June 2020. No shareholder has different voting rights attached to the A Shares to any other shareholder.

Name of shareholder	Percentage
SDIC	49.18
China Yangtze Power Co., Ltd.	12.72
China Securities Finance Co., Ltd.	3.00
Hong Kong Securities Clearing Co., Ltd.	2.56
Shanghai Chongyang Strategic Investment Co., Ltd—Chongyang Strategic Caizhi Fund ⁽¹⁾ . . .	1.33
Shanghai Chongyang Strategic Investment Co., Ltd—Chongyang Strategic Juzhi Fund ⁽¹⁾	1.12
Shanghai Chongyang Strategic Investment Co., Ltd—Chongyang Strategic Huizhi Fund ⁽¹⁾ . . .	0.81
Shanghai Chongyang Strategic Investment Co., Ltd—Chongyang Strategic Yingzhi Fund ⁽¹⁾ . .	0.80
Mr. GONG Youhua	0.75
National Council for Social Security Fund of the PRC	0.74

(1) These companies were persons acting in concert as at 30 June 2020.

As at the Latest Practicable Date, SDIC held 49.18% of the Company's Shares. Under the Company's Articles of Association and pursuant to the relevant rules of the Shanghai Stock Exchange, shareholders with an equity interest of 3% or above in the Company have the ability to nominate directors. In addition, shareholders with an equity interest of 1% or above in the Company have the ability to nominate independent directors. Four of the Company's eight current Directors were nominated by SDIC. Subject to the Company's Articles of Association and applicable laws and regulations, SDIC may, by voting its shareholding at general meetings of shareholders, have the ability to influence the Company's major policy decisions. As at the Latest Practicable Date, SDIC is the controlling shareholder of the Company.

v. **Key managing directors**

Mr. ZHU Jiwei, Chairman of the Board of Directors
 Mr. LUO Shaoxiang, Vice Chairman of the Board of Directors
 Mr. JIANG Hua, Director and General Manager
 Mr. ZHANG Yuanling, Director
 Mr. ZHAN Pingyuan, Director

vi. **Statutory auditors**

BDO China Shu Lun Pan Certified Public Accountants LLP

b. **What is the key financial information regarding the issuer?**

Selected historical financial information

The selected financial information for the Company set out below has, where applicable, been extracted without material adjustment from the consolidated historical financial information of the Group for the three years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020.

Selected consolidated income statement information for continuing operations (RMB in millions, unless otherwise indicated)

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
				(unaudited)	
Total revenue	27,894.6	36,485.8	37,752.0	17,190.4	17,470.3
Operating profit	12,314.0	14,531.3	14,083.3	6,708.8	7,318.5
Profit for the year/period	7,115.6	8,976.3	8,612.9	4,146.3	4,505.0
Year-on-year revenue growth (%)	N/A	30.8	3.5	N/A	1.6
Operating profit margin (%)	44.1	39.8	37.3	39.0	41.9
Net profit margin (%)	25.5	24.6	22.8	24.1	25.8
Earnings per Share (RMB)	0.52	0.67	0.64	0.32	0.36

SUMMARY

Selected consolidated balance sheet information

	As at 31 December			As at 30 June
	2017	2018	2019	2020
				(unaudited)
Total assets (RMB in millions)	208,288.0	220,836.5	224,839.7	222,628.7
Total equity (RMB in millions)	60,707.6	70,183.1	74,392.0	74,717.1
Current ratio (current assets to current liabilities)	36.1%	49.4%	71.8%	58.0%
Gearing ratio (total debt to equity)	218.5%	195.6%	179.1%	179.2%

Selected consolidated cash flow statement information (RMB in millions)

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
				(unaudited)	
Net cash flows generated from operating activities	18,089.9	19,132.9	20,235.5	8,918.4	8,669.0
Net cash flows from investing activities brought forward	(11,125.3)	(13,616.4)	(8,611.5)	(5,227.2)	(2,879.0)
Net cash flows (used in)/generated from financing activities	(6,138.3)	(3,025.3)	(10,708.5)	(3,204.6)	(4,306.9)

c. **What are the key risks that are specific to the issuer?**

- Hydropower business revenue is highly dependent on hydrological conditions. Any absence of acceptable climatic conditions for the Group's hydropower projects may have a material adverse effect on the output of such projects.
- An increase in coal prices and a disruption in coal supply or transportation could materially and adversely affect the Group's coal-fired power business.
- The Group's wind power and solar power projects depend heavily on suitable meteorological conditions.
- Certain power plants of the Group are located in regions where there is excessive power supply, which may intensify competition for grid access and dispatch priority.
- The power industry in which the Group operates depends heavily on domestic economic conditions, and the industry may be materially affected by any severe or prolonged economic downturn.
- The Group may face limitations on the dispatch of electricity generated due to the delay in grid construction, grid congestion, or other grid constraints, which may affect the operation of the Group's projects and may have a material adverse effect on the sales of electricity generated from the Group's power generating projects, as well as the Group's business, financial condition and results of operations.
- The Group's business and operations are highly regulated by and subject to permits by relevant regulatory authorities and the permits obtained may be further adjusted, suspended, withdrawn or revoked by the relevant government authority.
- The Group does not possess the land use right certificates or building ownership certificates for certain land and buildings owned by the Group.
- The Group operates in a capital-intensive business, and failure to obtain capital on terms acceptable to the Group may increase its financing costs and cause delays in its expansion plans.
- The Group's borrowing levels, interest payment obligations and net current liabilities could limit the funds available for various business purposes.

3. **Key information on the securities**

a. **What are the main features of the securities?**

i. **Type, class and ISIN of the securities being admitted to trading on a regulated market**

The GDRs represent A Shares in the Company with one GDR representing an interest in ten A Shares registered in the name of the Depositary.

The ISIN of the Offer GDRs is: US78397C2098.

ii. **Currency, denomination, par value, number of securities issued and term of the securities**

The GDRs will be denominated in US Dollars. The Offering is of 17,985,000 GDRs (including up to 1,635,000 GDRs which may be issued pursuant to the over-allotment option (the "Over-allotment GDRs")) representing A Shares (the "Offer GDRs") with one GDR representing an interest in ten A Shares registered in the name of the Depositary.

The GDRs will have an infinite term.

SUMMARY

iii. *Rights attached to the securities*

Pursuant to the Deposit Agreement and the Terms and Conditions of the GDRs, holders of GDRs (a “**Holder**” is the person registered as the holder on the books of the Depositary maintained for such purpose) will, amongst other things, be entitled to:

- the right to request withdrawal of the Deposited Shares (as defined therein) and all rights, securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares;
- the right to receive payment (in US Dollars, if practicable) from the Depositary of an amount equal to the cash dividends or other cash distributions received by the Depositary from the Company in respect of the Deposited Shares;
- the right to receive from the Depositary additional GDRs representing additional A Shares received by the Depositary from the Company by way of dividend or free distribution (or if the issuance of additional GDRs is deemed by the Depositary to be unlawful or not operationally practicable or subject to any tax or other governmental charges which the Depositary is obligated to withhold, or if the distribution of the A Shares and the GDRs representing such A Shares must be registered under the Securities Act or other laws, the net proceeds (in US Dollars, if practicable) of the sale of such A Shares);
- the right to receive from the Depositary any dividend or distribution in the form of property other than A Shares or cash received by the Depositary from the Company (or if such distribution is deemed by the Depositary to be unlawful or not reasonably practicable, the net proceeds (in US Dollars, if practicable) of the sale of such property);
- the right to request the Depositary to exercise subscription or similar rights made available by the Company to holders of A Shares (or if such process is deemed by the Depositary to be unlawful or not reasonably practicable, the right to receive the net proceeds (in US Dollars, if practicable) of the sale of the relevant rights or the sale of the assets resulting from the exercise of such rights);
- the right to instruct the Depositary regarding the exercise of any voting rights notified by the Company to the Depositary, subject to conditions; and
- the right to inspect or receive from the Depositary copies received by the Depositary of notices provided by the Company to holders of A Shares as well as any other material provided by the Company to the Depositary in connection therewith,

in each case subject to applicable law, and the detailed terms set out in the Terms and Conditions of the GDRs (as endorsed on each GDR certificate) and the Master GDR Certificate.

iv. *Relative seniority of the securities*

A Holder of GDRs has the right to share in profits of the Company and to receive the proceeds of any liquidation surplus.

If the Depositary becomes insolvent, the insolvency proceedings will be governed by U.S. laws applicable to the insolvency of banks. The Conditions state that any cash held by the Depositary for Holders is held by the Depositary as banker. Under current U.S. and English law, it is expected that any cash held for Holders by the Depositary as banker under the Conditions would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim in the event of the Depositary’s insolvency for such cash that would also be available to general creditors of the Depositary. The Deposit Agreement states that the Deposited Shares and other non-cash assets which are held by the Depositary for Holders are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current U.S. and English law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the Conditions would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary’s receiver or conservator to deliver such Depositary Shares and other non-cash assets that would be unavailable to general creditors of the Depositary.

v. *Restrictions on free transferability of the securities*

The GDRs will be freely transferable, subject to certain selling restrictions under the relevant laws in certain jurisdictions applicable to the relevant transferor or transferee and restrictions under the “Provisions on the Supervision and Administration of Depositary Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and London Stock Exchange” (for trial implementation) (关于上海证券交易所与伦敦证券交易所互联互通存托凭证业务的监管规定 (试行)) published by the CSRC on 12 October 2018 (the “**DR Provisions**”), which are described below.

Pursuant to the DR Provisions, GDRs subscribed for by investors in the Offering may not be redeemed within 120 days following the date of Admission. Therefore, for such period, GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange and will only be able to sell their GDRs through the IOB of the LSE or another legitimate trading venue. The DR Provisions also restrict transfers of GDRs by the Company’s controlling shareholder, actual controller or entities under their control for a period of 36 months from the date of Admission. As at the Latest Practicable Date, SDIC is the controlling shareholder of the Company.

In addition, pursuant to the DR Provisions and the rules of Shanghai-London Stock Connect promulgated by the Shanghai Stock Exchange, the aggregate holding of a single overseas investor of the equities of the Company (including the A Shares and GDRs, whether held directly or indirectly) shall not exceed 10% of the total outstanding shares of the Company. In the event an overseas investor’s holding of equities exceeds such limit, such investor is required to liquidate the excess portion within five trading days. Furthermore, the DR Provisions and the rules of Shanghai-London Stock Connect promulgated by the Shanghai Stock Exchange also require that the aggregate interests in the Company’s A Shares held by all overseas investors shall not exceed 30% of the total outstanding shares of the Company. In the event the 30% limit is exceeded, overseas investors may be required to liquidate their holdings (in reverse chronological order of when such holdings were acquired). The foregoing restrictions do not apply to overseas investors’ strategic investments as defined and regulated by the Measures for the Administration of Strategic Investment in Listed Companies by Foreign Investors last amended in October 2015 (外国投资者对上市公司战略投资管理办法).

SUMMARY

vi. **Dividend policy**

After completion of the Offering, the Company may distribute dividends in the form of cash or by other means that the Company considers appropriate. Any proposed distribution of dividends shall be formulated by the Board and will be subject to shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including the Group's results of operations, cash flows, financial condition, payments by its subsidiaries of cash dividends to the Company, business prospects, statutory, regulatory and contractual restrictions on its declaration and payment of dividends and other factors that the Board may consider important.

According to the applicable PRC laws and its Articles of Association, the Company will pay dividends out of its profit after tax only after it has made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory reserve equivalent to 10% of its profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of its registered capital, no further allocations to this statutory reserve will be required;
- allocation, if any, to a discretionary common reserve fund an amount approved by the shareholders of the Company in a shareholders' meeting.

Furthermore, as set forth in its Articles of Association, if it has profits and no unrecovered losses during the year and there are no significant investment or capital expenditure plans, the Company shall distribute cash dividends. The accumulated profits for distribution in the most recent three fiscal years shall be no less than 30% of the average annual distributable profits realised in the same period. The Group distributes dividends primarily in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. Any proposed distribution of dividends is subject to the discretion of the Board and the approval of the shareholders. The Board may recommend a distribution of dividends in the future after taking into account the Group's results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that the Board may deem relevant.

To the extent that dividends are declared and paid by the Company in the future, holders of GDRs on the relevant record date will be entitled to receive dividends payable in respect of the A Shares underlying the GDRs, subject to the terms of the Deposit Agreement.

b. **Where will the securities be traded?**

Application will be made: (i) to the FCA for the GDRs to be admitted to the standard listing segment of the Official List; and (ii) to the London Stock Exchange for the GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the London Stock Exchange's Main Market.

c. **What are the key risks that are specific to the securities?**

- There has been no prior public trading market for the GDRs and an active trading market may not develop or be sustained in the future and the share prices of publicly traded companies can be highly volatile.
- Future sales of GDRs or A Shares could depress the market price of the GDRs and Future issues of A Shares may dilute the holdings of shareholders of the Company and/or GDR holders.
- The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and is therefore not guaranteed. Furthermore, holders of the GDRs may be subject to exchange rate risk.
- Following the Offering, holders of A Shares may not be able to deposit the A Shares in the Company's GDR facility in order to receive (or sell) GDRs, and changes in regulatory policy in the PRC with respect to the placement and circulation of the A Shares outside the PRC in the form of GDRs or otherwise may negatively affect the market for the GDRs being offered. GDR holders will not be able to redeem their GDRs and hold the underlying A Shares in their on-shore accounts or have the underlying A Shares held on their behalf by a Designated Broker. In addition, the fungibility of the GDRs and the A Shares is dependent on the availability of Designated Brokers. Furthermore, GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares for a period of 120 days following the date of Admission or during any period when trading in the A Shares on the Shanghai Stock Exchange is suspended and this may give rise to price risk to GDR holders.
- Voting rights with respect to the A Shares represented by the GDRs are limited by the terms of the Deposit Agreement and the relevant requirements of the laws of the PRC.

4. **Key information on the admission to trading on a regulated market**

a. **Under which conditions and timetable can I invest in this security?**

i. **General terms and conditions**

The Offering consists of an offering of 179,850,000 Offer GDRs (including up to 1,635,000 Over-allotment GDRs), each representing ten A Shares, at an offer price of USD12.27 per GDR (the "Offer Price").

ii. **Expected Timetable**

Event	Time and Date
Conditional dealings in the GDRs commence on the London Stock Exchange	9.00 a.m. on 19 October 2020
Expected date that Admission and unconditional dealings in the GDRs commence on the London Stock Exchange	9.00 a.m. on or around 22 October 2020

SUMMARY

Each of the times and dates (other than commencement of conditional dealings) set out above is subject to change without further notice. References to a time of day are to London times (unless stated otherwise).

If Admission does not occur, all conditional dealings will be of no effect and such dealings will be at the sole risk of the parties concerned.

iii. ***Details of admission to trading on a regulated market***

Application will be made: (i) to the FCA for the GDRs to be admitted to the standard listing segment of the Official List; and (ii) to the London Stock Exchange for the GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the London Stock Exchange's Main Market. The Main Market of the London Stock Exchange is a regulated market in the EEA for the purposes of MiFID II. The A Shares are listed on the Shanghai Stock Exchange.

Admission to the Official List and unconditional trading in the GDRs on the London Stock Exchange through its IOB is expected to take place on or around the Closing Date. Conditional trading in the GDRs on the London Stock Exchange through the IOB commenced on a "when issued" basis on 19 October 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

iv. ***Plan for distribution***

The Offering comprises an offering of Offer GDRs outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S.

v. ***Amount and percentage of immediate dilution resulting from the issue***

Existing shareholders of the Company will experience dilution of between 2.4% (assuming no exercise of the Over-allotment Option) and 2.6% (assuming the Over-allotment Option is exercised in full).

vi. ***Estimate of the total expenses of the issue***

The total fees (including underwriting commissions, assuming the discretionary fee is paid in full), costs and expenses payable by the Company in connection with the Offering are expected to amount to between approximately US\$10.1 million (assuming no exercise of the Over-allotment Option) and US\$10.6 million (assuming the Over-allotment Option is exercised in full) (inclusive of VAT).

vii. ***Estimated expenses charged to the investor***

Investors will not be charged any expenses by the Company. Pursuant to the terms and conditions of the GDRs, the Depositary will be entitled to charge certain fees to the holders of the GDRs.

b. ***Why is this Prospectus being produced?***

i. ***Reasons for the admission to trading on a regulated market***

The Company believes the Offering and the Admission will enhance the Group's international profile and support its global expansion.

ii. ***The use and estimated net amount of the proceeds***

The Company expects to receive gross proceeds of between approximately US\$200.6 million (assuming no exercise of the Over-allotment Option) and US\$220.7 million (assuming the Over-allotment Option is exercised in full) and net proceeds of between approximately US\$190.5 million (assuming no exercise of the Over-allotment Option) and US\$210.1 million (assuming the Over-allotment Option is exercised in full), after deducting the total fees (including underwriting commissions, assuming the discretionary fee is paid in full), costs and expenses payable by the Company in connection with the Offering of between approximately US\$10.1 million (assuming no exercise of the Over-allotment Option) and US\$10.6 million (assuming the Over-allotment Option is exercised in full) (inclusive of VAT). For the avoidance of doubt, to the extent less than 16,350,000 GDRs are sold in the Offering, the gross proceeds and net proceeds received by the Company would be less than the amounts stated above.

The Company intends to use the net proceeds received from the Offering as follows:

- Approximately 70% of the net proceeds would be used to expand the Group's renewable energy business overseas, principally for developing its Inch Cape Offshore Wind Power Project, and selectively acquiring overseas renewable energy projects; and
- Approximately 30% of the net proceeds would be used to repay the Group's offshore indebtedness.

The foregoing use of proceeds may change in light of the Group's evolving business needs, regulatory environment and prevailing market conditions and in a way that is consistent with its business strategies and in accordance with applicable laws.

iii. ***Underwriting***

Under the terms of, and subject to, the conditions contained in the Underwriting Agreement, the Joint Bookrunners have severally agreed to procure purchasers for, or failing which, to themselves purchase, at the Offer Price, the Offer GDRs in certain agreed proportions.

iv. ***Material conflicts of interest***

There are no interests, including conflicting interests, that are material to the Offering.

RISK FACTORS

An investment in the GDRs involves a high degree of risk. Accordingly, prospective investors should carefully consider, amongst other things, the risks described below, which address the existing and future material risks to the Group's businesses and industry and to the GDRs, as well as the detailed information set out elsewhere in this Prospectus, and reach their own views before making an investment decision. The risks and uncertainties described below represent the risks inherent in investing in the GDRs but are not the only risks and uncertainties the Group faces. Additional risks and uncertainties not presently known to the Group, or that the Group currently believes are immaterial, could also impair the Group's business operations. If any of the following risks actually materialises, the Group's business, results of operations, financial condition or prospects could be materially and adversely affected. If that were to happen, the trading price of the GDRs could decline and investors may lose all or part of their investment.

Prospective investors should note that the risks relating to the Group, its industry and the GDRs summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the GDRs. However, as the risks that the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, amongst other things, the risks and uncertainties described below. Various statements in this Prospectus, including the following risk factors, may constitute forward-looking statements as further described in the section of this Prospectus entitled "Notices to Certain Investors".

Risks related to the Group's business and industry

Hydropower business revenue is highly dependent on hydrological conditions. Any absence of acceptable climatic conditions for the Group's hydropower projects may have a material adverse effect on the output of such projects.

The production and operation of hydropower have a significant impact on the Group's profitability. As at 30 June 2020, the Group owned nine hydropower projects in operation, with a consolidated installed capacity of 16,759.5 MW, representing 54.0% of the Group's total consolidated installed capacity. Revenue from the Group's hydropower generation business for 2017, 2018 and 2019 and the six months ended 30 June 2020 amounted to RMB17,743.1 million, RMB19,660.9 million, RMB18,539.9 million and RMB8,354.8 million, respectively, accounting for 63.6%, 53.9%, 49.1% and 47.8% of its total revenue during the same periods, respectively. Hydropower units operated by the Group are distributed in different river basins in Sichuan, Yunnan and Gansu provinces. The Group's hydropower projects are dependent upon hydrological conditions prevailing from time to time in the broad geographic regions in which the Group's existing and future hydropower projects are located. The hydropower projects under construction are mostly located in mountains where mud and rock flows may affect the operation of the plants during the rainy seasons. Hydropower is exposed to natural factors, and power generation and business performance are highly dependent on water supply.

Hydropower projects depend upon a year-round flow of water to generate electricity. The water flow of the rivers on which the Group's hydropower projects are situated may fluctuate considerably according to seasonal rainfall, which can be unpredictable. Excessive fluctuations in rainfall and droughts could affect the output of the Group's hydropower projects. The availability of sufficient water flow affects the output of the Group's hydropower projects, which, in turn, affects the Group's results of operations. Moreover, annual climatic fluctuations due to severe or abnormal weather

RISK FACTORS

conditions in a particular year may result in uneven results from year to year. Any absence of acceptable climatic conditions for the Group's hydropower projects may have a material adverse effect on the output of such projects and, in turn, the Group's business, financial condition and results of operations.

In selecting sites for the development of hydropower projects, the Group makes its decisions based on the meteorological and topographical data of the proposed area as well as the on-site exploration. Actual conditions may not conform to the historical measured data, or the assumptions made by the Group during its assessment may not be correct. Moreover, even if actual conditions are consistent with the Group's assessment, those conditions may be affected by variations in weather patterns which may change over time to the detriment of the Group's power projects. As a result, the electricity generated by the Group's hydropower projects may fall below its expectations, which could in turn have an adverse effect on the Group's business, financial condition and results of operations.

An increase in coal prices and a disruption in coal supply or transportation could materially and adversely affect the Group's coal-fired power business.

As at 30 June 2020, coal-fired installed capacity accounted for 38.2% of the Group's consolidated installed capacity. Changes in coal prices have a significant impact on the cost and profitability of coal-fired power enterprises. In 2017, 2018 and 2019 and the six months ended 30 June 2020, costs of coal represented 70.9%, 78.0%, 77.1% and 71.3%, respectively, of the cost of sales of the Group's coal-fired power business. As such, the Group's results of operations are sensitive to the fluctuation of coal prices. The Group negotiates coal prices applicable to its coal-fired power plants with coal suppliers, and the coal prices are subject to factors, such as market conditions, applicable VAT and the cost of transportation. The price of coal purchased for electricity generation is subject to market fluctuations and has been volatile. In 2017, 2018 and 2019 and the six months ended 30 June 2020, the average price of standard coal (7,000 kcal/kg) per tonne the Group purchased was RMB638, RMB698, RMB646 and RMB592, respectively. In 2018, the policy of removing suboptimal production capacity in the coal industry continued, which caused a further concentration of the coal industry and the enhanced bargaining power of coal suppliers. Imported coal is subject to greater policy restrictions and exchange rate fluctuations, which increased the coal procurement risk of the Group's coal-fired power plants located in the coastal areas in China.

In 2017, 2018 and 2019 and the six months ended 30 June 2020, the Group did not experience any material shut-downs or reduced electricity generation caused by inadequate coal supplies or transportation services, but in the event of national coal supply shortfalls, any change in the Group's principal coal distributors or suppliers, the late delivery by the Group's principal coal distributors or suppliers, or their inability to meet the Group's quantity or quality requirements, the Group's business operations may be adversely and materially affected. Delivery disruption could occur for a variety of reasons beyond the Group's control, including transportation bottlenecks, accidents and natural disasters. The Group cannot assure that it can avoid disruption in, or unavailability of, coal transportation services, which would have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's wind power and solar power projects depend heavily on suitable meteorological conditions.

The quantity of electricity generated from a wind or solar power project will depend on the associated meteorological conditions, such as wind and solar conditions. Variability in wind and solar

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conditions can cause the Group's project revenues to vary significantly from period to period. The Group decides where to construct wind or new solar power projects, as well as the Group's electricity generation estimates, based on meteorological studies conducted on the project site and its region. For example, before the construction of a new wind project, the Group will measure the wind speed, prevailing direction and seasonal variations. Projections of wind resources will also rely upon assumptions about turbine placement, interference between turbines and the effects of vegetation, land use and terrain, which involve uncertainty and require the Group to exercise considerable judgement. Before the construction of a solar power project, the Group will measure the amount and intensity of sunlight under different weather conditions at different times. The Group may make inaccurate assumptions in analysing the wind, sunlight and other meteorological conditions and in projecting future conditions. Even if the historical wind or sunlight resources of a project are consistent with its long-term estimates, the unpredictable nature of wind or sunlight conditions often results in daily, monthly and yearly material deviations from the average wind or sunlight resources the Group may anticipate during a particular period. If the wind or solar resources at a project site are materially below the average levels the Group expects for a particular period, the Group's revenue from electricity sales from such project could be less than expected. Any of these factors could cause the Group's wind or solar power projects to generate less electricity than the Group expects and reduce the Group's revenue from electricity sales, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Certain power plants of the Group are located in regions where there is excessive power supply, which may intensify competition for grid access and dispatch priority.

According to the China Electricity Council data, the power supply in the north-eastern and north-western regions of China exceeded power demand in 2019, and such excess is expected to continue in the foreseeable future. Some of the Group's coal-fired power plants are located in the north-west of China, especially in Gansu province, and thus may face greater competition for grid access. The Group has adopted several measures to maximise the usage of the power generated, including enhancing marketing strategy and market analysis to seek more customers who engage the Group to supply power directly, and instigating a power generation plan supported by market experiences. The Group cannot assure that these measures will effectively improve the Group's position in grid accessing, or at all.

The power industry in which the Group operates depends heavily on domestic economic conditions, and the industry may be materially affected by any severe or prolonged economic downturn.

The power industry is closely correlated with macroeconomic economic cycles. A downward economic cycle may directly cause a reduction in the demand for industrial electricity production and an increase in the intensity of competition among power companies. Since 2012, as a result of the unstable international economic environment and China's aggregate economic growth slowing down, various factors led to China's electricity consumption growth slowing on a year-on-year basis. According to Frost & Sullivan, the average utilisation hours of power generators in China experienced a decrease during 2013 to 2016, and then a stable recovery from 2016 to 2019. According to Frost & Sullivan, total power consumption in China increased from 5,971.0 TWh in 2014 to 7,225.5 TWh in 2019 at a CAGR of 5.1%.

China's economic growth may also slow down due to recent developments surrounding the trade and other tensions with the United States since April 2018. The prospect of amicable resolution

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of such tensions and the lasting impact they may have on the general economic, political and social conditions in China remains uncertain. Should the tensions between the United States and China begin to materially impact the PRC economy, the demand for industrial electricity production may decrease, and our business, results of operations and financial conditions could be materially and adversely affected.

At present, China's economic growth faces pressure. With unpredictability in relation to domestic and foreign economic and geopolitical situations, China's economic growth and restructuring are uncertain. China's annual GDP growth rate has been slowing in recent years and was 6.1% in 2019, the lowest since 1991. As China is undergoing economic restructuring, China may not be able to maintain a high rate of economic growth in the future. An economic slowdown in China could materially and adversely affect electricity markets in China, which could adversely affect the Group's business, financial condition and results of operations.

The Group may face limitations on the dispatch of electricity generated due to the delay in grid construction, grid congestion, or other grid constraints, which may affect the operation of the Group's projects and may have a material adverse effect on the sales of electricity generated from the Group's power generating projects, as well as the Group's business, financial condition and results of operations.

Power generation in PRC outpaces power grid construction. The transmission and dispatch of the output of the Group's power generation projects, particularly renewable energy projects, may be curtailed as a result of various grid constraints, such as grid congestion, or grid breakdown resulting in constraints on transmission capacity of the grid and restrictions on electricity dispatch during certain periods. Grid congestion may be caused by the increased supply of electricity due to rapid economic growth, resulting in periods when grids do not have sufficient capacity to transmit and dispatch the full output of their connected power projects. If grid congestion happens, the relevant grid could require a project to reduce the amount of power generated, which in turn would reduce the Group's expected revenue from that particular power project. The Group may not be able to receive compensation for reductions in generation due to a grid constraint. The Group relies on local grid companies in the PRC to construct and maintain the infrastructure and provide the electricity transmission and dispatch services necessary to connect the Group's power generating projects to their respective grids and to maintain that connection, and there can be no assurance that the grid companies will do so in a timely manner, or at all. Any reduction in dispatched output due to grid congestion or other constraints may have a material adverse effect on the sales of electricity generated from the Group's projects, as well as the Group's business, financial condition and results of operations.

Future changes in regulations or pricing policies may affect the Group's business, financial conditions and results of operations.

The Group is subject to governmental regulations in virtually all aspects of its operations, including the amount and timing of power generation, the setting of on-grid tariffs, and compliance with power grid control and dispatch directives.

For existing power projects in China, except as otherwise regulated by laws and regulations, the on-grid tariffs are currently subject to a review and approval process on a regular basis involving the relevant local government authorities, or the NDRC, as the case may be. For more details, see "Regulation — PRC Laws and Regulations Relating to the Power Industry". The Group has little influence on setting its tariff rates.

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In March 2015, the Central Committee of the Communist Party of China (“**CPC Central Committee**”) and the State Council issued a notice “Certain Opinions of the CPC Central Committee and the State Council on Further Implementation of System Reform in Electricity Industry (Zhong Fa [2015] No. 9)” 《中共中央、国务院关于进一步深化电力体制改革的若干意见》（中发[2015]9号）（the “**Opinions**”). In order to implement the Opinions, the NDRC and NEA jointly published a series of government instructions stating that except for electricity for crucial social functions, the output and price for all electricity is fully marketised, and thus the power price is increasingly affected by demand and supply in the market, which may bring fluctuations to the power price. Furthermore, in light of marketisation reform of the power industry, the Group’s planned output are also subject to change. Any of the above may affect the Group’s business, financial condition and results of operations.

In recent years, the NDRC or the relevant local government authorities adjusted the on-grid tariffs of coal-fired, hydropower, wind and solar power from time to time. If they reduce the relevant on-grid tariff in the future, the Group’s operating income and net profit may be adversely affected. The Group cannot assure that the sales price of electricity will not decline in the future. If there is any significant reduction in the on-grid tariff, it could have a material adverse effect on the Group’s business, financial position or results of operations.

The Company’s major subsidiaries were subject to certain administrative penalties in the past, where the Group was required by local development and reform commissions or price bureau to return the environmental protection premiums received in excess of the on-grid tariff and pay fines, with an aggregated amount of RMB3.04 million for 2017, 2018 and 2019 and the six months ended 30 June 2020, due to failure by its coal-fired power plants to constantly meet emission standards set for receiving environmental protection premiums.

The business, financial condition and results of operations of the Group will be affected by any material changes in the PRC laws and regulations relating to the power industry. The Group incurs costs in regulatory compliance. An increase in the cost of compliance could increase the Group’s operating costs and expenses and may have a material and adverse effect on the Group’s business, financial condition and results of operations.

The operations of the Group’s business may be adversely affected by the failure of key equipment, power facility construction or power supply systems, and the failure to repair or maintain our equipment in a timely manner may result in a loss of revenue and an increase in maintenance costs.

The breakdown of power generating equipment, or failure of other key equipment or of a civil structure in one or more of the Group’s power generating projects, could disrupt the generation of electricity and result in the Group’s revenues being lower than expected. Furthermore, any material breakdown or failure of the Group’s transmission systems could disrupt the transmission of electricity by a power generating project to the local power grid. In addition, the Group relies on suppliers of key equipment to provide part of the operational and maintenance services. According to the Group’s equipment purchase agreements, the Group’s suppliers generally cover inspection and maintenance services and component repair or replacement during the warranty period. The Group’s in-house technical team for certain projects will continue to perform part of the operational and maintenance activities following the expiration of such terms. If the Group’s external equipment suppliers or its in-house technical team fails to provide inspection, maintenance or repair works for key equipment and systems in a timely manner or at all, the Group’s power generation and business operations could be interrupted or delayed, possibly without warning.

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The Group faces increasing competition from existing and new power projects, some of which may have more resources than the Group, which could reduce the on-grid tariff, the dispatch volume and the Group's utilisation hours and adversely affect the Group's revenue and profitability.

In China, the Group primarily competes with the national, provincial, local and other power generation and investment companies for dispatch volume, fuel and labour required to operate the Group's power projects. The Group's revenue is very sensitive to changes in dispatch volume that impact the Group's utilisation hours. In the markets where the Group sells power, the Group competes with other power projects for dispatch and there can be no assurance that the dispatch centres will not give preferential dispatch treatment to other power projects. In addition, the Group may encounter competition from other power suppliers. The tariff is in the process of marketisation, and the intensified competition may lead to decreases in the on-grid tariff. Other power suppliers may build new and more effective power projects in the areas where the Group operates. Further, other renewable energy technologies, such as nuclear power, geothermal power and biomass power, may become more competitive or attractive in the future. Competition for dispatch priority and volume from such producers may intensify if the technology used to generate electricity from these other clean and renewable energy sources becomes more sophisticated and cost-effective. If the Group is unable to maintain and increase its competitiveness in the future, the Group's market share, revenue and profitability may decrease, which would have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the Group competes with competitors for the acquisition of power projects and capital required in order to develop new power projects. Some of the Group's competitors have been operating for a longer period than has the Group, and have access to more financial resources, stronger support from their groups or affiliated companies and/or better government relationships than the Group. The ability of the Group's competitors to access resources that it does not have access to, including labour and capital, may prevent the Group from acquiring additional power projects in strategic locations or from increasing the Group's generating capacity. Failure to secure new greenfield or brownfield projects, to acquire additional power projects or other resources necessary to compete could have a material adverse effect on the Group's business, financial condition and results of operations.

The completion of the Group's projects is subject to uncertainties beyond the Group's control, which may cause the Group's projects to become incapable of operating as planned or at all.

Given the Group's expansion and development, together with the highly regulated environment and capital extensive nature of its business, the Group may experience delays in the completion of the Group's power projects and the total construction costs of these power projects may exceed the Group's initial budget. The Group may suffer construction delays or construction cost increases as a result of a variety of factors, including:

- failure to secure interconnection to transmission lines;
- failure to receive adequate bank borrowings on favourable terms, or at all;
- failure to secure required regulatory permits or approvals on time;
- failure to receive critical components and equipment from third parties on schedule and according to design specifications;
- failure to receive quality and timely performance of third-party services such as third-party contractors, suppliers and civil engineering firms for construction work;

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- inclement weather conditions;
- adverse environmental and geological conditions; and
- force majeure or other events beyond the Group's control.

Any of these factors could give rise to delays or additional costs to the Group's projects, which may prevent the Group from completing construction of a project, or operating such project profitably, and impair the Group's business, financial condition and results of operations.

The Group's growth strategy depends in part on the Group's ability to manage its future development effectively.

The Group's growth strategy is dependent in part on its ability to manage future development, such as its ability to successfully expand its business, to hire, train and retain new personnel, to establish and maintain adequate financial control and prudence relating to the funding of such projects, and to manage a growing, and larger, operation and portfolio. The Group cannot assure that it will be able to: (i) expand its project portfolio through greenfield development, or in a timely manner; (ii) allocate adequate human resources; (iii) identify, hire and retain qualified personnel; (iv) maintain amicable relationships with its major customers; or (v) manage its expanded projects efficiently. If the Group fails to effectively manage future development, its results of operations, financial condition and business prospects could be materially and adversely affected.

The existing and future businesses or projects the Group develops or invests in may not be profitable and may subject the Group to other expenses, losses or liabilities.

The businesses that the Group develops or invests now and in the future may not be as profitable as expected, or at all, especially considering the pressure faced by China's economic growth, the uncertainties associated with the reforms of the PRC power industry and the increasing competition in renewable energy globally. The projects the Group is currently developing, such as the Lianghekou Hydropower Project and the Yangfanggou Hydropower Project, are expected to bring sound investment return to the Group in the future. However, in constructing large-scale hydropower projects, the Group faces uncertainties such as complicated hydrological and geological conditions, slow immigration progress or increased relocation costs and a long capital recovery period. Unexpected risks may also result from changes in regulatory policies, human resources, protests or litigation brought by environment protection organisations and natural disasters during the construction of the Group's projects. In addition, situations such as unexpected delays in construction, cost overruns and unstable operation may occur during implementation of the projects. Each of the factors may become a challenge to a project's profitability and may cause the investment profits to deviate from those expected, which may adversely affect the Group's business, financial condition and results of operations.

Investments that the Group carries out may also cause the Group to incur liabilities, or result in the impairment of goodwill or other intangible assets, or incur other related expenses. The due diligence work the Group conducts in connection with an investment may not be sufficient to discover unknown liabilities or defects, and any contractual guarantees or indemnities that the Group receives from the sellers of the companies the Group has invested in may not be sufficient to protect the Group from, or compensate the Group for, actual liabilities or defects, and its forecast of potential demand may not meet the actual demand at such locations. Any material liability associated with an investment

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could adversely affect the Group's reputation and reduce the benefits of the investment. In addition, if any one of the Group's observations or assumptions proves to be inaccurate, the Group's estimated return on investment may not be accurate or may not be materialised at all.

Changes in technology and government policies in the renewable energy industry could render the Group's existing wind power, solar power and other renewable energy projects and technologies uncompetitive or obsolete.

In the Notice on Wind Power Projects Construction and Management for 2018 issued by the NEA, it is required that the on-grid tariffs for new onshore and offshore wind power projects should be determined by bidding from 2019. As the construction costs of wind power and solar power projects become lower, in May 2019, the NDRC issued the Circular on Improving the Policy of On-grid Tariff for Wind Power (《国家发展改革委关于完善风电上网电价政策的通知》), which states that on-grid tariffs of centralised onshore wind power projects and all offshore wind power projects that are newly approved are determined through competition and shall not be higher than government-guided prices of wind power in their resource areas. This may lead to more intensified competition and may adversely affect the Group's wind power, solar power and other renewable energy business.

As at 30 June 2020, the Group's wind power, solar power and other renewable energy projects in operation accounted for 7.8% of consolidated installed capacity. The development of the renewable energy business will bring certain risks to the Group due to the differences between different power generation businesses in terms of technological process and power generation technology. For solar power projects, the Group relies on crystalline silicon; for wind power projects, the Group relies on wind turbines. These technologies may be subject to continual evolution and change. The Group cannot assure that it will be able to keep pace with technological changes in a timely manner or at a reasonable cost, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's overseas operations and its plans for further overseas expansion are subject to factors such as situations within and practices of the power industry, legal system, political situation and economic development in overseas markets in which the Group operates.

The Group has actively explored overseas power markets and completed the equity acquisition of UK onshore and offshore wind-power project companies and an Indonesian coal-fired power project company. However, overseas project operations will place higher requirements on the production, operational and management abilities of the Group.

The Group's overseas operations may encounter situations and practices that are specific to the local power industry. For example, in the UK, the wholesale electricity market is fully liberalised. Therefore, power generation companies face greater competition in the UK than in China in electricity transmission, pricing and other aspects. In addition, in the UK market, without an executed offtake agreement, power generation companies are exposed to the fluctuations of electricity price and demand, which may bring uncertainties to the business and financial prospects of the Group's projects. Moreover, the wholesale market electricity price in the UK may become more volatile due to the increasing share of renewable energies in its power market and the constantly changing fuel and carbon prices, which may bring adverse effects to the Group's business, financial condition and results of operations.

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Additionally, the economic development status, economic policy environment, political situation, exchange rate fluctuations and other factors in the region where the project is located will have a direct impact on the operations and performance of the overseas project, thus exposing the Group to certain overseas operational risks. These international operations are subject to special risks that can have a material adverse effect on the Group's results of operations. These risks include but are not limited to:

- unsettled political conditions, war, civil unrest and hostilities in countries and regions in which the Group operates or seeks to operate;
- undeveloped legal systems;
- political and economic instability in foreign markets;
- natural disasters;
- fluctuations and changes in currency exchange rates;
- obligations and limitations imposed by local laws and regulations, such as for the purpose of environmental protection;
- PRC regulations and approval processes relating to overseas investments; and
- governmental actions such as expropriation of assets, general legislative and regulatory environment changes, exchange controls, cancellation of contract rights, and changes in global trade policies imposed by other countries, in particular, sanctions, trade restrictions and embargoes imposed by the United States due to its recent tensions with China.

To date, instability in the overseas political and economic environment has not had a material adverse effect on the Group's business, financial condition, results of operation and prospects. However, the Group cannot predict the effect that current conditions affecting various foreign economies or future changes in economic or political conditions abroad could have on the economics of the Group's power projects overseas. Any of the factors above may have a material adverse effect on the Group's international operations and expansion plans and, consequently, the Group's business, financial condition and results of operations.

Natural disasters or other catastrophic events may cause damage or disruption to the Group's operations.

The Group's power generating projects are subject to interruption by natural disasters and other events beyond its control, including, but not limited to, earthquakes, typhoons, storms and floods, as well as disasters caused by human actions and other deliberate or inadvertent actions which may affect the operation of the Group's power generating projects. Such events could make it difficult or impossible for the Group to deliver services. A number of the Group's generation and other critical business operations are located near major seismic faults such as Sichuan province. Catastrophic events such as earthquakes, floods or other similar occurrences could interrupt the Group's operations; cause unplanned outages or reduce generating output; damage the Group's assets; and cause personal injury or death. As a result, the Group could incur costs to purchase replacement power, to repair assets and restore service, and to compensate third parties. Because significant recovery time could be required to resume operations, the Group's financial condition and operating results could be materially adversely affected.

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In addition, severe communicable disease outbreaks, including the recent outbreak of COVID-19 across China and around the world, may injure the Group's employees, cause loss of life, or disrupt the Group's business operations. Further, such events could lead to widespread health crises, may materially and adversely affect the general economy, the demand for electricity consumption, and may in turn materially adversely affect the Group's financial condition and results and operations.

Since the outbreak of COVID-19 in early 2020, governments worldwide have implemented various measures with the aim to curb the spread of COVID-19, including entry restrictions for foreign travellers and domestic social-distancing measures. In China, stringent measures, including mandatory quarantines and travel restrictions, were imposed in numerous regions across the PRC in an effort to contain the outbreak, causing a noticeable reduction in regional and national economic activities, which may in turn affect the Group's financial conditions and results of operations.

Although industries and enterprises across the PRC have gradually resumed operations and production since March 2020, following a continued decrease in the number of confirmed infections, the Group cannot foresee whether the outbreak of COVID-19 will be effectively contained worldwide, nor can the Group predict the severity and duration of its impact. The Group will continue to monitor the development of COVID-19, assess and actively respond to its impact on the business operations. If the outbreak is not effectively and timely controlled, the Group's business operations and financial condition may be materially and adversely affected due to slowdown in national and global economic growth, weakened demand for electricity consumption, or other factors that the Group cannot foresee. Any of these factors and other factors beyond the Group's control could have an adverse effect on the overall business environment, cause uncertainties in the regions where the Group conducts business, cause the Group's business to suffer in ways that the Group cannot predict and materially and adversely impact the Group's business, financial condition and results of operations.

The Group may not have adequate insurance to cover hazards or accidents that are customary to the power industry.

The operation of the Group's power generating projects may be interrupted upon the occurrence of, including but not limited to, any of the following events:

- supply interruptions;
- the breakdown or failure of equipment or processes;
- difficulty or inability in finding suitable replacement parts for equipment;
- unplanned outages or disruption in the transmission of electricity generated due to system failures;
- permit and other regulatory issues, licence revocation and changes in legal requirements;
- unforeseen engineering and environmental problems; or
- unanticipated cost overruns.

The Group cannot assure that it will be able to adequately control the impact of these events. The Group has entered into insurance policies to cover risks associated with its business such as property insurance, machinery and equipment damage insurance, public liability insurance and employer liability insurance. While the Group believes this insurance coverage is commensurate with its business structure and risk profile, the Group cannot assure that its current insurance policies will

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insure it fully against all risks and losses that may arise. In addition, the Group's insurers review the insurance policies annually, and the Group cannot assure that it will be able to renew these policies on similar, or otherwise acceptable, terms, if at all. If the Group were to incur a serious uninsured loss, or a loss that significantly exceeded the limits of its insurance policies, its business, financial condition and results of operations could be materially and adversely affected.

The Group's power generation facilities may cause accidents or significant harm to human health, which may have serious consequences.

Power generation operations involve significant risks and occupational hazards that are inherent in such activities and may not be completely eliminated through the implementation of preventive measures. Factors such as insufficient attention to safety or maintenance and working conditions associated with production could result in damage to human health or accidents. The main types of occupational hazards include dust, noise, explosions, radiations, high-temperature and high-pressure steam and fires. For example, in 2016 one worker of the external contractor of the Group died at work when cleaning the coal feeder. Whilst the accident was primarily due to the worker's own non-compliance with the relevant operation rules, the Group was required to strengthen the management of its operations to prevent similar accidents.

The Group has formulated a complicated occupation health management system to enhance operational safety. The Group periodically organises training for its employees to improve their self-protection and safeguarding abilities. In addition, the Group annually prepares occupational health examination for its employees and engages external professional institutions to conduct occupational hazard inspections and reviews so as to avoid or limit occupational hazards. However, as some occupational hazards are inherent, there can be no assurance that the health protection mechanism maintained by the Group will provide adequate protection in certain circumstances.

The Group relies on the effective functioning of information technology systems and any information technology system limitations or failures could adversely affect its business, financial condition, results of operations and prospects.

The Group's business depends on the integrity and performance of the business, accounting and other data processing systems at the holding company and at its subsidiaries. If the Group's systems are not be able to effectively address the issues arising from an increased business or otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response times and limitations on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. Although the Group's systems have not experienced major systems failures and delays in the past, there is no assurance that the Group's systems would not experience future systems failures and delays, or that the measures taken by the Group to reduce the risk of system disruptions are adequate. If internet traffic and communication volumes increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade the Group's technology, systems and network infrastructure. There is no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

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The interests of the Group and of minority shareholders may not be aligned with those of SDIC.

As at the Latest Practicable Date, SDIC held 49.18% of the Company's Shares. Upon the completion of the Offering, SDIC will hold an aggregate of between 48.02% of the Company's Shares (assuming the Over-allotment Option is not exercised) and 47.91% of the Company's Shares (if the Over-allotment Option is exercised in full). Under the Company's Articles of Association and pursuant to the relevant rules of the Shanghai Stock Exchange, shareholders with an equity interest of 3% or above in the Company have the ability to nominate directors. In addition, shareholders with an equity interest of 1% or above in the Company have the ability to nominate independent directors. Four of the Company's eight current Directors were nominated by SDIC. Subject to the Company's Articles of Association and applicable laws and regulations, SDIC may, by voting its shareholding at general meetings of shareholders, have the ability to influence the Company's major policy decisions, including, among other items, the appointment of executive officers, business strategies and policies, the timing and amount of dividend distributions, material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to the Group's capital structure, amendments to the Company's Articles of Association and other actions that require the approval of the Board and shareholders. It is possible that differences in opinion may arise from time to time between SDIC and other shareholders and the interests of SDIC may be inconsistent with the interests of other shareholders. Decisions taken by the shareholders through a voting mechanism may not fully satisfy the interests of all shareholders. The Company cannot guarantee that SDIC will influence the Company to pursue actions that are in the best interests of other shareholders. For example, SDIC may have the ability to hinder a transaction involving a change of control of the Group pursuant to which a holder of the GDRs might otherwise receive a premium for the securities over the then-current market price. In addition, SDIC is not prohibited from selling all or a portion of the shares it holds in the Group to a third party and may do so without approval of the other shareholders.

Risks related to the Group's legal and regulatory aspects

The Group's business and operations are highly regulated by and subject to permits by relevant regulatory authorities and the permits obtained may be further adjusted, suspended, withdrawn or revoked by the relevant government authority.

The development, construction and operation of the Group's power generating projects are highly regulated and subject to strict PRC laws and regulations administered by relevant PRC government authorities, such as the SASAC, NDRC, NEA, MNR and the MEE, as well as their provincial and local counterparts. Government regulations address virtually all aspects of the Group's operations, including, amongst others, the following:

- planning and construction of new power projects;
- the granting of approval on construction land to the Group's projects;
- the granting of permits relating to the Group's operations;
- the power grid voltage qualification rate and power supply reliability;
- the setting of on-grid tariffs charged by power suppliers and end-user tariffs paid by customers;
- environmental protection and safety standards; and
- taxes, in particular, enterprise income tax and VAT.

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In particular, before the Group constructs and operates its power generating projects, the Group must first obtain operational and construction permits from various authorities, including but not limited to zoning and land use right approvals. Procedures for granting such permits and approvals vary from region to region, and certain projects may not receive their operational or construction permits in a timely manner for a variety of reasons. Third parties may challenge a decision to grant the Group operational and construction permits in some provinces after local authorities have granted the Group such permits. After receiving the permits, the Group must comply with laws and regulations, as well as the conditions contained in the operational and construction permits. Failure to achieve the above may result in fines, sanctions, and/or the suspension, revocation or non-renewal of approvals, licences or permits. However, government authorities may adjust, suspend, withdraw or revoke the permits they have granted to the Group due to various reasons such as change of land use plan. Any adjustment, suspension, withdrawal or revocation of the permits the Group obtained may cause delay to the construction of the projects. These factors could have an adverse effect on the Group's business, financial condition and results of operations.

Further, if the Group intends to develop and expand its business through the development of new power projects or the acquisitions of power projects and related operating companies and businesses from third parties in or outside the PRC, such development and acquisitions may be subject to various governmental and regulatory approvals, consents, reports and filings. Under the PRC laws and regulations and governmental policies (which may change from time to time), acquisitions of PRC or offshore power projects and related operating companies and businesses by any member of the Group may be subject to approvals of and/or registrations with various PRC governmental and regulatory authorities, including but not limited to SASAC, CSRC, NDRC, MOFCOM and SAFE or their local counterparts.

It is significant for the Group to operate in compliance with regulatory requirements. A breach of laws or regulations to which the Group is subject may result in serious consequences, including, but not limited to, the imposition of fines, penalties or suspension or revocation of permits or licences. Complying with the extensive rules and requirements may require the Group to incur significant compliance costs, which could increase the Group's operating and maintenance costs and expenses and materially and adversely affect the Group's business and results of operations.

The Group does not possess the land use right certificates or building ownership certificates for certain land and buildings owned by the Group.

Parts of the land and buildings of the Company's major subsidiaries in China have yet to obtain the ownership certificates, which are still in the processing procedures. For example, as at 30 June 2020, the major subsidiaries had not obtained the land use right certificates for their Lianghekou and Yangfanggou hydropower projects which were under construction:

- Lianghekou Hydropower Project has an expected installed capacity of 3,000.0 MW and is planned to commence commercial operation in phases between 2021 to 2023. The application processes of the construction land approval and the land use right certificates have been delayed because 648,503 sq.m. of the land was subsequently classified by the local department of land and resources in 2017 as permanent farmland that requires compensation after MLR had preapproved the land use and zoning plan in 2013. The project has obtained the construction land approval from MNR and is in the process of obtaining land use right certificates.

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- Yangfanggou Hydropower Project has an expected installed capacity of 1,500.0 MW and is planned to commence commercial operation in phases between 2021 and 2022. This project has obtained the construction land approval and is in the process of obtaining land use right certificates.

As at 30 June 2020, the major subsidiaries had not obtained land use right or building ownership certificates for 11 of their operating power generating projects. They had not obtained these certificates primarily due to legacy reasons, and they are actively coordinating with the relevant government authorities to reach resolutions. According to Frost & Sullivan, in China it is not uncommon for power projects to commence construction while the land use right certificates are being applied for. Such application could take ten years or even longer to complete, depending on the competent authorities' review and approval progress.

If the certificates mentioned above cannot be obtained on time, or at all, the major subsidiaries' ability to transfer or dispose of such land or buildings or to use such land or buildings to provide security may be limited. It may also adversely affect such major subsidiaries' ability to obtain relevant permits or approvals, the absence of which may result in adverse consequences, including, but not limited to, the imposition of fines, penalties or suspension of operations. Any of the above may adversely affect the Group's business, financial condition and prospects. As advised by the Group's PRC legal adviser, the Group believes that the lack of land use right and building ownership certificates will not have a material adverse effect on its financial position or results of operations, due to the following: (i) in 2017, 2018 and 2019 and the six months ended 30 June 2020, the Group did not experience any business disruption nor were any administrative penalties imposed on the group due to the lack of land use right and/or building ownership certificates; (ii) regarding certain parcels of land, the Group has obtained construction land approval from competent authorities; and (iii) regarding certain parcels of land and buildings, the Group has obtained confirmation from competent authorities that it was expected that the procedure to obtain such certificates would not face any material uncertainty or obstacle after completing the prerequisite procedures.

The Group's operations are subject to extensive safety standards and regular inspections and examinations by relevant regulatory authorities.

The stringent national requirements on production safety may require the Group to maintain significant input in production safety management. Some of the Group's projects under construction are located in the mountainous regions with harsh natural conditions, and complex terrain and geology. The construction of these projects may involve a large number of construction personnel and may take extensive periods of time. If a major safety accident occurs in the construction or production process, it will have a negative effect on the production and operation of the Group.

In addition, the Group is subject to examination, investigation and audit by the PRC regulatory authorities. If, as a result of any such audit, material irregularities or other instances of non-compliance were found to have been committed by the Group, the Group may be subject to fines and other administrative penalties, which may adversely affect the Group's reputation, as well as the Group's business, financial condition and results of operations.

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The Group is a party to certain legal proceedings and may be involved in legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result.

The Group may be involved in disputes from time to time arising from the ordinary course of its business with various parties with respect to power generation, including government authorities, contractors, suppliers and partners and other social entities. These disputes may lead to legal or other proceedings and may result in substantial costs and diversion of resources and management's attention and may have a material and adverse effect on its reputation and the Group's business and results of operations.

The Group is involved in a number of ongoing litigation and arbitration matters. For example, the China Biodiversity Conservation and Green Development Foundation filed an environmental tort lawsuit against one of the Group's subsidiaries, Yalong River Hydropower, in 2015, claiming that the planned Yagen I Hydropower Project and Yagen II Hydropower Project may have adverse effects on a type of endangered wild plant and attempting to prevent the construction of the project until effective measures to protect the endangered wild plants are adopted. As at the Latest Practicable Date, a trial at first instance had been held and the case was still pending. The Group cannot guarantee that it will successfully defend all of these legal proceedings. If found liable on such claims, the Group could face significant monetary damages, injunctions and/or a negative impact on its reputation.

There can be no assurance that the Group will not be involved in legal or administrative proceedings in the future that may result in outcomes which may have a material adverse effect on the Group's business, financial condition and results of operations or have a negative impact on the Group's reputation or brand. Further, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that result in pecuniary liabilities and cause delays to the Group's ordinary course of business.

If the PRC government adopts new and stricter environmental laws, promotes more favourable policies for renewable power or policies to reduce excessive capacity of coal-fired power, and additional capital expenditure is required to comply with such laws, the operation of the Group's coal-fired power business may be adversely affected, and the Group may be required to make additional investments in order to comply with these environmental laws.

Coal-fired power projects constitute a large proportion of the Company's power generating assets. In the process of production, coal-fired power enterprises need to meet the standards set by the central and local PRC governments in discharging pollutants such as wastewater, waste gas and coal ash. As laws, regulations and policies on environmental protection, including the Environmental Protection Law of the People's Republic of China (《中华人民共和国环境保护法》), Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China (《中华人民共和国大气污染防治法》), Law on the Prevention of Water Pollution of the People's Republic of China (《中华人民共和国水污染防治法》), Environmental Impact Assessment Law of the People's Republic of China (《中华人民共和国环境影响评价法》), Integrated Scheme of Reform of Eco-civilisation System (《生态文明体制改革总体方案》), Action Plan for Upgrading and Renovation of Coal and Electricity Energy Conservation and Emission (Year 2014-2020) (《煤电节能减排升级与改造行动计划(2014-2020年)》), and Work Programme for Strengthening Air Pollution Prevention and Control in Energy Industry (《能源行业加强大气污染防治工作方案》), are introduced and implemented step by step, the power industry faces all around and stringent environmental protection standards. At the same time, as public

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awareness of environmental protection awakens, and attention to the weather and air quality becomes increasingly high, the Group also faces increasing reputational risk relating to environmental protection.

Further implementation of environmental protection policies and improvements in public awareness of environmental protection may cause an increase in the Group's cost of environmental protection in the future, which may have a negative impact on the Group's business performance and financial situation. In addition, if the government promotes policies more favourable to renewable power and reduces excess capacity in coal-fired power in the future, the Group's coal-fired power plants may need to reduce power generation capacity or even be shut down, which will have a material adverse impact on the Group's business performance and financial situation.

The Group may incur additional costs if the Group becomes subject to additional environmental compliance requirements in connection with its hydropower business.

The Group is required to comply with PRC national and local regulations relating to environmental protection for the construction and operation of its hydropower plants. To the extent the Group's hydropower plants may have been in compliance with then PRC environmental protection laws and regulations at the time they were constructed, there can be no guarantee that the PRC government will not require the retroactive application of current laws and regulations to them. Compliance with environmental regulations can result in significant costs, and non-compliance with these regulations may adversely affect the Group's enterprise image, and potentially lead to monetary damage and fines, as well as suspension of the Group's business activities. Furthermore, if more stringent regulations are adopted in the future, the costs of regulatory compliance could increase, and failure to comply with such regulations may lead to fines and suspension of the Group's operations, and the Group's reputation, business, financial condition and results of operations may be adversely affected as a result.

Future legislation and regulation on carbon emissions in the PRC may adversely affect the Group's coal-fired business.

Emissions trading schemes set a limit on the aggregate amount of carbon dioxide that can be emitted in a country, as well as a cap on each individual company's carbon emissions. Companies whose emissions exceed their individual cap may need to purchase carbon permits from companies with lower emissions. As a result, under emissions trading schemes, power companies that utilise high-emission fuels such as coal or oil may be less competitive than renewable or clean energy companies.

The PRC government has recently approved carbon emissions trade pilot programmes in seven areas in the PRC, in line with its efforts to substantially reduce emissions per unit of economic output by 2020. The pilot districts of Shenzhen, Beijing, Shanghai, Tianjin, Guangdong province, Hubei province and Chongqing have started the operation of carbon emissions exchange. In 2017, the NDRC implemented the "National Carbon Emission Trading Market Construction Plan (Power Generation Industry)" (《全国碳排放权交易市场建设方案(发电行业)》) and set up a national carbon emission trading platform. The Group's Beijiang Coal-fired Power Project has participated in a pilot programme for trading carbon emission on a small scale.

As at 30 June 2020, 38.2% of the Group's consolidated installed capacity comprised coal-fired projects. Due to strong environmental performance of the Group's coal-fired power generating units,

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the Group has comparatively low carbon emissions, and thus the Group is not required to purchase carbon permits in the market. However, in the future, compliance with these cap and carbon emissions trading schemes may result in significant increases in costs due to a need to purchase carbon credits or make additional technological investments to reduce the Group's emissions, and could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Risks related to the Group's financial aspects

The Group operates in a capital-intensive business, and failure to obtain capital on terms acceptable to the Group may increase its financing costs and cause delays in its expansion plans.

The power generation business that the Group engages in is capital-intensive, characterised by large investment and long construction periods in the process of power supply construction. At the same time, with the continual expansion of the Group's business and investment scale, and its new and existing projects becoming larger in scale, the demand for funds has also increased correspondingly. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's gearing ratio (total debt to equity) was 218.5%, 195.6%, 179.1% and 179.2%, respectively.

The Group currently has several projects under construction or proposed, which require significant capital investment and accordingly may put pressure on the Group's working capital. The uncertainty of future interest rate levels and national credit policies will affect the amounts of the Group's borrowing and interest expenses to a certain degree, which may adversely affect the Group's results of operations.

In order to continuously expand the scale of production and operation, the Group is expected to continue to maintain large capital expenditures in various business segments in the future. The Group's capital expenditures, comprising the purchases of property, plant and equipment and intangibles, was RMB11,654.7 million, RMB10,244.7 million, RMB10,044.0 million and RMB4,754.2 million in 2017, 2018 and 2019 and the six months ended 30 June 2020, respectively. Greater capital expenditures may cause the Group's financing scale to increase and the gearing ratio to rise, therefore having an adverse impact on the Group's future operations and debt service.

The Group's ability to arrange financing and financing expenses, is dependent on numerous factors, including, but not limited to:

- general economic and capital market conditions;
- credit availability from banks or other lenders;
- restrictive covenants or undertakings in existing financing arrangements; and
- the performance of the Group's power projects.

No assurance can be given that in the longer term the Group will always be able to secure financing from reliable sources on commercially reasonable terms to fund its new projects or acquisitions, or at all. If the Group fails to obtain such adequate financing in the longer term, its ability to expand its business may be hindered and the prospects of its future operations may be materially and adversely affected.

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The Group's borrowing levels, interest payment obligations and net current liabilities could limit the funds available for various business purposes.

Due to the growth of the Group's business in the past several years, it has relied on bank and related party loans and bond issues to fund a substantial portion of its capital requirements, and expects to continue to do so in the foreseeable future. The Group's indebtedness was RMB132,658.2 million, RMB137,292.8 million, RMB133,231.7 million and RMB133,912.2 million as at 31 December 2017, 2018 and 2019 and 30 June 2020, respectively.

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's net current liabilities amounted to RMB21,773.2 million, RMB17,791.9 million, RMB9,799.3 million and RMB14,513.0 million, respectively. The Group may continue to have net current liabilities in the near future. The Group's leverage and high net current liabilities could constrain its operational flexibility and may have adverse consequences, which include: (i) requiring the Group to use a substantial portion of its cash flows from operations to service its debt, thereby reducing the cash flows available for working capital, capital expenditures or other general corporate purposes; (ii) increasing the Group's exposure to interest rate fluctuations; and (iii) limiting the Group's ability to obtain, and increasing the cost of, additional financing to fund future working capital, capital expenditures or general corporate purposes.

The Group is subject to risks associated with changes in the preferential tax treatment applicable to some of its subsidiaries.

The Group is subject to various PRC taxes, including the current statutory PRC enterprise income tax rate of 25.0%, as determined in accordance with the relevant PRC tax rules and regulations. However, PRC tax laws and regulations provide certain preferential tax treatments applicable to different enterprises, industries and locations. Some of the Company's subsidiaries are currently taxed at preferential rates due to the nature of their business activities and/or the location of their operations. For example, a number of major subsidiaries enjoy a preferential income tax of 15.0% due to their locations in western China as supported by the "Go West" policy in China. Moreover, certain hydropower, wind power, solar power or other renewable energy projects enjoy a three-year period of full EIT exemption commencing from the first year with operating revenue, followed by a three-year period of half EIT reduction. In 2017, 2018 and 2019 and the six months ended 30 June 2020, the Group's effective tax rate was 11.8%, 13.1%, 15.5% and 19.0%, respectively. In addition, certain subsidiaries engaged in wind power, solar power and other renewable energy generation are entitled to a 50.0% rebate of the VAT levied on their electricity sales. Any change or elimination of such preferential tax treatments may materially and adversely affect the Group's business, financial condition and results of operations.

Fluctuations in exchange rates could have an adverse effect on the Group's results of operations.

A substantial portion of the Group's revenue and cost of sales is denominated in Renminbi. However, as the Group conducts part of its businesses overseas, and the Group has made, and expects to continue to make, equity and other investments in overseas projects, its foreign exchange-denominated assets and liabilities, mainly in US Dollars, GBP and THB, are expected to increase as a result. The Group is therefore subject to risks associated with foreign exchange fluctuations.

The value of the Renminbi against US Dollars, GBP, THB and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of Renminbi into foreign currencies is based on rates set by the PBOC. The PRC

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government has been changing its foreign exchange policies and may adopt further reforms of its exchange rate system, including making Renminbi freely convertible. These changes in policy have resulted in fluctuations of Renminbi against US Dollars. There can be no assurance that such exchange rate will remain stable against US Dollars, GBP, THB or other foreign currencies in the market. While international reaction to the Renminbi revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant depreciation of Renminbi against US Dollars, GBP, THB or other foreign currencies. Further depreciation of Renminbi against these currencies may lead to an increase in the costs of the Group's overseas operations. Fluctuations in exchange rates may adversely affect the value, translated or converted into US Dollars, GBP and THB, of the Group's net assets, earnings and any declared dividends.

The Group's hedging strategy may not adequately protect it from commodity price risks, foreign exchange and interest rates, which may adversely affect its business, financial condition and results of operations.

The Group's power projects expose it to volatility in the price of fuel, particularly coal prices. In addition, the Group is exposed to interest rate risk resulting from fluctuations in interest rates on its loans. Lending interest rates may increase in the future if the PRC government decides to further tighten its monetary policy. In an effort to reduce its fluctuations in fuel prices, foreign exchange rates and interest rates, the Group assesses the appropriateness of entering into a financial hedge to stabilise its projected revenue streams. While the Group currently does not extensively engage in any hedging activities, it may choose to do so in the future.

Any hedging activities the Group undertakes may fail to protect or could harm its results of operations because, among other things: (i) hedging can be expensive, particularly during periods of volatile prices; (ii) available hedges may not correspond directly with the risks that the Group is seeking to manage; (iii) the duration of the hedge may not match the duration of the risk that the Group is seeking to manage; and (iv) the counterparty or clearing agent to a hedging transaction may default on its obligation to pay or deliver under the forward contract. The Group's inability to effectively manage risks associated with potential hedging activities may have a material adverse effect on its business, financial condition and results of operations.

The Company is a holding company, and depends on distributions from its subsidiaries and associates. Any inability to receive distributions or dividends from, any defects in the operation of, or any inefficient management of its subsidiaries and associates may have a material adverse effect on its business, financial condition and results of operations.

In recent years, the Company has expanded its business scale while the number of subsidiaries has increased. To a certain extent, this has brought difficulties of the management of organisation, finance and production, and higher demands on the effectiveness of the internal control system. There may be inadequate management risks caused by poor control of subsidiaries which may adversely affect the Company's operating results. At the same time, as the Company may not be directly engaged in business activities as the controlling shareholder, the main business is carried out by the subsidiaries. Therefore, the operating status, financial status and dividend policy of the subsidiaries directly affect the investment income and cash flow obtained by the Company. If the profit distribution of the Company's holding subsidiary is reduced, this will have a material adverse effect on its financial condition.

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Furthermore, if the subsidiaries and associates incur debt on their own behalf in the future, the loan agreements governing that debt may restrict their ability to pay dividends or make other payments to the Company. Any inability to receive distributions or dividends from the subsidiaries and associates may have a material adverse effect on the Company's business, financial condition and results of operations.

Risks related to the PRC

Changes in the economic, political and social conditions in the PRC may have a material adverse effect on the Group's business, results of operations and financial condition.

A substantial majority of the Group's assets are located in China, and substantially all of its revenue is derived from its businesses in China. Accordingly, the Group's business, financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, government involvement, level of economic development, growth rate, foreign exchange controls and resources allocation.

Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for almost four decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasising the utilisation of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adjusted or modified, or applied inconsistently, from industry to industry or across different regions of the country. If the business environment in China changes, the Group's business in China may also be materially and adversely affected.

The PRC legal system is evolving and may have uncertainties that could limit the legal protection available to the Group and investors.

The Company is incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, these laws and regulations may be subject to different interpretation and inconsistently enforced. In addition, there is a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value unless the Supreme People's Court otherwise provides. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group and investors.

Investors may have limited recourse against the Company or the Company's Directors, Supervisors and executive officers because they generally conduct their operations outside the United Kingdom.

The Company's main presence outside the UK may limit the legal recourse of investors against it or its Directors, Supervisors or executive officers. The Company is incorporated under the laws of

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the PRC and a substantial majority of its assets and subsidiaries are located in the PRC. In addition, all of the Company's Directors, Supervisors and executive officers reside within the PRC and the assets of these Directors, Supervisors and executive officers are likely to be located within the PRC. As a result, it may not be possible to effect service of process within the UK or elsewhere outside the PRC upon the Company's Directors, Supervisors and executive officers. Moreover, the PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgements made by courts of the UK or most other western countries. As a result, recognition and enforcement in the PRC of judgements of a court in any of these jurisdictions in relation to any matter that is not subject to a binding arbitration provision may be difficult or impossible. These limitations may deprive investors of effective legal recourse for claims related to their investments in the GDRs.

Risks related to the GDRs and the Offering

There has been no prior public trading market for the GDRs and an active trading market may not develop or be sustained in the future.

Prior to the Offering, there has been no public market for the GDRs. Furthermore, there can be no assurance that an active trading market for the GDRs will develop or be sustained after the Offering or that the price at which the GDRs will trade in public markets subsequent to the Offering will not be lower than the final Offer Price. If an active trading market is not developed or maintained, the liquidity and trading price of the GDRs could be adversely affected. In addition, there can be no certainty as to the basis on which market makers will provide liquidity in the secondary market, which could negatively affect the terms on which investors are able to transact in the GDRs.

The market price of the GDRs may be highly volatile.

Investors may not be able to resell their GDRs at or above the Offer Price, or at all, as the market price of the GDRs after the Offering may be adversely affected by factors within or outside the Group's control, including, but not limited to, variations in the Group's results of operations, economic and market conditions, or changes in government regulations. In addition, noting that the settlement of redemptions of GDRs through a Designated Broker (where the Designated Broker sells the underlying A Shares on the Shanghai Stock Exchange) may take place on either a two-trading-day rolling basis or a three-trading day rolling basis (which may therefore be a slightly longer settlement cycle than the usual two-trading-day rolling basis and at times such period may be further prolonged by public holidays in relevant jurisdictions), price volatility may increase the risk of failed trades occurring.

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. As such, there is a possibility that no stabilisation activities will be carried out in connection with the Offering, which would entail a greater risk of price volatility following the Offering.

Future sales of GDRs or A Shares could depress the market price of the GDRs.

Sales of substantial amounts of GDRs or A Shares (which are listed on the Shanghai Stock Exchange) following the completion of the Offering, or the perception that these sales will occur, could adversely affect the market price of the GDRs.

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The Company's ability to pay dividends in the future depends, amongst other things, on the Group's financial performance and is therefore not guaranteed.

To the extent that the Company pays dividends, the distribution of dividends will be dependent upon a number of factors, including the future profit, financial position, statutory reserve requirements, amount of distributable reserves, available credit of the Company and the general economic conditions and other factors that the Directors deem significant from time to time. Also, the Company's ability to declare and pay cash dividends on the GDRs may be restricted by, amongst other things, covenants in any credit facilities that the Company may enter into in the future, the recovery of any accumulated losses in the future and provisions of PRC law. Therefore, there can be no assurance that any dividend will be paid, nor can there be an assurance as to the amount, if any, which will be paid in any given year, and GDR holders may not receive any return on their investment in the GDRs unless they sell their GDRs for a price greater than that which they paid for them.

Furthermore, as a portion of the Company's business is undertaken through its subsidiaries, the Company is reliant on distributions from these companies in gathering cash flows to pay a dividend. A material decline in revenues generated by one or more of the Company's subsidiaries or the occurrence of a material investment by the Company in relation to any subsidiary could prevent the Company from making distributions to its shareholders and GDR holders. In addition, in the event of the insolvency, bankruptcy, liquidation, dissolution or winding-up of a subsidiary, secured and unsecured creditors of the subsidiary will have the right to be paid before any distributions are made to the Company. These factors could have a material adverse effect on the Company's ability to pay dividends to its shareholders and GDR holders.

Future issues of A Shares may dilute the holdings of GDR holders.

In order to raise funding in the future, the Company may issue additional new A Shares, including in the form of GDRs. Holders of the GDRs may not have any pre-emptive rights with respect to any new equity issuances by the Company. Accordingly, if and when the Company issues A Shares in the future, the percentage holding of a shareholder and, indirectly, a GDR holder in the Company (and, therefore, the economic investment made by the shareholder and, indirectly, a GDR holder) will be diluted if such shareholder or, indirectly, GDR holder, does not acquire its proportional entitlement of additional new Shares or GDRs (as the case may be).

Following the Offering, holders of A Shares may not be able to deposit the A Shares in the Company's GDR facility in order to receive (or sell) GDRs, and changes in regulatory policy in the PRC with respect to the placement and circulation of the A Shares outside the PRC in the form of GDRs or otherwise may negatively affect the market for the GDRs being offered.

Whenever the Depositary believes that the A Shares deposited with it against issuance of GDRs represent (or, upon accepting any additional A Shares for deposit, would represent) a percentage exceeding any limit established by any applicable law, directive, regulation or permit, or trigger any condition for the making of any filing, application, notification or registration or for obtaining any approval, licence or permit under any applicable law, directive or regulation, or for taking any other action, the Depositary may close its books to deposits of additional A Shares to prevent such thresholds or limits being exceeded or conditions being satisfied.

As approved by the CSRC on 25 October 2019, the total number of A Shares represented by the GDRs to be offered may not exceed 678,602,334, and the total number of GDRs to be offered by the

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Company in the Offering may not exceed 67,860,233. The CSRC approval further states that the total number of outstanding GDRs may not exceed the actual number of GDRs offered by the Company in the Offering (i.e. 17,985,000), subject to adjustment in the event of certain corporate actions.

Furthermore, to the extent that stabilisation is undertaken, in order to ensure that there is sufficient headroom under the GDR facility, including under the cap on the number of GDRs prescribed by the CSRC (as referred to above), for the Company to issue new A Shares and sell GDRs representing such A Shares to the Stabilising Manager in order to satisfy the Company's obligations under the Over-allotment Option (if exercised), investors and shareholders of the Company may be prevented from depositing additional A Shares into the GDR facility in order to receive (or sell) GDRs for the duration of the Stabilisation Period.

The liquidity of, and market for, the GDRs could be adversely affected in the event that the Depositary closes its books to deposits of additional A Shares.

Voting rights with respect to the A Shares represented by the GDRs are limited by the terms of the Deposit Agreement and the relevant requirements of the PRC laws.

The holders of the GDRs (in their capacity as GDR holders) will have no direct voting rights with respect to the A Shares represented by the GDRs. They will be able to exercise voting rights with respect to the A Shares represented by the GDRs only in accordance with the provisions of the terms and conditions of the GDRs and the relevant requirements of the laws of the PRC generally applicable to all shareholders of the Company. See "Terms and Conditions of the Global Depositary Receipts". There are, therefore, practical limitations upon the ability of the holders of the GDRs to exercise their voting rights due to the additional procedural steps involved in communicating with them.

To exercise their voting rights, the holders of the GDRs must instruct the Depositary on how to vote the A Shares represented by the GDRs they hold. Because of these additional procedural steps involving the Depositary, the process for exercising voting rights may take longer for holders of the GDRs than for holders of the A Shares, and the Company cannot assure the holders of the GDRs that they will receive voting materials in time to enable them to return voting instructions to the Depositary in a timely manner. Following recent changes to applicable PRC law in relation to the minimum notice periods required to convene general meetings of shareholders, the Company has recently amended its Articles of Association to shorten the period of notice required to convene annual general meetings and extraordinary general meetings of its shareholders to 20 days' and 15 days' notice, respectively (compared with the 45 days' notice required before such changes). Under such short notice periods, there is a risk that holders of the GDRs may not receive voting materials in time to enable them to return voting instructions to the Depositary in a timely manner. The GDRs for which the Depositary does not receive timely, legible and clear voting instructions will not be voted, and the Depositary will not exercise any discretion as to voting, and will not vote or attempt to exercise the right to vote, the A Shares except pursuant to the voting instructions received from holders. However, if the Depositary receives timely voting instructions from a holder that are legible and clear but do not specify the manner in which the A Shares are to be voted, in accordance with customary market practice, the Depositary will deem such holder (unless otherwise specified in the notice distributed to holders) to have instructed the Depositary to vote in favour of the items in such voting instructions. In certain circumstances, the Depositary will represent all the A Shares underlying the GDRs regardless of voting instructions for the sole purpose of establishing a quorum at a meeting of shareholders.

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The Depositary is only required to execute the voting instructions of the holders of GDRs insofar as practicable and as permitted under applicable law. Holders of GDRs (in their capacity as GDR holders) will not be able to instruct the Depositary to: (i) introduce proposals for the agenda of shareholders' meetings or request that a shareholders' meeting be called; or (ii) nominate candidates for the Board of Directors or certain other of the Company's governance bodies. However, if holders of GDRs also hold A Shares, they may be able to introduce proposals, request that a shareholder meeting be called or nominate candidates in their capacity as shareholders if their shareholding reaches the required threshold.

GDR holders will not be able to redeem their GDRs and hold the underlying A Shares in their on-shore accounts or have the underlying A Shares held on their behalf by a Designated Broker.

Foreign investors are not generally able to hold A shares in Chinese companies pursuant to restrictions under PRC law, subject to certain limited exemptions, such as for QFIIs and RQFIIs. In addition, pursuant to the Shanghai-London Stock Connect scheme, GDR holders will not be permitted to redeem their GDRs and hold the underlying A Shares in an on-shore account (such as a QFII or an RQFII account, where they have such an account) or have the underlying A Shares held on their behalf by a Designated Broker. GDR holders that are QFIIs and RQFIIs (or are otherwise able to hold A Shares through another exemption) that wish to hold A Shares (for example, in order to exercise any of the rights that A shareholders have but which GDR holders do not) would need to sell some or all of their GDRs (either on the LSE (or another legitimate trading venue) or by redeeming their GDRs and selling the underlying A Shares on the Shanghai Stock Exchange) and separately buy A Shares outside the Shanghai-London Stock Connect scheme to be held in a separate (existing or newly established) QFII or RQFII or other account.

The fungibility of the GDRs and the A Shares is dependent on the availability of Designated Brokers.

One of the features of the Shanghai-London Stock Connect scheme is that investors will be able to redeem their GDRs in order to sell the underlying A Shares (although, as noted above, investors will not be able to hold the underlying A Shares in their on-shore accounts or have the underlying A Shares held on their behalf by a Designated Broker). Pursuant to the DR Provisions, the redemption of GDRs and subsequent sale of underlying A Shares may only be facilitated by certain Designated Brokers. In the United Kingdom, Designated Brokers are members of the LSE designated by the Shanghai Stock Exchange who hold accounts with members of the Shanghai Stock Exchange enabling them to create or redeem GDRs by buying or selling the underlying A Shares on the Shanghai Stock Exchange (subject to quotas imposed by relevant regulators, as described below).

This mechanism is intended to provide fungibility between the GDRs and the A Shares by enabling investors or their brokers to place sell orders with Designated Brokers who are able to seek the best price for the securities from either market.

The Shanghai Stock Exchange has approved 12 brokers to act as Designated Brokers in the United Kingdom. The PBOC and the SAFE published the Administrative Measures on Cross-border Funds under Depositary Receipts (For Trial Implementation) (存托凭证跨境资金管理办法 (试行)) in May 2019, which requires the Designated Brokers to file certain documents and register with the SAFE. Pursuant to their SAFE registration, each Designated Broker will be subject to restrictions relating to, amongst other things, the types of securities such Designated Broker can deal in (such as the A shares

RISK FACTORS

underlying GDRs, money market funds and treasury bills, and other securities as specifically approved by the CSRC), as well as daily inventory-related quotas on the maximum number and value of cash and securities held by such Designated Broker and foreign exchange-related quotas on the cumulative net inflow of funds into the PRC in connection with the redemption and creation of GDRs executed by such Designated Broker (which are not expected to give rise to any material risk to GDR holders). The CSRC and the FCA jointly published an announcement on 17 June 2019 (the “**Joint Announcement**”), providing that the cross-border currency flow under the Shanghai-London Stock Connect scheme is managed under a general quota, where the currency flow under west-bound GDR offerings shall not exceed RMB300 billion. The Joint Announcement also provides that the daily inventory-related quota for each designated broker is RMB500 million. Pursuant to the Q&A on the Calculation of the Upper Limit of Overseas Securities Institutions’ Domestic Balance under Shanghai-London Stock Connect (关于沪伦通业务中境外证券经营机构在境内市场资产余额上限计算范围的问答) published by the Shanghai Stock Exchange on 17 October 2019, the calculation of such quotas shall exclude any underlying A shares and corresponding cash held by a Designated Broker for the purposes of redemption under the Shanghai-London Stock Connect scheme.

However, there can be no guarantee that the Designated Brokers will provide liquidity between the London and Shanghai markets or that the number of Designated Brokers will increase over time, and any failure to do so may restrict the ability of GDR holders to sell their GDRs through a Designated Broker selling the underlying A Shares to investors in China, thus limiting the available capital pool and, as a result, may mean that GDR holders cannot obtain the highest possible price for their GDRs. In addition, Designated Brokers will be able to set their own pricing terms and, if the number of Designated Brokers fails to increase, or decreases, over time, this may result in the fees payable to Designated Brokers becoming less competitive, potentially increasing costs for GDR holders when either buying GDRs by requesting a Designated Broker to buy A Shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A Shares or selling GDRs by requesting a Designated Broker to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange.

GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares for a period of 120 days following the date of Admission or during any period when trading in the A Shares on the Shanghai Stock Exchange is suspended and this may give rise to price risk to GDR holders.

The GDRs and A Shares are separate securities and there may be a price differential between the trading price of the GDRs on the LSE and the trading price of the A Shares on the Shanghai Stock Exchange. Whilst GDR holders will not be able to redeem their GDRs and hold the underlying A Shares in their on-shore accounts or have the underlying A Shares held on their behalf by a Designated Broker, pursuant to the Shanghai-London Stock Connect scheme, investors will (subject to the below) be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares. However, in accordance with the DR Provisions which apply to the Shanghai-London Stock Connect scheme, GDRs subscribed for by investors in the Offering may not be redeemed (that is, in order to sell the underlying A Shares) within 120 days following the date of Admission.

Trading in the A Shares on the Shanghai Stock Exchange may also be suspended from time to time. The Company may apply to the Shanghai Stock Exchange for a suspension of trading in its A Shares for a number of reasons (such as where the Company forecasts that it would be difficult to maintain the confidentiality of any material and disclosable information, the disclosure of which would

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have, or already has had, a significant impact on the price of the A Shares). During the period of any such trading suspension, it is expected that trading in the GDRs on the LSE will continue. However, during any such period, pursuant to the rules of the Shanghai Stock Exchange promulgated in connection with the Shanghai-London Stock Connect scheme, the Depositary will be required to prevent the redemption (or creation) of GDRs.

This may give rise to price risk to GDR holders. To the extent that the trading price of the A Shares is higher than the trading price of the GDRs (taking into account that one GDR will represent ten A Shares), GDR holders may not be able to take advantage of such higher price for the 120 days following the date of Admission or during any period when trading in the A Shares on the Shanghai Stock Exchange is suspended. For such period, GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem the GDRs and sell the underlying A Shares on the Shanghai Stock Exchange and GDR holders will only be able to sell their GDRs through the IOB of the LSE or another legitimate trading venue. The DR Provisions also restrict transfers of GDRs by the Company's controlling shareholder, actual controller or entities under their control for a period of 36 months from the date of Admission. As at the Latest Practicable Date, SDIC is the controlling shareholder of the Company.

Holders of the GDRs may be subject to exchange rate risk.

The GDRs are, and any dividends to be paid in respect of them will be, denominated in US Dollars. As dividends of the Company's A Shares are announced and paid in RMB, the final dividend proceeds GDR holders receive, which will be denominated in US Dollars, will be subject to exchange rate risk. An investment in GDRs by an investor whose principal currency is not US Dollars will also expose the investor to foreign currency exchange rate risk. Any depreciation of the US Dollar in relation to such foreign currency will reduce the value of the investment in the GDRs or any dividends in foreign currency terms.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

This Prospectus contains:

- Consolidated historical financial information on the Group as at and for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 (the “**Annual Historical Financial Information**”) prepared in accordance with International Financial Reporting Standards as adopted by the EU (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”), which are the subject of an Accountant’s report from BDO LLP; and
- Unaudited consolidated condensed interim financial information on the Group as at and for the six months ended 30 June 2020 (together with comparative financial information for the six months ended 30 June 2019) (the “**Half Year Historical Financial Information**”) prepared in accordance with IAS 34 as issued by the IASB, which have been reviewed by BDO LLP.

The Annual Historical Financial Information and the Half Year Historical Financial Information are collectively referred to herein as the “**Historical Financial Information**”.

EBITDA and EBITDA Margin

EBITDA and EBITDA margin are not IFRS measures and should not be considered as an alternative to net profit, net margin or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of the Group’s liquidity. The Group believes that inclusion of EBITDA and EBITDA margin is appropriate to provide additional information to investors about the Group’s operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. EBITDA and EBITDA margin have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the Group’s operating results as reported under IFRS.

A reconciliation of profit before tax from continuing operations for the period/year to EBITDA and EBITDA margin can be found in “Operating and Financial Review—Key Performance Indicators and Other Financial Metrics”.

Market Data, economic and industry data

This Prospectus contains historical market data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain information regarding market size, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this Prospectus consists of the Company’s estimates and conclusions based on their review of internal Group data, external third-party data and reports compiled by professional organisations and other sources, including Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. (“**Frost & Sullivan**”), an industry consultant firm of Room L235X, 1st Floor, No. 179, Maotai Road, Changning District, Shanghai.

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Frost & Sullivan has prepared, at the request of the Group for the purposes of this Prospectus, a report, dated 4 August 2020, on the Group and the markets in which it operates (the “**Frost & Sullivan Report**”). The Frost & Sullivan Report is an instance of expert information, commissioned by the Group. See “General Information” for further details.

The Company does not intend, and does not assume any obligation, to update industry or market data set forth in this Prospectus. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this Prospectus and estimates based on any data therein may not be reliable indicators of future market performance or the Group’s future results of operations. Moreover, future results and events may differ materially from the industry and market data projections and estimates contained in this Prospectus because of a series of reasons, including but not limited to: general market, macro-economic, governmental and regulatory trends; competitive pressures; technological developments; and commercial, managerial, operational or financial factors. Accordingly, there can be no assurance that such projected results or estimates will be attained.

The Company confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

Currency

In this Prospectus:

- “**Renminbi**” or “**RMB**” refers to Renminbi, the lawful currency of the PRC; and
- “**US Dollars**” or “**US\$**” or “**USD**” refers to the lawful currency of the United States of America.

Rounding

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

No incorporation of website information

The contents of the websites of the Company and the Group do not form any part of this Prospectus.

Forward-looking statements

Certain statements in this Prospectus are not historical facts and are “forward-looking”. Forward-looking statements include statements concerning plans, objectives, goals, strategies, economic and regulatory conditions affecting the Group, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “will”, “may”, “target”, “should” and similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements appear in a number of places in this Prospectus including, without limitation, “Risk Factors”, “Business” and “Operating and Financial Review”.

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The forward-looking statements in this Prospectus are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management's examination of historical operating trends, data contained in its records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and which are beyond its control, and the Company may not achieve or accomplish these expectations, beliefs or projections. The occurrence or non-occurrence of an assumption could cause the Company's actual financial condition and results to differ from or fail to meet expectations expressed or implied by, such forward-looking statements. Important factors that could cause the Group's actual results to so vary include, but are not limited to, those described in "Risk Factors", which should be read in conjunction with other cautionary statements that are included in this Prospectus.

When reviewing forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates. Such forward-looking statements speak only as at the date on which they are made and are not intended to give any assurances as to future results. To the extent required by EU Regulation no. 596/2014 on Market Abuse (the "**EU Market Abuse Regulation**"), the listing rules of the FCA (the "**Listing Rules**"), the Prospectus Regulation Rules and the disclosure guidance and transparency rules of the FCA (the "**Disclosure Guidance and Transparency Rules**"), and other applicable regulations, the Company will update or revise the information in this Prospectus. Otherwise the Company undertakes no obligation to update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise and the Company assumes no other obligation to publish additional information. None of the Company, its management, the Joint Bookrunners or any of their respective affiliates can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments. Accordingly, prospective subscribers for the Offer GDRs should not rely on the forward-looking statements in this Prospectus and investors are strongly advised to read this Prospectus in its entirety.

All subsequent written or oral forward-looking statements attributable to the Company, or persons acting on the Company's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective subscriber for the Offer GDRs should not place reliance on these forward-looking statements and should specifically consider the factors identified in this Prospectus that could cause actual results to differ.

Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this Prospectus.

Service of process and enforcement of civil liabilities

The Company is a joint stock company incorporated in the PRC with limited liability, and substantially all of its assets and the Group's assets are located outside of the United Kingdom, and all members of the Company's board of directors are resident outside of the United Kingdom. As a result, it may not be possible to effect service of process within the United Kingdom upon the Company or any of its subsidiaries or such persons or to enforce UK court judgements obtained against them in

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

jurisdictions outside the United Kingdom. In addition, it may be difficult to enforce, in original actions brought in courts in jurisdictions outside the United Kingdom, liabilities predicated upon UK securities laws.

The Company has been advised by its PRC legal advisers, Fangda Partners, that there is uncertainty as to whether courts of the PRC would: (i) enforce judgements of English courts obtained against the Company or its Directors, Supervisors and executive officers predicated upon English law; or (ii) entertain original actions brought in the courts of the PRC against the Company or its Directors, Supervisors and executive officers predicated upon English law.

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The Company	SDIC Power Holdings CO., LTD is a joint stock company with limited liability established pursuant to the Company Law of the People's Republic of China. The Company's registered office is located at No. 147 Xizhimen Nanxiao Street, Xicheng District, Beijing, People's Republic of China.
The Offering	The Offering consists of an offering of 16,350,000 Offer GDRs (together with up to 1,635,000 Over-allotment GDRs), each representing ten A Shares. The Offering comprises an offering of Offer GDRs outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S. See "Selling Restrictions and Transfer Restrictions". Pursuant to the Offering, the Company has entered into the Cornerstone Investment Agreement with the Cornerstone Investor. For details, see "Plan of Distribution—Cornerstone Investor".
Joint Global Co-ordinators	Goldman Sachs International, UBS AG London Branch and HSBC Bank plc
Joint Bookrunners	Goldman Sachs International, UBS AG London Branch, HSBC Bank plc, China International Capital Corporation (UK) Limited and CLSA Limited
Company Adviser	Huatai Financial Holdings (Hong Kong) Limited
Offer Price	US\$12.27 per Offer GDR.
Depository	Citibank, N.A.
Custodian	Industrial and Commercial Bank of China Limited
The GDRs	One GDR will represent ten A Shares held in a CSDC account in the name of the Depository. The GDRs will be issued by the Depository pursuant to the Deposit Agreement. The GDRs will be evidenced initially by the Master GDR Certificate, which will be issued pursuant to the Deposit Agreement. See "Clearing and Settlement". The GDRs will have an infinite term. Following the Offering, pursuant to the Deposit Agreement, the A Shares represented by the GDRs will be held in a CSDC account in the name of the Depository for the benefit of the holders and beneficial owners of the GDRs.

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The Depositary may deduct per-GDR fees and other fees, charges and expenses as well as taxes and governmental charges from dividend distributions and may otherwise assess other per-GDR fees and other fees, charges and expenses to the GDR holders. See “Terms and Conditions of the Global Depositary Receipts — 19. GDR Fees and Charges”.

The GDRs will be freely transferable, subject to certain selling restrictions under the relevant laws in certain jurisdictions applicable to the relevant transferor or transferee and restrictions under the DR Provisions.

Investors should be aware that pursuant to the DR Provisions, GDRs subscribed for by investors in the Offering may not be redeemed within 120 days following the date of Admission. Therefore, for such period, GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange and will only be able to sell their GDRs through the IOB of the London Stock Exchange or another legitimate trading venue. For the avoidance of doubt, during such period investors will be able to buy GDRs by requesting a Designated Broker to buy A Shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A Shares, subject to the cap on the number of GDRs approved by the CSRC.

Investors should also be aware that pursuant to the DR Provisions and the rules of Shanghai-London Stock Connect promulgated by the Shanghai Stock Exchange the aggregate holding of a single overseas investor of the equities of the Company (including the A Shares and GDRs, whether held directly or indirectly) shall not exceed 10% of the Company’s total outstanding shares. In the event an overseas investor’s holding of equities exceeds such limit, such investor is required to liquidate the excess portion within five trading days. Furthermore, the DR Provisions and the rules of Shanghai-London Stock Connect promulgated by the Shanghai Stock Exchange also require that the aggregate interests in the Company’s A Shares held by all overseas investors shall not exceed 30% of the total outstanding shares of the Company. In the event the 30% limit is exceeded, overseas investors may be required to liquidate their holdings (in reverse chronological order of when such holdings were acquired). The foregoing restrictions do not apply to overseas’

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investors strategic investments as defined and regulated by the Measures for the Administration of Strategic Investment in Listed Companies by Investors (外国投资者对上市公司战略投资管理办法).

Over-allotment Option

The Company has granted to Goldman Sachs International an option, exercisable within 30 calendar days after the announcement of the Offer Price, to purchase additional GDRs up to a maximum of 1,635,000 Over-allotment GDRs, being 10% of the total number of GDRs sold in the Offering excluding the Over-allotment GDRs, at the Offer Price, solely to cover over-allotments, if any, in the Offering.

Listing and Trading

Application will be made: (i) to the FCA, as competent authority under the Prospectus Regulation, for an admission to listing of the GDRs on the standard segment of the Official List; and (ii) to the London Stock Exchange, for an admission to trading of the GDRs on the Shanghai-London Stock Connect segment of the London Stock Exchange's Main Market. The Main Market of the London Stock Exchange is a regulated market in the EEA for the purposes of MiFID II.

Admission to the Official List and unconditional trading in the GDRs on the London Stock Exchange through the IOB is expected to take place on or around the Closing Date. Conditional trading in the GDRs on the London Stock Exchange through the IOB commenced on a "when issued" basis on 19 October 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

Prior to the Offering, the A Shares are listed on the Shanghai Stock Exchange, but there has been no public market for the GDRs.

The GDRs will be evidenced by the Master GDR Certificate.

The security identification numbers of the GDRs offered hereby are as follows:

GDR ISIN: US78397C2098

GDR Common Code: 208999907

GDR CUSIP: 78397C 209

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GDR SEDOL: BL4PSR0

London Stock Exchange trading symbol: “SDIC”

Lock-Up

For a discussion of lock-up arrangements see “Plan of Distribution — Lock-up Provisions”.

Dilution

Existing shareholders will experience dilution of their holdings of A Shares and voting rights with respect to such A Shares of between 2.4% (assuming no exercise of the Over-allotment Option) and 2.6% (assuming the Over-allotment Option is exercised in full).

The net asset value per share as at 30 June 2020 was RMB11.01.

Use of Proceeds

For a discussion of the use of proceeds, see “Use of Proceeds”.

Taxation

For a discussion of certain United Kingdom and PRC tax consequences of purchasing and holding the GDRs, see “Taxation”.

Dividend Policy

GDR holders will be entitled to dividends declared, if any, in respect of any record date which falls after the date of Admission. For more details see “Dividend Policy”.

Voting Rights

The Deposit Agreement contains arrangements, summarised below, allowing holders of GDRs to vote the underlying A Shares in accordance with PRC law. Holders of A Shares are entitled to one vote per A Share at a shareholders’ meeting. See “Terms and Conditions of the Global Depositary Receipts”.

The Company will notify the Depositary of any meeting at which the holders of A Shares are entitled to vote, or of solicitation of consents or proxies from holders of A Shares or other Deposited Property. As soon as practicable after receipt from the Company of such notice, the Depositary shall fix the record date (which shall be as close as possible to the corresponding record date set by the Company) in respect of such meeting or solicitation of consent or proxy. The Depositary shall, if requested by the Company in writing and not prohibited by applicable law, and at the Company’s expense, distribute to Holders as at the record date: (a) such notice of meeting or solicitation of consent or proxy as well as any other material provided by the Company to the Depositary in connection therewith; (b) a

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statement that the Holders at the close of business in New York on the record date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Articles of Association and the provisions of or governing the Deposited Property (which provisions, if any, shall be summarised in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the A Shares or other Deposited Property represented by such Holder's GDRs; and (c) a brief statement as to the manner in which such voting instructions may be given.

Voting instructions may be given to the Depositary only in respect of a number of GDRs representing an integral number of A Shares or other Deposited Property. Subject to applicable law, the provisions of the Deposit Agreement, the Conditions, the Articles of Association and the provisions of or governing the Deposited Property, if the Depositary has received voting instructions from a Holder as at the GDR Record Date to vote the Deposited Property on or before the date specified by the Depositary, the Depositary shall endeavour, insofar as practicable and permitted by PRC law and practice, to vote or cause the Custodian to vote the A Shares and/or other Deposited Property represented by such Holder's GDRs for which timely and valid voting instructions have been received in the manner so instructed by such Holders.

A Holder of GDRs also has the right to share in profits of the Company and to receive the proceeds of any liquidation surplus. Payments of cash dividends and other amounts (including cash distributions) in relation to the GDRs will be made by the Depositary through Euroclear and Clearstream, Luxembourg on behalf of persons entitled thereto, upon receipt of funds therefor from the Company, net of the Depositary's fees, taxes, duties and charges.

Settlement and Transfer

Payment for the GDRs is expected to be made in US dollars in same-day funds through the facilities of Euroclear and Clearstream, Luxembourg on or around the Closing Date. The Company will apply to Euroclear and Clearstream, Luxembourg to have the GDRs accepted for clearing and settlement through the systems of Euroclear and Clearstream, Luxembourg. The Master GDR Certificate will be registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear and Clearstream, Luxembourg. Except in limited circumstances described

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herein, investors may hold beneficial interests in the GDRs evidenced by the Master GDR Certificate only through Euroclear or Clearstream, Luxembourg. Transfers within Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant system. See “Clearing and Settlement”.

USE OF PROCEEDS

The Group believes the Offering and the Admission will enhance the Group's international profile and support its global expansion.

The Company expects to receive gross proceeds of between approximately US\$200.6 million (assuming no exercise of the Over-allotment Option) and US\$220.7 million (assuming the Over-allotment Option is exercised in full) and net proceeds of between approximately US\$190.5 million (assuming no exercise of the Over-allotment Option) and US\$210.1 million (assuming the Over-allotment Option is exercised in full), after deducting the total fees (including underwriting commissions, assuming the discretionary fee is paid in full), costs and expenses payable by the Company in connection with the Offering of between approximately US\$10.1 million (assuming no exercise of the Over-allotment Option) and US\$10.6 million (assuming the Over-allotment Option is exercised in full) (inclusive of VAT).

The Company intends to use the net proceeds received from the Offering as follows:

- Approximately 70% of the net proceeds would be used to expand the Group's renewable energy business overseas, principally for developing its Inch Cape Offshore Wind Power Project, and selectively acquiring overseas renewable energy projects; and
- Approximately 30% of the net proceeds would be used to repay the Group's offshore indebtedness.

The foregoing use of proceeds may change in light of the Group's evolving business needs, regulatory environment and prevailing market conditions and in a way that is consistent with its business strategies and in accordance with applicable laws.

DIVIDEND POLICY

After completion of the Offering, the Company may distribute dividends in the form of cash or by other means that the Company considers appropriate. Any proposed distribution of dividends shall be formulated by the Board and will be subject to shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including the Group's results of operations, cash flows, financial condition, payments by its subsidiaries of cash dividends to the Company, business prospects, statutory, regulatory and contractual restrictions on its declaration and payment of dividends and other factors that the Board may consider important.

According to the applicable PRC laws and its Articles of Association, the Company will pay dividends out of its profit after tax only after it has made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory reserve equivalent to 10% of its profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of its registered capital, no further allocations to this statutory reserve will be required;
- allocation, if any, to a discretionary common reserve fund an amount approved by the shareholders of the Company in a shareholders' meeting.

Furthermore, as set forth in its Articles of Association, if it has profits and no unrecovered losses during the year and there are no significant investment or capital expenditure plans, the Company shall distribute cash dividends. The accumulated profits for distribution in the most recent three fiscal years shall be no less than 30% of the average annual distributable profits realised in the same period. The Group distributes dividends primarily in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. Any proposed distribution of dividends is subject to the discretion of the Board and the approval of the shareholders. The Board may recommend a distribution of dividends in the future after taking into account the Group's results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that the Board may deem relevant.

To the extent that dividends are declared and paid by the Company in the future, holders of GDRs on the relevant record date will be entitled to receive dividends payable in respect of the A Shares underlying the GDRs, subject to the terms of the Deposit Agreement. For additional information, see "Description of the Company's Share Capital — Rights, Preferences and Restrictions Attaching to Existing Shares — Rights to dividends".

CAPITALISATION AND INDEBTEDNESS

The tables below set out the Group's capitalisation and indebtedness as at 30 June 2020. This statement of capitalisation and indebtedness has been prepared under IFRS using policies which are consistent with those used in preparing the Historical Financial Information as set out in the F-pages of this Prospectus.

The capitalisation and indebtedness information as at 30 June 2020 has been extracted without material adjustment from the Historical Financial Information, as set out in F-pages of this Prospectus.

These tables do not reflect the effect of the Offering, and the following tables should be read together with "Operating and Financial Review" and the F-pages of this Prospectus.

Capitalisation and indebtedness

Gross indebtedness

	As at 30 June 2020 (unaudited) (RMB in millions)
Total current debt	
Guaranteed	88.6
Secured	819.4
Unsecured	20,268.4
Total current debt	21,176.4
Total non-current debt (excluding current portion of the long-term debt)	
Guaranteed	307.0
Secured	8,737.9
Unsecured	103,690.9
Total non-current debt	112,735.8

Capitalisation

	As at 30 June 2020 (unaudited) (RMB in millions)
Shareholder's equity	
Share capital	6,786.0
Other equity instruments	4,499.0
Reserves	8,391.1
Retained earnings	22,483.1
Total	42,159.2

There has been no material change in the Group's capitalisation since 30 June 2020.

CAPITALISATION AND INDEBTEDNESS

Net indebtedness

	As at 30 June 2020
	(unaudited) (RMB in millions)
Cash	10,033.3
Cash equivalent	—
Trading Securities	838.9
Total liquidity	10,872.2
Current Financial Receivable	7,297.7
Current bank debt	5,052.2
Current portion of non current debt	12,624.2
Other current financial debt	3,500.0
Current Financial Debt	21,176.4
Net current financial Indebtedness	3,006.5
Non-current bank loans	106,418.3
Bonds issued	5,400.0
Other non-current loans	917.5
Non-current financial indebtedness	112,735.8
Net financial indebtedness	115,742.3

INDUSTRY OVERVIEW

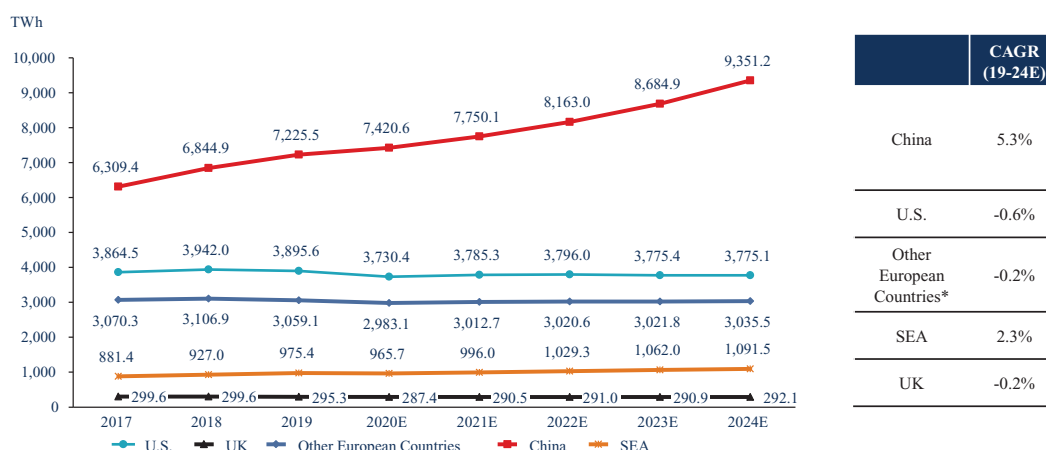
Unless the source is otherwise stated, the market, economic and industry data in this section is extracted from the Frost & Sullivan Report.

GLOBAL POWER INDUSTRY

Global power demand

Consumption volumes

In 2019, China consumed the most electricity among all countries in the world with total consumption of 7,226 TWh. From a power consumption per capita perspective, the United States recorded a usage of 11,870 kWh, which is the highest among China, US, SEA, UK and Other European Countries* in 2019. The differences in power consumption per capita are mainly driven by the local economic development, industrial structure and residents' living habits. In the US, the residential sector consumes the largest proportion of power. While in China, the industrial sector is the largest power consumer. The chart below shows the historical and forecasted annual power consumption in key regions globally from 2017 to 2024:



* Other European Countries refers to European countries except for Russia, Ukraine, Moldova, Belarus, Lithuania, Latvia, and Estonia
Source: EIA, EGAT, MEIH, EMA, Frost & Sullivan

Key market drivers

The key market drivers for power demand include economic developments, increasing electrification and improvements in energy efficiency as a result of technological advancement, among others. In particular, the market has seen rapid demand growth driven by the electric vehicles industry. According to Frost & Sullivan, the global electric vehicle sales volume reached more than 2.1 million units in 2019 and is expected to further increase to 8.4 million by 2024. Power transmission and distribution systems will also be upgraded to meet the expanding electric vehicles charging infrastructure.

Another important source of demand for power generation is the increasing number of data centres being built globally. According to Frost & Sullivan, investments in data centres exceeded US\$33 billion in 2019, and is expected to achieve US\$48 billion in investments by 2024.

INDUSTRY OVERVIEW

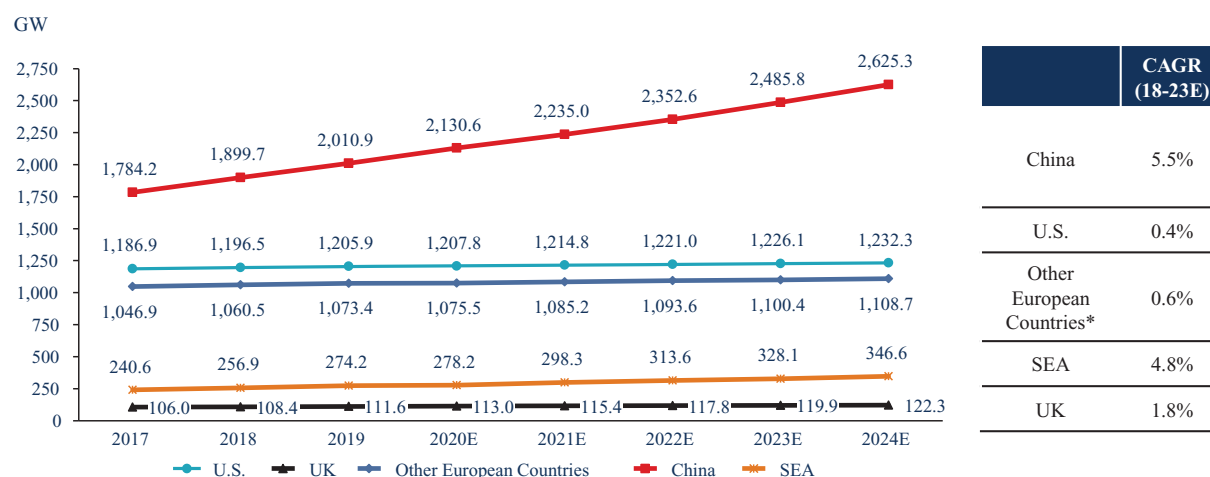
Global power supply

Ongoing trends

In the past decades, an increasing number of countries have introduced substantial incentives to support the renewable energy production. Investment in renewable energy, such as hydropower, wind power and solar power, has increased rapidly and is expected to continue to grow. It is forecasted that by 2024, more than 95% of the newly invested global power generation capacity will be renewable energy, and that 30.0% of the total power generated will be from renewable energy.

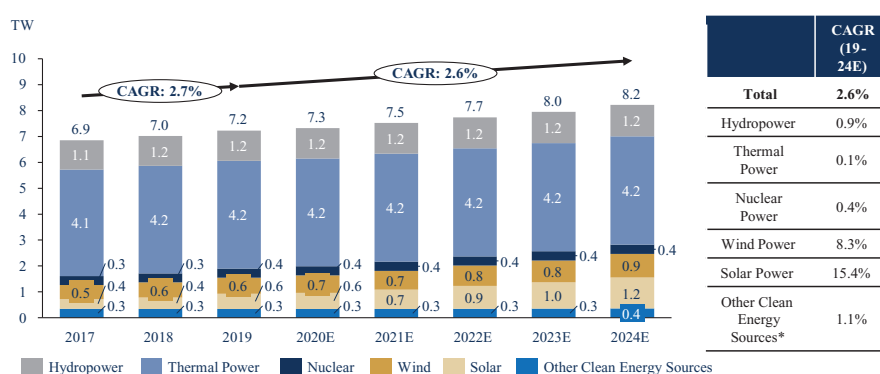
Power installed capacity mix and output

The global cumulative power installed capacity stood at 7.2 TW in 2019 and is forecasted to increase to 8.2 TW by 2024. The chart below shows the power installed capacity in major regions globally from 2017 to 2024:



Source: EIA, EGAT, MEIH, EMA, EVN, Frost & Sullivan

Among all energy sources, thermal power took the largest market share in 2019, and is expected to remain as the largest energy source by 2024. However, driven by the decarbonisation target, there is expectation of a slowdown in the build-up of thermal installed capacities from 2019 to 2024. Among the clean energy sources, wind power and solar power experienced the fastest growth in the last five years. Such growth is expected to continue going forward, given the decreasing costs of wind and solar power, more advanced grid technology and increasingly affordable storage. The chart below shows the historical and forecasted global cumulative power installed capacity by fuel type from 2017 to 2024:



INDUSTRY OVERVIEW

* Other clean energy includes biomass and waste, tide and wave, and geothermal, etc.
Source: EIA, Frost & Sullivan

CHINA POWER INDUSTRY

Macroeconomic backdrop

Nominal GDP per capita

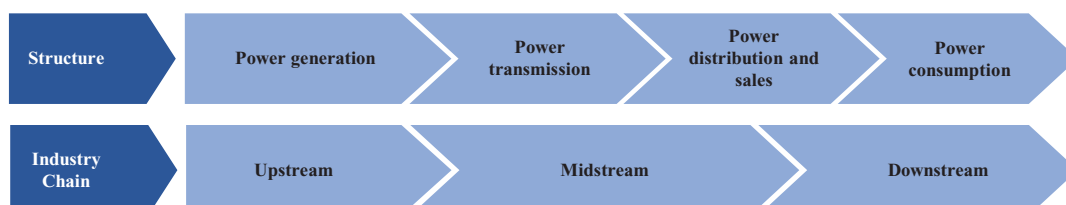
China's nominal GDP per capita increased from RMB58,600 in 2017 to RMB68,200 in 2019, representing a CAGR of 7.9%, and is expected to increase to RMB96,000 in 2024, with a CAGR of 7.1%. Meanwhile, the power consumption per capita has rapidly increased from 4,537 kWh in 2017 to 5,161 kWh in 2019 with a CAGR of 6.7%. However, based on the data of the US and OECD, China's power consumption per capita is still much lower than major developed countries, indicating a further growth potential. The rising nominal GDP per capita will contribute to the increase in electricity consumption per capita, which will stimulate the development of the PRC power industry.

Urbanisation

China is in the stage of rapid development of urbanisation. In 2019, the urbanisation rate was 60.6% and is expected to reach 67.0% by 2024. The Chinese government targets to increase the urbanisation rate further to 70% by 2030. Further urbanisation process will drive power consumption per capita and moderate population growth will enlarge the power user base.

China power value chain overview

China's power market consists of four parts, including power generation, power transmission, power distribution and sales, and power consumption.



Power Generation

China's power market is dominated by state-owned power operators. Top ten state-owned companies accounted for close to 55% of the total installed capacity in China in 2019, while private power operators only made limited contribution. The entry barriers to the China power market is high where the market players need to obtain both administrative permissions to conduct power business and initiate power projects, and capital to support large-scale projects. The table below lists out leading power operators in China by total installed capacity as at 31 December 2019.

INDUSTRY OVERVIEW

Rank	Company	Consolidated Installed Capacity (GW)	Market Share
1	China Energy Investment Group	245.8	12.2%
2	China Huaneng Group	169.0	8.4%
3	China Huadian Group	153.0	7.6%
4	State Power Investment Corporation	151.0	7.5%
5	China Datang Group	143.8	7.2%
6	China Three Gorges Corporation	65.6	3.3%
7	China General Nuclear Power	47.4	2.4%
8	China Resources Power	42.5	2.1%
9	Guangdong Energy Group	33.1	1.6%
10	Zhejiang Energy Group	32.1	1.6%
11	SDIC Power	30.7	1.5%
Total		1,111.4	55.4%

Source: Public Information, Frost & Sullivan

Power transmission

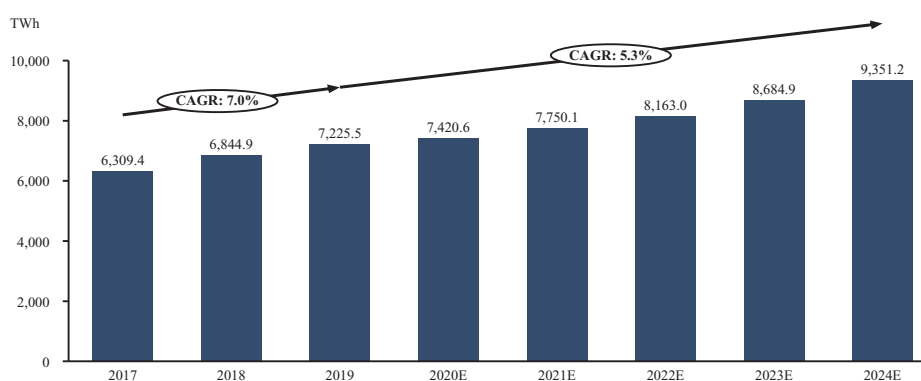
Since 2002, according to the national power system reform, the State Grid Corporation of China (“State Grid”) and China Southern Power Grid have been established to operate the majority of power grids in China. State Grid is responsible for the power transmission in 26 provinces of China, which covers around 90% of the national territorial area. China Southern Power Grid is responsible for power transmission in five southern provinces of China. Except for State Grid and China Southern Power Grid, there are some local power grid enterprises as well, such as Inner Mongolia Power Group, which is responsible for power transmission in western Inner Mongolia.

Power distribution and sales

State Grid and China Southern Power Grid are major participants in power distribution and sales in China. However, power distribution and sales have been open to private sector capital with the reform of power market.

Power demand and consumption in China

The below chart shows the historical trends and forecast of total power consumption in China:



Source: CEC, Frost & Sullivan

INDUSTRY OVERVIEW

Characteristics and trends of power consumption in China

Power consumption evolution and sector/type changes

The industrial sectors contributed most of the power consumption in 2019, which took 68.4% of total power consumption. However, with the structural transformation of China's economy towards the development of the services industry, the power consumption in tertiary industry has increased rapidly. The power consumption of the industrial sectors and the services industry grew at CAGR of 5.8% and 11.3%, respectively from 2017 to 2019.

Seasonality of power demand

Influenced by the climatic conditions and holiday schedules, there exists seasonality in power consumption in China. Generally, July, August and December are the peak seasons and February is the low season. The power generation and consumption in the remaining months are at similar levels.

Regional distribution of power demand

The following table shows the power consumption and power generation within the regions from 2017 to 2019:

TWh Region	Power Generation			Power Consumption		
	2017	2018	2019	2017	2018	2019
East	2,517.1	2,670.6	2,713.7	3,064.9	3,277.8	3,411.1
West	2,260.4	2,501.2	2,730.4	1,685.5	1,868.4	2,042.6
Central	1,319.3	1,438.2	1,478.7	1,182.3	1,295.9	1,354.1
Northeast	356.1	384.0	402.6	376.7	402.7	417.7
Total	6,452.9	6,994.0	7,325.3	6,309.4	6,844.9	7,225.5

Source: CEC, Frost & Sullivan

At present, the power consumption is mainly concentrated in eastern China. As at 2019, it accounted for 47.2% of China's total power consumption. China currently supports the construction of trans-regional transmission infrastructure to enhance inter-provincial transmission. "West-to-East Power Transmission" is one of the most important transmission projects in China. Future development of transmission infrastructure in China is expected to further stimulate cross-regional power demand.

Key drivers of the power consumption in China

Continuous growth of economy and power demand

With the increasing of GDP and growing demand from industrial production, the power consumption kept growing in the last five years. Additionally, with the improvement of living standards, residential power consumption has increased accordingly.

Industrial upgrading and changes in industrial power structure

In recent years, the industrial sectors is gradually turning into to intelligent and high-end manufacturing. In addition, under the promotion of the government, China's tertiary industry has also ushered in a boom. Driven by the upgrading of industries and the transformation of industrial structure, the demand for power consumption continues to grow.

INDUSTRY OVERVIEW

Development of new and emerging sectors

Driven by the continuous technological advancements and supportive policies, the new energy vehicle market is experiencing rapid growth in China. China is the largest new energy vehicle market in the world with sales volume of more than 1.21 million in 2019 and total ownership of more than 3.81 million by the end of 2019 according to the statistics from the CAAM. Additionally, China is actively promoting the development of rail transit. The total mileage of electrified railways, in 2019, was 100.0 thousand kilometres according to the NRA. Driven by supportive policies and continuous technological innovations, the information technology industry in China will maintain a rapid growth in the future. The development of information technology industry will drive increasing demand for power.

Power supply in China

The total power output in China reached 7,325.3 TWh in 2019, and is expected to further grow to 8,790.3 TWh in 2024.

Power output and installed capacity by fuel type

The following table sets out the historical and forecast power generation, by fuel type, from 2017 to 2024:

Unit: TWh	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Hydropower	1,194.7	1,232.9	1,301.9	1,356.5	1,411.5	1,472.8	1,541.3	1,608.3
Thermal Power	4,587.7	4,923.1	5,045.0	5,091.1	5,163.3	5,241.7	5,326.6	5,407.4
Wind Power	304.6	366.0	405.7	438.7	474.1	511.4	550.6	593.9
Solar Power	117.8	177.5	223.8	267.6	326.8	392.8	463.6	556.8
Others	248.1	294.5	348.9	396.9	453.4	506.3	557.1	623.9
Total	6,452.9	6,994.0	7,325.3	7,550.9	7,829.0	8,125.0	8,439.1	8,790.3

Source: CEC, NEA, Frost & Sullivan

The table sets forth the historical and forecast power installed capacity by fuel type during 2017 to 2024:

Unit: GW	2017	2018	2019	2020E	2021E	2022E	2023E	2024E
Hydropower	343.8	352.3	356.4	366.7	378.4	390.5	403.0	415.9
Thermal Power	1110.1	1143.7	1190.6	1222.7	1259.4	1297.2	1336.1	1376.2
Wind Power	163.3	184.3	210.1	236.1	249.1	266.5	289.2	309.4
Solar Power	130.4	174.6	204.7	251.2	288.2	331.6	382.5	440.1
Others	36.6	44.9	49.2	54.1	60.0	66.8	75.0	83.7
Total	1784.2	1899.7	2010.9	2130.6	2235.0	2352.6	2485.8	2625.3

Source: CEC, NEA, Frost & Sullivan

Currently, thermal power is, and will continue to be, the major power source in China. However, the Chinese government is promoting the development of clean energy, including hydropower, wind power, solar power and nuclear power. The hydropower is the second largest power source and is growing faster than thermal power in terms of power output. The proportion of wind power and solar power in total power output has also been growing steadily.

INDUSTRY OVERVIEW

Competitive landscape of power suppliers in China

Leading players in hydropower sector

The hydropower market is relatively concentrated in China, and the top ten operators accounted for approximately 55.0% of total consolidated installed capacity in 2019. As the seventh largest power operator of installed capacity in China, SDIC Power operated 16.8 GW hydropower installed capacity as at 31 December 2019, which accounted for 4.7% of the market share.

Rank	Company	Consolidated Installed Capacity (GW)	Market Share
1	China Three Gorges Corporation	49.5	13.9%
2	China Huadian Group	28.1	7.9%
3	China Datang Group	26.7	7.5%
4	China Huaneng Group	26.1	7.3%
5	State Power Investment Corporation	24.0	6.7%
6	China Energy Investment Group	18.6	5.2%
7	SDIC Power	16.8	4.7%
8	Guangdong Energy Group	2.3	0.7%
9	Gansu Electric Investment Group	1.7	0.5%
10	Sichuan Chuantou Energy	0.7	0.2%
Total		194.5	54.6%

Source: Frost & Sullivan

Leading players in renewable energy

China power operators are accelerating the deployment of renewable energy. SDIC Power ranks second among the top ten power operators in terms of the proportion of renewable energy installed capacity to total installed capacity. As at 31 December 2019, SDIC Power's renewable energy accounted for approximately 61.5% of the total installed capacity.

Rank	Company	Proportion of renewable energy installed capacity
1	China Three Gorges Corporation	93.8%
2	SDIC Power	61.5%
3	China General Nuclear Power	53.4%
4	State Power Investment Corporation	46.0%
5	China Huadian Group	39.7%
6	China Datang Group	32.6%
7	Guangdong Energy Group	29.7%
8	China Huaneng Group	27.9%
9	China Energy Investment Group	24.9%
10	China Resources Power	23.3%

Source: Frost & Sullivan

INDUSTRY OVERVIEW

Leading players in thermal power sector

The thermal power market is also relatively concentrated in China, and the top ten operators accounted for approximately 56.3% of total thermal power consolidated installed capacity in 2019. As one of the top ten power operators in China, SDIC Power's thermal power installed capacity reached 11.8 GW as at 31 December 2019, which accounted for 1.0% of the market share.

Rank	Company	Consolidated Installed Capacity (GW)	Market Share
1	China Energy Investment Group	184.7	15.5%
2	China Huaneng Group	127.8	10.7%
3	China Datang Group	97.2	8.2%
4	State Power Investment Corporation	81.6	6.8%
5	China Huadian Group	65.4	5.5%
6	China Resources Power	32.6	2.7%
7	Zhejiang Zheneng Electric Power	32.1	2.7%
8	Guangdong Energy Group	23.3	2.0%
9	Jingneng Power	14.2	1.2%
10	SDIC Power	11.8	1.0%
	Total	670.7	56.3%

Source: Frost & Sullivan

Power supply trends in china

Restructuring of power supply

The concerning situation of climate change and the intensified control of air pollution require the development of clean energy power plants. Meanwhile, power generators are also dedicated to improve the electricity efficiency, reduce the cost of electricity generation and increase return on investment of power plant through technology innovation.

Structural reform of the coal-fired power sector

In order to reduce the overcapacity in the coal-fired power industry, China has issued several policies to promote the supply-side reform in the coal-fired power industry. Many of the small coal-fired power plants tend to be phased out. The coal-fired newly installed capacity is under strict control. Additionally, China has been facilitating the implementation of emission reduction policies.

Prioritised dispatch of power generation

In order to better utilise the excess hydropower capacity, particularly in southwest China, the central government issued regulatory guidance (such as Notice on Promoting Hydropower Consumption in Southwest China (《促进西南地区水电消纳的通知》)) to promote the optimised allocation of hydraulics resources and prioritising hydropower generation. For instance, regarding the cross-region power transmission, hydropower in Southwestern China shall enjoy certain level of preferential offtake arrangement. Moreover, power grid constructions for hydropower transmission from southwest to the rest of China (Guangdong, Guangxi and Jiangxi provinces) are encouraged and emphasised to ensure the unimpeded power transmission in future.

Furthermore, NDRC and NEA also set out the Clean Energy Absorption Action Plan (2018-2020) (《清洁能源消纳行动计划(2018-2020年)》) in 2018, aiming to improve the utilisation rate of clean

INDUSTRY OVERVIEW

power generation through various efforts. According to the plan, by 2020, the national hydropower utilisation rate should reach above 95%; the national average wind power utilisation rate should strive to achieve 95%, while the wind power curtailment rate to be controlled at a reasonable level, i.e. at around 5%; the national average solar power utilisation rate should be higher than 95%, while the solar power curtailment rate to be under 5%.

Power prices in China

Power and power price evolution in China

Currently, the output of the plants consists of two parts, the planned output, according to the power generation plan, and the market-oriented output. In the planned power system, the government determines the planned power generation based on power demand. National grid companies purchase power from power generation plants based on the benchmark prices, which are also regulated by the government. With the promotion of the power system reform, the power sales through market-oriented power transactions keep increasing and accounted for around 39% of China's total power consumption in 2019.

In order to promote the development of clean energy, the NDRC and the NEA have published notices related to the orderly liberalisation of the power generation sector. The government stipulates that the existing large-scale hydropower, nuclear power, wind power, and solar power plants should be given priority in the dispatch of power. The total amount of prioritised clean power output in any given year should not be lower than the amount in the previous year or the average of those in recent years.

Key drivers

The power price in China is influenced by government policies, the cost of power generations and the dynamics of market supply and demand.

The cost of power is the main basis for the government to stipulate the power price. There are several factors that can affect the cost of power generation, such as the variation in fuel prices. Additionally, the development of technology also influences the cost of power generation, especially for solar and wind power.

The relationship between power supply and demand will gradually have increasing impacts on the power price with the promotion of power price marketisation.

Historical and forecast on-grid prices

Pricing method

Hydropower

The relevant pricing authorities primarily use the following three pricing methods to determine the on-grid tariff: (i) local price backward pricing; (ii) individual project pricing; and (iii) benchmark pricing;

- Hydropower projects whose generated power is subject to inter-provincial transmission are subject to the local price backward pricing method where the NDRC determines the on-grid tariff. Such on-grid tariff is determined with reference to the local market price at the power receiving side, after deducting the transmission price charged by the grid company.

INDUSTRY OVERVIEW

- Certain hydropower projects are subject to the individual project pricing method where the on-grid tariff is determined by the relevant pricing authority on a case-by-case basis. One of the key considerations is the construction and operating costs and the rate of return of the projects.
- Other hydropower projects are usually subject to the benchmark pricing method where the on-grid tariff is calculated based on the average costs of hydropower stations of the same category.

Coal-fired Power

The coal-electricity price linkage mechanism of China was removed on 1 January 2020. The new mechanism implemented since then sets the base tariff according to the prevailing benchmark on-grid tariffs of different regions, and allows a fluctuation within a floor of 15% and a cap of 10% from the base.

Wind Power

In China, wind power on-grid tariff is subsidised by the Renewable Energy Development Fund since 2009.

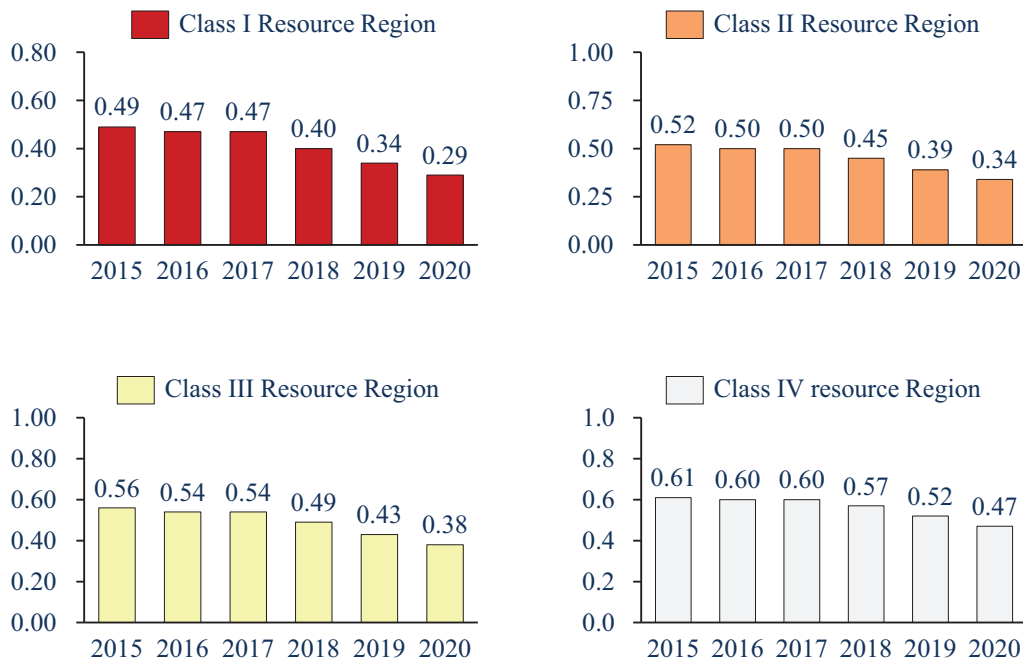
Waste-to-energy

The national unified benchmark tariff for waste-to-energy plants is set at RMB0.65 per kWh. The portion of this price exceeding the on-grid benchmark tariff of local desulfurisation coal-fired units is shared by both the local provincial power grid and the national subsidies for renewable energy tariff.

INDUSTRY OVERVIEW

Based on different levels of wind resources, China is divided into four regions with differential on-grid tariffs. As the costs of wind power generation have been decreasing in recent years, the on-grid tariff for wind power have also been reduced by the NDRC. The following figures set forth benchmark on-grid tariffs in different regions.

RMB/kWh



Source: NDRC, Frost & Sullivan

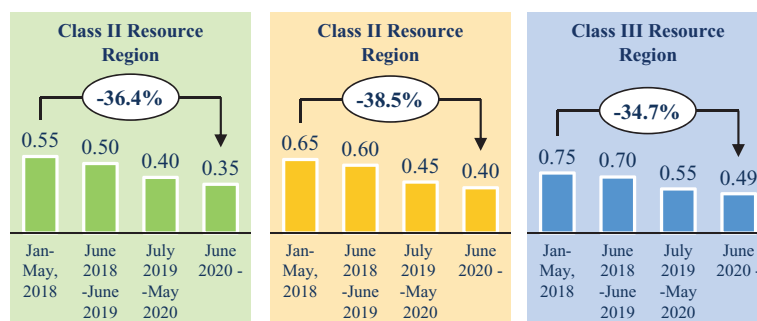
Since May 2019, the original benchmark on-grid tariff for wind power has been changed to the guidance price set by the NDRC. All newly approved on-grid tariff for centralised onshore wind power projects shall be determined through competition and shall not be higher than the guidance price in the region where the project is located.

INDUSTRY OVERVIEW

Solar

China has adopted on-grid tariff for utility-scale solar power generation since 2011, based on different solar radiation conditions in different regions. The on-grid tariff for solar power is also declining on the back of decreasing power generation costs of solar power. The following chart shows the on-grid price of utility-scale solar power generation in different classes of regions in China from 2016 to 2020.

RMB/kWh



Source: NDRC, Frost & Sullivan

In March 2020, NDRC issued the *Notice on Matters Related to the 2020 On-grid Tariff Policy for PV Power Generation*. The guiding prices for new PV power generation projects in solar resource areas of category I, II and III were set at RMB0.35/kWh, RMB0.40/kWh and RMB0.49/kWh, respectively. The on-grid tariff of PV power stations shall be determined through market competition and shall not exceed the guiding price in the projects' respective resource areas.

Market policy and regulation

Environment related targets

The 13th Five-Year Plan for Power Development (2016-2020) 《电力发展"十三五"规划 (2016-2020)》 and the Strategy of Reforming Energy Production and Consumption (2016-2030) 《能源生产和消费革命战略 (2016-2030)》 point out that the development of clean energy is a strategic focus of China's power industry in both short term and long term.

- According to the "Plans for Renewable Energy Development During 'the 13th Five-Year Plan' Period" 《可再生能源"十三五"规划》, China's non-fossil energy consumption as a percentage of primary energy consumption is to set to reach 15% and 20% by 2020 and 2030, respectively. It is targeted that by 2020, the total installed capacity of renewable energy power plants will reach 680 GW and that the total power generation from renewable energy will reach 1.9 trillion kWh, accounting for 27% of the total power generated. It is also targeted that by 2020, the installed capacity and total power generation of hydropower plants will reach 340 GW and 1.3 trillion kWh respectively
- According to the Plans for Energy Development During the "13th Five-Year Plan" Period 《能源发展"十三五"规划》, emission of CO₂ per unit of GDP shall be 18% less than that in 2015
- The Coal Power Conservation and Emission Reduction Transforming Plan 《煤电节能减排升级与改造行动计划》 specifies that the coal consumption per kWh of power generated by newly-built coal-fired power plants shall be below 300 g of standard coal equivalent

INDUSTRY OVERVIEW

To promote the healthy development of renewable energy

In order to support the development of renewable energy, the Renewable Energy Law, implemented in 2006, specifies the mechanism for compensating the difference between the on-grid tariff of renewable energy and the average on-grid tariff of conventional energy, by collecting additional compensation from sales of power nationwide.

With the development of renewable energy power generation technology, the cost of renewable energy power generation in resourceful areas with low construction cost and sound investment environment is approaching the cost of coal-fired power. Under this circumstance, the government is planning to progressively cancel the subsidies for renewable-energy power and encourage the development of the renewable-energy power plants. According to the Notice on Promoting the Grid Parity of Wind Power and Solar Power Without Subsidies (《关于积极推进风电、光伏发电无补贴平价上网有关工作的通知》) issued by NDRC and NEA in January 2019, local governments should summarise the experience and promote the grid parity of wind power and solar power pilot projects, combined with resources and new technologies. Power grid enterprises should ensure full use of the output from wind power and solar power projects and monitor the abandoned wind and solar power.

In order to accelerate the transition from on-grid price to subsidy-free grid parity for wind and solar power generation, NEA issued the Notice on 2018 Annual Wind Power Construction Management Requirements in 2018 《关于 2018 年度风电建设管理有关要求的通知》 and the Notice on the Work Concerning Construction of Wind Power and Photovoltaic Power Generation Projects in 2019 《关于 2019 年风电、光伏发电建设管理有关事项的通知》 in 2018 and 2019, putting forward the requirements for implementing the bidding mechanism and subsidy reduction for both wind and solar power.

Marketisation trend

On 20 August 2015, the NDRC promulgated the Several Opinions of Further Deepening the Reform of the Electric Power System (hereinafter referred to as Opinions), marking the beginning of a new round of China's power market liberalisation reform. The Opinions aim to promote the realisation of marketised trading mechanism between power generation end and sales end through rational system design as well as the marketisation of the power pricing mechanism. In addition, the Opinions also specify that the power distribution and sales sectors will be liberalised in an orderly manner.

Recently, according to the Decisions of Standing Committee of the State Council Meeting held on 26 September 2019, the coal-electricity price linkage mechanism is gradually being replaced by a new market-based "benchmark price-plus-floating" mechanism from 1 January 2020.

UK POWER INDUSTRY

Value chain of the UK power market

The UK power market is one of the most mature and diversified power markets in Europe, and consists of four parts, including generation, transmission, distribution and supply.

Power Generation

The UK generation ownership is highly diversified compared to other European electricity markets with over 200 firms operating with licences to generate power in the UK. In terms of cumulative power installed capacity by 2019, major power operators include EDF Energy, SSE, RWE, Uniper and Iberdrola.

INDUSTRY OVERVIEW

Power Transmission

There are currently three transmission operators permitted to develop, operate and maintain a high voltage system within their own distinct onshore transmission areas. These are National Grid Electricity Transmission plc for England and Wales, Scottish Power Transmission Limited for southern Scotland and Scottish Hydro Electric Transmission plc for northern Scotland and the Scottish islands groups.

Power Distribution

Currently, there are 14 licensed distribution network operators (DNOs) in Britain and each is responsible for a regional distribution services area. The 14 DNOs are owned by six different groups, namely SSE, SP Energy Networks, Electricity North West, Northern PowerGrid, Western Power Distribution, UK Power Networks.

Power Supply

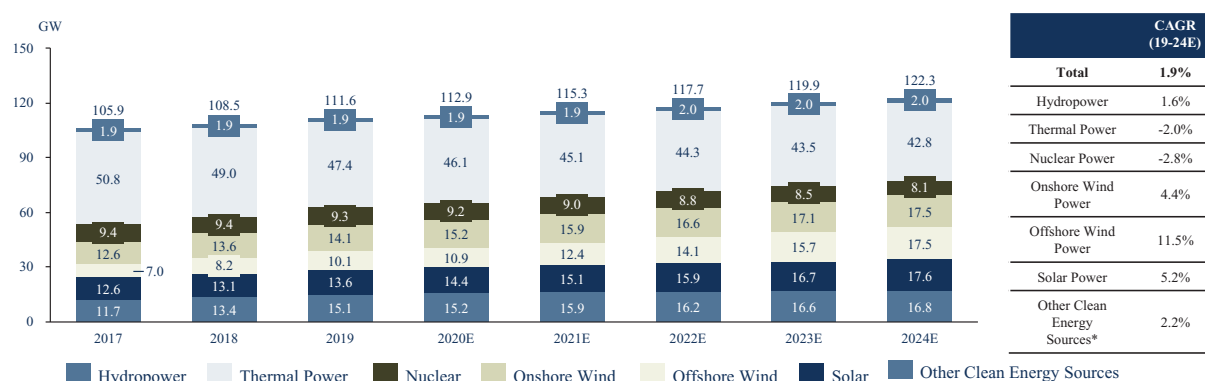
The major power suppliers in UK include EDF Energy, SSE, Npower, E.ON, Centrica, Scottish Power, while a number of smaller, yet growing participants like Shell Energy First Utility, Drax Group, Ovo Energy, etc. are also competing in the UK power supply market.

Power installed capacity

The total cumulative installed capacity in the UK increased slightly over the past 3 years. However, the fuel type structure of power installed capacity has changed significantly with renewable capacity displacing coal-fired output in the generation mix.

In line with other European countries, it was confirmed in September 2017 that the UK government will proceed with action to regulate the closure of unabated coal power generation units by 2025. According to Frost & Sullivan, the cumulative installed capacity of renewable energy is expected to continue growing and continue to replace the installed capacity of coal-fired power.

The chart below shows the historical and forecast cumulative power installed capacity by fuel types in UK from 2017 to 2024.



* Other clean energy includes biomass and waste, tide and wave, and geothermal, etc.

Source: Frost & Sullivan

INDUSTRY OVERVIEW

UK Wind Power Market

The UK is the world leader in offshore wind with the highest installed capacity globally, totalling 10.1 GW in 2019. Offshore wind generates around 10% of electricity in the UK, providing power to 4.5 million homes annually. In 2019 offshore wind generation reached a record level, increasing by 20%, from 26.7 TWh to 31.9 TWh.

In the UK, the Crown owns the marine estate, including the seabed around the coast of Britain, from the coastline to a distance of 12 nautical miles offshore and owns the rights to generate electricity from wind, waves and tides in the UK. The Crown Estate manages the marine estate on behalf of the Crown, and leases rights to develop offshore wind to renewable energy developers. 2019 was a record-breaking year for UK offshore wind, and by December 2019 there were 2,189 fully operational offshore wind turbines on the UK seabed with a further 652 under construction.

The market is subject to some competition with a number of players active in developing, building and operating those wind farms aside from SDIC. In terms of cumulative power installed capacity of offshore wind by 2019, major wind power operators include Orsted, Innogy, and Vattenfall.

UK renewables incentive and regulatory regime

Renewable Obligation

The Renewables Obligation (RO) was one of the main support mechanisms for large-scale renewable projects in the UK. It came into effect in 2002 in England and Wales, and Scotland, and followed by Northern Ireland in 2005, the Renewable Obligation places an obligation on UK power suppliers to source an increasing proportion of the electricity they supply from renewable sources. ROCs are certificates issued to operators of accredited renewable generating stations for the eligible renewable electricity they generate. Operators can trade ROCs with other parties. ROCs are ultimately used by suppliers to demonstrate that they have met their obligation. The Renewable Obligation mechanism provided participants with support per MWh on top of the variable wholesale price and the electricity generation accredited under the RO would receive support for 20 years.

However, the Renewable Obligation was closed to solar and onshore wind power project from April 2016 onwards, and to other technologies from April 2017.

Contracts for Differences

The Electricity Market Reform (EMR)'s central mechanism for supporting a range of low carbon technologies is a form of long-term private law contract capable of increasing revenue certainty and bringing forward new investment into the sector. Contracts for Difference (CfDs) are intended to support a range of low carbon technologies, including carbon capture and storage as well as renewables, and in most cases for a total duration of 15 years. CfDs are managed by the Department for Business, Energy and Industrial Strategy (BEIS) and the UK Treasury, and are allocated within the budget constraints of the 'Levy Control Framework'.

The first CfD auctions concluded in February 2015, with a strike price of £79.23/MWh and £82.50/MWh for the delivery year of 2016/2017 and 2018/2019 respectively; as for the second CfD auctions ran from March to September 2017, the strike price for the delivery year of 2021/2022 and 2022/2023 is £74.75/MWh and £57.50/MWh respectively. Offshore wind made up the main share (over 95%) of the awarded technologies in the past two auction rounds for non-mature technologies.

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The third CfD allocation round, for offshore wind farms of no greater than 1.5 GW of capacity, concluded in September 2019, with a strike price of £39.65/MWh and £41.611/MWh for the delivery year of 2023/2024 and 2024/2025 respectively.

BUSINESS DESCRIPTION

Investors should read this “Business Description” in conjunction with the more detailed information contained in this Prospectus, including the financial and other information appearing in the F-pages of this Prospectus. Where stated, financial information in this section has been extracted without material adjustment from the financial information from the F-pages of this Prospectus.

OVERVIEW

The Group is a leading power generation company in China, with a diversified portfolio of projects across hydropower, coal-fired power, wind power, solar power and other renewable energy. The Group develops, acquires and operates power projects and sells the electricity generated by them to grid companies. According to Frost & Sullivan, as at 31 December 2019, the Group was the eleventh largest power generation company in China in terms of consolidated installed capacity. As at 31 December 2017, 2018, 2019 and 30 June 2020, the Group’s consolidated installed capacity was 27.7 GW, 30.1 GW, 30.8 GW, and 31.0 GW respectively. As at 30 June 2020, the breakdown of the Group’s consolidated installed capacity for hydropower, coal-fired power, and wind and solar power and other renewable energy projects was 54.0%, 38.2% and 7.8%, respectively. The Group’s consolidated renewable energy installed capacity (consisting of hydropower, wind power, solar power and other renewable energy) was 19.0 GW as at 31 December 2019, accounting for 61.5% of its consolidated installed capacity, ranking second among the top ten power generation companies in China, according to Frost & Sullivan.

The Group has a leading hydropower business in China. Among all publicly listed PRC power generation companies, the Group was the third largest hydropower company in China in terms of consolidated hydro installed capacity of 16.8 GW as at 31 December 2019, according to Frost & Sullivan. The Group’s hydropower projects are primarily located along the Yalong River, the Lantsang River and the Yellow River. These rivers are rich in hydrological resources, and are suitable for developing cascade hydropower projects. In particular, the Yalong River is the third largest hydropower base among China’s 13 largest hydropower bases with an exploitable capacity of over 30 GW, and the Group’s principal subsidiary, Yalong River Hydropower, has the exclusive right to develop the hydropower resources of the Yalong River. Along the Yalong River, the Group operates five large-scale hydropower projects that are equipped with two regulating reservoirs, with a consolidated installed capacity of 14.7 GW. The Group is developing two hydropower projects on the Yalong River with a total planned capacity of 4.5 GW, which will be equipped with a multi-year regulating reservoir. The two hydropower projects under development are expected to commence operation in phases between 2021 and 2023. The Group’s cascade hydropower projects and large-scale regulating reservoirs are combined to optimise the allocation of hydraulics resources, mitigate the adverse hydrologic conditions, maximise generation efficiency and stabilise power generation. Meanwhile, benefiting from favourable clean energy policies, most of the Group’s hydropower projects in operation enjoy prioritised on-grid output and relatively stable on-grid tariffs. Designated ultra-high-voltage transmission lines were built under the support of the state to connect three of the Group’s hydropower projects on the Yalong River to one of the most developed provinces in China that has a high demand for power. As a result, the average utilisation hours of the Group’s hydropower projects in 2017, 2018 and 2019 amounted to 4,965, 5,048 and 5,156, respectively, far above the average utilisation hours of hydropower projects in China during the same periods, according to Frost & Sullivan.

The Group has been actively optimising its coal-fired power projects by focusing on large capacity, efficient and energy-saving power units. The Group has eight ultra-supercritical coal-fired

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units and two supercritical coal-fired units, with total installed capacity of 9,260.0 MW. As at 30 June 2020, all of the Group's coal-fired installed capacity of 11,846.0 MW consists of large units with a single installed capacity of at least 300.0 MW. As at the same date, the Group had eight units at the GW level, representing 67.5% of its consolidated coal-fired installed capacity, higher than other A-share listed power generation companies with coal-fired installed capacity over 5.0 GW. Moreover, all of the coal-fired power generating units operated by the Group have been equipped with desulphurisation, dedust and denitrification equipment. Over 90% of the Group's coal-fired power units in terms of installed capacity have ultra-low emissions.

In addition, the Group is dedicated to expanding its wind power, solar power and other renewable energy portfolio, whose combined installed capacity has been growing at a CAGR of 30.7% over the past five years to 31 December 2019. Moreover, leveraging its early mover's advantage in acquiring and operating offshore wind power projects in the UK and waste-to-energy power projects in Thailand, the Group expands its international footprints by further developing overseas renewable energy projects.

The Group's total revenue increased steadily from RMB27,894.6 million in 2017 to RMB36,485.8 million in 2018 and further to RMB37,752.0 million in 2019, with a CAGR of 16.3%. In the same periods, the Group's net profit from continuing operations was RMB7,115.6 million, RMB8,976.3 million and RMB8,612.9 million, respectively, and the net cash flows generated from operating activities was RMB18,089.9 million, RMB19,132.9 million and RMB20,235.5 million, respectively.

HISTORY

The Company was established on 30 September 2002, following an asset swap agreement, pursuant to which SDIC injected certain power generating assets to Hubei Xinghua Holdings Co., Ltd., which was incorporated on 23 February 1989 and listed on the Shanghai Stock Exchange under stock code 600886 on 18 January 1996. In November 2002, Hubei Xinghua Holdings Co., Ltd. was renamed SDIC Huajing Power Holdings Co., Ltd. Following the asset injection, SDIC became the controlling shareholder of the Company, which was subsequently renamed SDIC Power Holdings CO., LTD on 28 February 2012.

The following sets forth some of the Group's key corporate milestones:

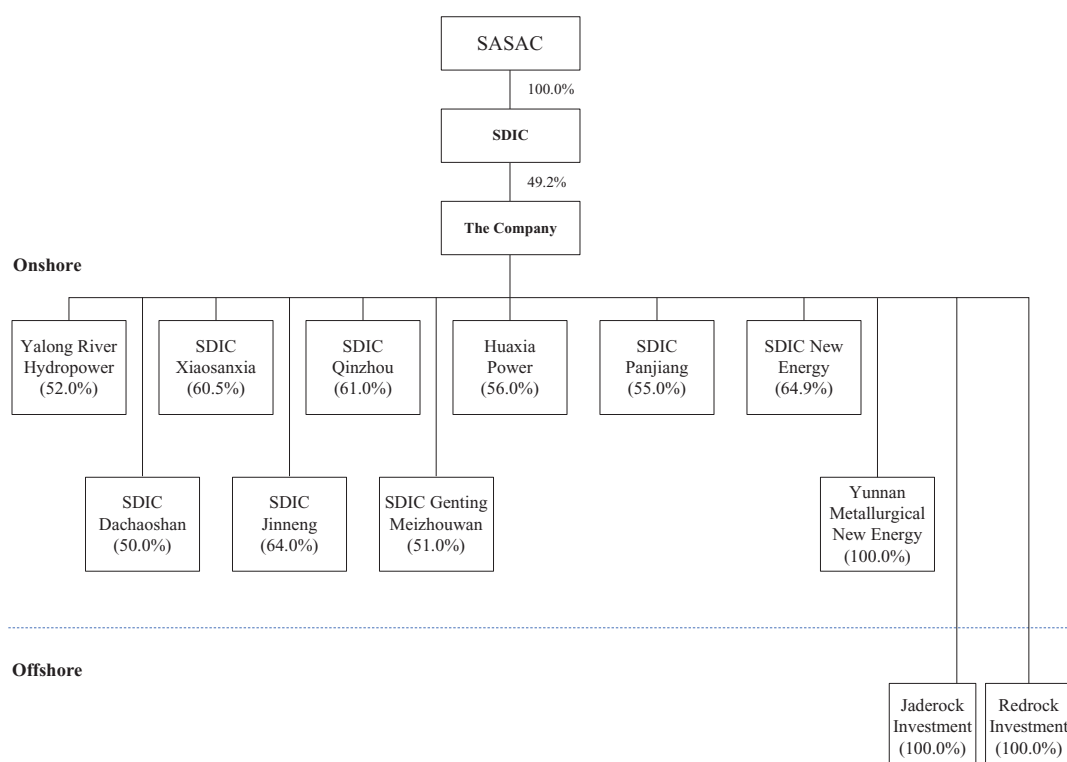
2006	● The Company acquired three major power generating assets from SDIC, including Huaxia Power and SDIC Beibuwan.
2009	● The Company acquired SDIC's other core power generating assets, including a 48.0% equity interest in Ertan Hydropower (subsequently renamed Yalong River Hydropower), a 50.0% equity interest in Dachao Shan Hydropower and other coal-fired power assets.
2010	● The Company acquired an additional 4.0% equity interest in Ertan Hydropower and its equity interest in such company increased to 52.0%.
2014	● The last generating unit of Jinping II Hydropower Project was completed, which marks the full commercial operation of the Group's Jin-Guan Hydropower Project Group, with an installed capacity of 10.8 GW.

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- 2016 ● The Company invested in Banten Coal-fired Power Plant Project in Indonesia and acquired a 100.0% equity interest in Red Rock Power Limited in the UK, which owns a 100.0% equity interest in Inch Cape Offshore Wind Power Project and a 25.0% equity interest in Beatrice Offshore Wind Power Project. This is the first initiative of the Group’s “go global” strategy.
- 2018 ● The Company acquired a 100.0% equity interest in Afton Onshore Wind Power Project located in the UK, which commenced operation in September 2018. The Company also acquired a 100.0% equity interest in Nanzhuang Solar Power Project which is a solar power project with an installed capacity of 300.0 MW.
- 2019 ● The Group acquired a 60% equity interest in Newsky China through which it operates two waste-to-energy power projects and has two waste-to-energy power projects under construction, with a combined installed capacity of 104.8 MW. Further, in order to optimise its coal-fired power asset structure, the Group entered into equity transfer agreements to transfer its interests in six coal-fired power projects. See “—Discontinued Operations”.
- 2020 ● The Group acquired 100% of the equity interests in Hengneng Solar Power Project, Yongneng Solar Power Project and Dingbian Solar Power Project with a combined installed capacity of 220.0 MW.

ORGANISATIONAL STRUCTURE

The following chart illustrates the simplified organisational structure of the Company and its major subsidiaries as at the Latest Practicable Date:



For details of the Group’s principal subsidiaries, see “General Information — 12. Subsidiaries”.

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COMPETITIVE STRENGTHS

Rare and premium hydropower resources with vast potential for growth

The Group's hydropower projects are predominantly located along the Yalong River, the Lantsang River and the Yellow River. These rivers are rich in hydrological resources and are suitable for developing cascade hydropower projects. Hydropower projects along the Yalong River are the core hydropower assets of the Group. With an exploitable capacity of over 30.0 GW, the Yalong River is the third largest hydropower base among China's 13 largest hydropower bases. Around half of the river's runoff comes from ample and steady annual discharge from underground water and meltwater, which results in low seasonal and annual variance in flow. The Group's Jinping I and Jinping II hydropower projects are among the ten largest hydropower projects in China. The Group's principal subsidiary, Yalong River Hydropower, has the exclusive right to develop hydropower resources of the Yalong River, which is the only instance where a power generation company has exclusive right to develop hydropower resources of a major hydropower base in China.

The Group strategically scheduled the construction of large-scale hydropower projects on the river, leveraging the scale of its hydraulics resources. As at 30 June 2020, the Group has five large-scale hydropower projects in operation on the lower reach of the Yalong River, totalling 14.7 GW in consolidated installed capacity, which have over 70 TWh of annual power generation for the past three years. The Group plans to develop seven hydropower projects on the middle reach of the Yalong River, with a total designed capacity of 11.8 GW and designed power output of approximately 49.7 TWh per year.

In addition, the Group's Dachaoshan Hydropower Project, with a total of 1,350.0 MW installed capacity, is located on the middle reach of the Lantsang River, and Daxia, Xiaoxia and Wujinxia (also known as Xiaosanxia) hydropower projects are located on the upper reach of the Yellow River, with an installed capacity of 709.5 MW. Both areas are among China's 13 largest hydropower bases, characterised by abundant and stable water resources.

Outstanding hydropower profitability due to sound coordination and regulating capability of hydropower projects

The "unit gross profit" (gross profit divided by hydro installed capacity) of the Group's hydropower business in 2019 was approximately RMB730,489 per MW, which was the highest among all A-share listed power generation companies with hydropower installed capacity at the GW level in the same year, according to Frost & Sullivan.

The Group has the unique advantage of operating a multilevel cascade hydropower system consisting of five large-scale hydropower projects in operation and two under construction along the Yalong River. The combination of cascade hydropower projects and large regulating reservoirs optimises hydropower resource allocation, mitigates adverse hydrological conditions and maximises hydropower generation efficiency, which lead to higher and more stable hydropower generation. The Group's Lianghekou Hydropower Project (under construction), Jinping I Hydropower Project and Ertan Hydropower Project are equipped with large-scale regulating reservoirs. In particular, Jinping I Hydropower Project's arch dam is 305 metres in height, which is the world's highest double-curvature arch dam, according to Frost & Sullivan. These large regulating reservoirs can increase water storage during the wet season, and increase the water flow for downstream hydropower projects during the dry season, thus significantly increasing their power generation and enabling the Company to enjoy a tariff

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premium. When Lianghekou Hydropower Project commences operation, it is targeted to increase the theoretical multi-year average annual electricity generation of the Group's hydropower projects by over 10 TWh.

Industry-leading hydropower utilisation hours

Due to the preferential offtake arrangements and designated power transmission lines, together with the Group's premium hydropower resources and sound water regulating capability, the Group's average utilisation hours of hydropower projects in 2017, 2018 and 2019 was 4,965 hours, 5,048 hours, and 5,156 hours, respectively, far greater than the average national hydropower utilisation hours of 3,597 hours, 3,607 hours, and 3,726 hours in the same periods, respectively.

The PRC government has committed to supporting the development of clean energy, in particular, prioritising hydropower, wind power and solar power generation. The Group's hydropower projects have benefited, and will continue to benefit, from preferential offtake arrangements and designated power transmission lines. In 2019, the amount of hydropower generated under preferential offtake arrangements under the clean energy policy accounted for more than 90.0% of the hydropower generated by the Group. In particular, most of the power generation from the Group's Jinping I, II and Guandi hydropower projects is transmitted to one of the most developed provinces in China through the designated ultra-high-voltage power transmission lines built under the state's "West-to-East" electricity transmission project. Moreover, Dachaoshan Power Project in Yunnan province and Xiaosanxia Power Project in Gansu province enjoy preferential offtake arrangements as well.

Efficient and clean coal-fired power assets

In addition to the premium hydropower assets, the Group has been actively optimising its coal-fired power project portfolio and investing in equipment and technology upgrades. The Group's coal-fired power projects focus on large-capacity, energy-saving power generating units, and operate in an efficient and environmentally friendly manner. As at 30 June 2020, the Group's coal-fired installed capacity reached 11,846.0 MW, consisting of units with single installed capacity of at least 300.0 MW. The Group has eight units at the GW level, representing 67.5% of total installed capacity of coal-fired power, substantially higher than other A-share listed coal-fired power companies with a coal-fired installed capacity of over 5.0 GW. In addition, the Group has eight ultra-supercritical coal-fired power generating units and two supercritical coal-fired power generating units, with a total installed capacity of 9,260.0 MW. The operation of a large number of advanced coal-fired units is conducive to reducing coal consumption for power generation. Moreover, all of the coal-fired power generating units operated by the Group have desulphurisation, dedust and denitrification equipment. Over 90.0% of the Group's coal-fired power units in terms of installed capacity have achieved ultra-low emission levels. For example, Beijiang Coal-fired Power Project has four 1.0 GW ultra-supercritical power generating units and achieved a net standard coal consumption rate of 283.0 g/kWh for the year ended 31 December 2019, as compared to the national average rate for coal-fired power plants of 306.2 g/kWh.

Successfully acquiring, developing and operating high-quality overseas power generation assets

The Group has built a diversified portfolio of high-quality power generating assets in Europe and Asia. By acquiring three wind power projects in the UK, the Group has entered into the European renewable energy market. The Group is an industry leader in exploring international opportunities

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relating to wind power projects. In 2016, the Group acquired a 100.0% equity interest in Red Rock Power Limited, through which it owned a 25.0% equity interest in Beatrice Offshore Wind Power Project and a 100.0% equity interest in Inch Cape Offshore Wind Power Project. The Beatrice project has an installed capacity of 588.0 MW and commenced full commercial operation in July 2019, with a 15-year fixed tariff of GBP140/MWh (2012 real price and indexed to CPI), which is higher than the local wholesale electricity price. In 2018, the Group acquired the Afton Onshore Wind Power Project, which enjoys a 19-year ROC (Renewables Obligation Certificate) subsidy from the date of commercial operation. The Group has accumulated extensive experience in developing and managing offshore and onshore wind power projects through these acquisitions, which enables the Group to access best-in-class international operation models and advanced technology to further explore renewable energy business opportunities globally.

In addition, the Group acquired a 40.0% equity interest in the Banten Coal-fired Power Project in 2016. The project is located at the power load centre of Indonesia and is one of the major power plants for the Jawa-Bali grid. The project has entered into a 25-year PPA with a state-owned power grid company in Indonesia which provides a stable income. The Group has years of experience in developing, operating and managing coal-fired power projects in China and is well positioned to apply the experience to enhance the efficiency of the invested project.

Further, the Group has been substantially involved in overseas waste-to-energy power business and vigorously grasped the first-mover advantage in the waste-to-energy market in Southeast Asia. In 2019, the Group acquired a 60% equity interest in Newsky China. Through Newsky China, the Group operates one waste-to-energy power project and has two waste-to-energy power projects under construction, which are all located in Bangkok, Thailand with a combined installed capacity of 79.8 MW. By leveraging the resource advantages possessed by Newsky China, the Group has successfully expanded its footprint to the waste-to-energy market in Thailand, and is well positioned to seize more opportunities overseas.

Visionary and experienced management team supported by highly-skilled employees

The Group is led by a management team consisting of highly-qualified experts with in-depth knowledge and expertise in the power industry. Having deep insights and a comprehensive understanding of the development and future trends of the power industry, the management team has successfully steered the Group in growing from a coal-fired power focused company to a leading diversified power generation company in China with a focus on hydropower. In addition, the Group was among the first batch of state-owned enterprises in China to recruit executives. The Group's senior management members have an average industry experience of 20 years and have been with the Group for an average of 14 years.

The management team is supported by professional technicians with extensive experience in developing and operating power projects. In particular, they managed to successfully complete the construction of the Ertan Hydropower Project and Jin-guan Hydropower Project Group, and enhanced the Group's brand awareness globally. As at 30 June 2020, the Group has 8,161 employees, 53.5% of whom have a college degree or above. The Group provides employees with professional on-the-job training to ensure that they continue to stay abreast of the latest developments in the power industry.

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BUSINESS STRATEGIES

The Group is committed to strengthening its position as a leading diversified power generation company in China and increasing its international presence through the following strategies:

Continue to strengthen hydropower business

The Group will continue to strengthen its leading position in China's hydropower industry by developing more hydropower projects in the upper and middle reaches of the Yalong River. The Group plans to strategically construct large-scale hydropower projects in phases along the river, leveraging the cascade hydropower resources. The Group's hydropower pipeline includes seven hydropower projects on the middle reach of the Yalong River, totalling 11.8 GW in capacity and 49.7 TWh in designed annual output. Of these projects, two, with a combined installed capacity of 4.5 GW, are currently under development, which are expected to commence operation in phases between 2021 and 2023. When the seven planned hydropower projects in the middle reach commence operation, the Group is expected to have a hydro installed capacity of 28.6 GW and an annual output of approximately 130 TWh. The Group is carrying out feasibility studies over potential hydropower projects on the upper reach of the Yalong River.

Additionally, the Group intends to increase operation efficiency and lower development and maintenance costs with the help of a skilled technical team. The Group also plans to identify quality acquisition targets of hydropower projects and to explore hydropower opportunities both in China and overseas. Leveraging the Group's strong capabilities from developing and operating large scale and complex hydropower projects in the past, the Group is well positioned to capture future hydropower opportunities and command greater market share.

Strategically expand international footprint

The Group intends to gradually conduct international business and further expand its international footprint, with a focus on renewable energy projects in developed countries and diversified energy projects in developing countries, thereby expanding its overseas asset portfolio. In particular, the Group plans to actively develop its offshore and onshore wind power projects in the UK and European markets, and also to seek potential investment opportunities in renewable energy projects, including solar power, waste-to-energy and energy storage projects through Red Rock Power, its European development platform. In addition, the Group will continue to enhance its market position through Newsky China in Southeast Asia.

The Group will also explore investment opportunities in diversified energy projects in Southeast Asia. By exploiting its proven operational and management model, the Group believes it can enhance the efficiency of invested projects to increase investment returns.

Further expand wind and solar power generating assets

The Group intends to increase investment in renewable energy assets, particularly wind power and solar power. With strong PRC government support for wind and solar power development, the Group plans to continue to develop greenfield wind and solar power projects. To maximise returns, the Group plans to develop new projects in areas with rich and favourable weather resources, and select projects with close proximity to electricity end-users, and higher on-grid tariff and transmission capacity. The Group also intends to selectively acquire wind power and solar power projects, focusing on both increasing its scale and meeting its investment return expectation.

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Continue to optimise coal-fired power asset structure

The Group will continue to improve the efficiency and cleanliness of its coal-fired power projects. Specifically, it plans to optimise its coal-fired power asset structure by increasing the proportion of large capacity power generating units, and accelerate the upgrading to improve energy efficiency and reduce emissions. In addition, the Group intends to further optimise its operations to enhance efficiency and the financial performance of its coal-fired power projects.

Establish a diversified and emerging industry value chain

The Group is also actively developing waste-to-energy business. In 2019, the Group acquired a waste-to-energy power project in Guizhou province, China, and three waste-to-energy power projects in Bangkok, Thailand, and it intends to further explore acquisition opportunities to expand its waste-to-energy business in the future. The Group is also exploring opportunities to develop solar thermal power projects. For example, the Group recently acquired 100% of the equity interests in Hengneng Solar Power Project, Yongneng Solar Power Project and Dingbian Solar Power Project with a total of installed capacity of 220.0 MW.

In addition, the Group intends to explore opportunities for growth across the industry value chain and to pursue vertical integration by expanding into incremental distribution network business and electricity sales business. The Group has invested in incremental distribution network projects, and has also established several electricity sales companies in Gansu, Guizhou, Anhui provinces and Guangxi autonomous region to explore the opportunities brought about by electricity pricing marketisation.

BUSINESS SEGMENTS

The Group is primarily engaged in the power generation business and has diversified power projects across hydropower, coal-fired power, wind power, solar power and other renewable energy.

The following table sets forth a breakdown of the Group's revenue by business segment for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	(RMB in millions)		(RMB in millions)		(RMB in millions)		(RMB in millions)		(RMB in millions)	
	(unaudited)									
By segment										
Hydropower	17,743.1	63.6	19,660.9	53.9	18,539.9	49.1	8,247.6	48.0	8,354.8	47.8
Coal-fired power . . .	8,917.5	32.0	14,997.6	41.1	16,536.0	43.8	7,820.7	45.5	7,601.5	43.5
Wind power, solar power and other renewable energy	749.2	2.7	1,180.8	3.2	1,912.2	5.1	853.1	5.0	1,255.8	7.2
Others ⁽¹⁾	484.8	1.7	646.5	1.8	763.9	2.0	269.0	1.5	258.2	1.5
Total	27,894.6	100.0	36,485.8	100.0	37,752.0	100.0	17,190.4	100.0	17,470.3	100.0

(1) The Group is also engaged in other businesses, such as heat supply, seawater desalination and sales of building materials.

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The Group develops, acquires and operates hydropower, coal-fired power, wind power, solar power and other renewable energy projects in China, the UK and Thailand, and sells the electricity generated by them to grid companies.

The following table sets forth a breakdown of the consolidated installed capacity by power source as at the dates indicated:

	As at 31 December						As at 30 June			
	2017		2018		2019		2019		2020	
	Consolidated installed capacity	%	Consolidated installed capacity	%	Consolidated installed capacity	%	Consolidated installed capacity	%	Consolidated installed capacity	%
	(MW)		(MW)		(MW)		(MW)		(MW)	
Hydropower ⁽¹⁾	16,720.0	60.3	16,720.0	55.5	16,759.5	54.4	16,759.5	55.0	16,759.5	54.0
Coal-fired power ⁽¹⁾ . .	9,846.0	35.5	11,846.0	39.3	11,846.0	38.5	11,846.0	38.8	11,846.0	38.2
Wind power, solar power and other renewable energy	1,144.0	4.1	1,579.0	5.2	2,182.8	7.1	1,888.0	6.2	2,426.3	7.8
Total	27,710.0	100.0	30,145.0	100.0	30,788.3	100.0	30,493.5	100.0	31,031.8	100.0

(1) Excluding discontinued operations. See “—Discontinued Operations.”

The following table sets forth a breakdown of the Group’s net power generation by power source for the periods indicated:

	As at 31 December						As at 30 June			
	2017		2018		2019		2019		2020	
	Annual power generation	%	Annual power generation	%	Annual power generation	%	Power generation	%	Power generation	%
	(GWh)		(GWh)		(GWh)		(GWh)		(GWh)	
Hydropower ⁽¹⁾	82,565.7	73.4	83,944.4	63.4	85,901.6	60.9	36,956.2	59.3	37,570.2	59.7
Coal-fired power ⁽¹⁾	28,233.7	25.1	46,084.7	34.8	51,739.9	36.7	23,641.2	38.0	23,129.8	36.8
Wind power, solar power and other renewable energy ⁽²⁾	1,706.7	1.5	2,417.0	1.8	3,521.9	2.5	1,680.5	2.7	2,204.5	3.5
Total	112,506.1	100.0	132,446.1	100.0	141,163.4	100.0	62,277.9	100.0	62,904.5	100.0

(1) Excluding discontinued operations, see “—Discontinued Operations”.

(2) Excluding overseas power projects, which are included in “—Overseas Power Assets”.

The following table sets forth a breakdown of the Group’s average utilisation hours of its power generating assets by power source for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	Average utilisation hours	Average utilisation hours	Average utilisation hours	Average utilisation hours	Average utilisation hours
Hydropower ⁽¹⁾	4,965	5,048	5,156	2,220	2,255
Coal-fired power ⁽¹⁾	3,525	4,482	4,634	2,116	2,076
Wind power, solar power and other renewable energy ⁽²⁾ . .	1,720	1,855	1,964	1,077	1,007

(1) Excluding discontinued operations, see “—Discontinued Operations”.

(2) Excluding overseas power projects, which are included in “—Overseas Power Assets”.

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The diagram below illustrates the geographic coverage of the Group's power generating assets in China as at 30 June 2020:



Hydropower Business

China has abundant hydropower resources, and the PRC hydropower industry has benefited from strong policy support through favourable clean energy laws and regulations. See “Regulation—PRC Laws and Regulations Relating to the Power Industry—Renewable Energy”. The Group's hydropower projects are primarily located on the Yalong River, Lantsang River and Yellow River. As at 30 June 2020, the Group controlled nine hydropower projects in operation with a consolidated installed capacity of 16,759.5 MW, representing 54.0% of the Group's consolidated installed capacity. As at the same date, the Group also had two hydropower projects under construction with an expected

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additional installed capacity of 4,500.0 MW, and five pipeline hydropower projects with an expected additional installed capacity of 7,345.0 MW, all on the Yalong River.

The following table sets forth the key operating data of the Group's hydropower business as at the dates or for the periods indicated:

	As at or for the year ended 31 December			As at or for the six months ended 30 June	
	2017	2018	2019	2019	2020
Consolidated installed capacity (MW)	16,720.0	16,720.0	16,759.5	16,759.5	16,759.5
Attributable installed capacity (MW)	8,724.0	8,724.0	8,740.0	8,740.0	8,740.0
Average utilisation hours	4,965	5,048	5,156	2,220	2,255

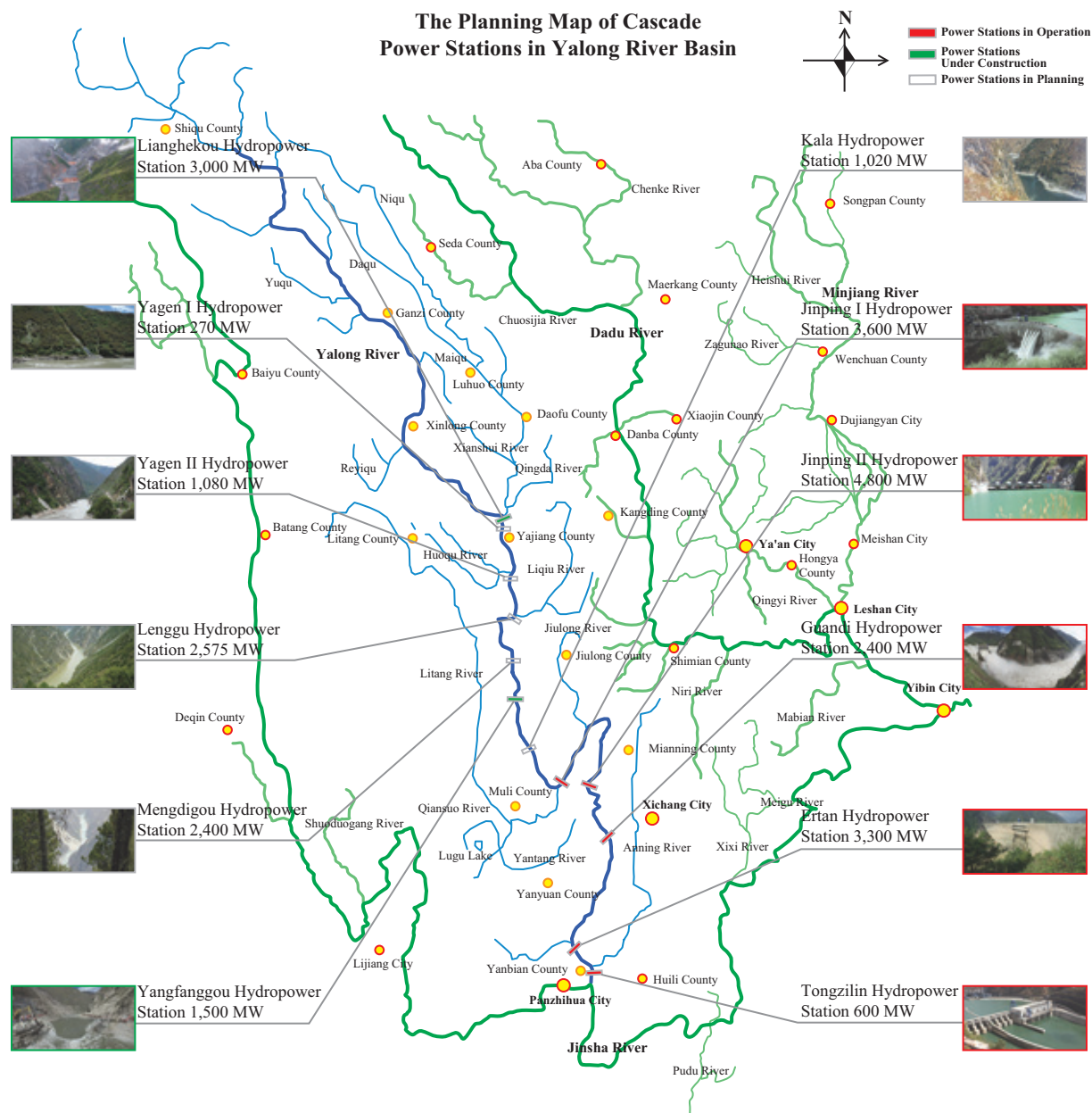
Excluding discontinued operations, see "—Discontinued Operations".

Hydropower projects along the Yalong River

Most of the Group's hydropower projects are strategically located along the Yalong River. According to the Response on the Entity Responsible for the Progressive Development of Yalong River Hydropower (《关于雅砻江水能资源滚动开发主体的复函》) issued by the NDRC in 2003, NDRC designated Yalong River Hydropower, a company in which the Company holds a 52.0% equity interest, to be the single entity exclusively responsible for the development of hydropower projects on the Yalong River. Yalong River Hydropower is the only company in China that is exclusively responsible for developing the hydropower of a major hydropower base. The main stream of the Yalong River is 1,571 km long. It covers a catchment area of 136,000 square kilometres, creates a natural head of 3,830 m, and gives an annual runoff of 60.2 billion m³. Being the third largest among China's 13 hydropower bases, the Yalong River has an exploitable capacity of over 30.0 GW, of which 14.7 GW has been developed by Yalong River Hydropower through five cascade hydropower projects, representing 87.7% of the Group's consolidated hydropower installed capacity as at 30 June 2020. The Group's Lianghekou Hydropower Project (under construction), Jinping I Hydropower Project and Ertan Hydropower Project are each equipped with a large-scale regulating reservoir, namely Lianghekou Reservoir (multi-year regulating), Jinping I Reservoir (annual regulating) and Ertan Reservoir (seasonal regulating), with a regulating storage of 6.6 billion m³, 4.9 billion m³ and 3.4 billion m³, respectively. The three reservoirs' storage can be adjusted according to hydrological conditions to regulate water flow and maximise hydropower generation efficiency.

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The following map sets forth an overview of the Group's five operating hydropower projects in the lower reach, two hydropower projects under construction and five pipeline hydropower projects in the middle reach and three corresponding reservoirs, including one under construction, on the Yalong River as at 30 June 2020:



Projects in operation

As at 30 June 2020, the Group had nine hydropower projects in operation, with a consolidated installed capacity of 16,759.5 MW.

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The following table sets forth a breakdown of the Group's hydropower projects in operation by region as at 30 June 2020:

Region/Project name	Consolidated installed capacity (MW)	Attributable installed capacity (MW)	Ownership (%)	Subsidiary
Lower Reach of the Yalong River				
Ertan Hydropower Project	3,300.0	1,716.0	52.00	
Tongzilin Hydropower Project	600.0	312.0	52.00	
Jinping I Hydropower Project	3,600.0	1,872.0	52.00	Yalong River Hydropower
Jinping II Hydropower Project	4,800.0	2,496.0	52.00	
Guandi Hydropower Project	2,400.0	1,248.0	52.00	
Sub-total	14,700.0	7,644.0		
Middle Reach of the Lantsang River				
Dachaoshan Hydropower Project	1,350.0	675.0	50.00	SDIC Dachaoshan
Upper Reach of the Yellow River				
Daxia Hydropower Project	339.5	197.3 ⁽¹⁾	60.45 ⁽¹⁾	
Xiaoxia Hydropower Project	230.0	139.0	60.45	SDIC Xiaosanxia
Wujinxia Hydropower Project	140.0	84.6	60.45	
Sub-total	709.5	421.0		
Total	16,759.5	8,740.0		

(1) A 24.5 MW power generating unit was owned by a subsidiary of SDIC Xiaosanxia in which it owns a 46.56% equity interest.

Ertan Hydropower Project

Ertan Hydropower Project is a 3,300.0 MW hydropower station located in Sichuan province, on the lower reach of the Yalong River. Ertan Hydropower Project has six 550.0 MW power generating units and was built with a quarterly regulating reservoir with a regulating storage of 3.4 billion m³. The project commenced full commercial operation in December 1999 and was the first hydropower project built along the Yalong River. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	3,300.0	3,300.0	3,300.0	3,300.0	3,300.0
Gross electricity generated (GWh)	14,836.8	15,975.3	15,940.2	7,758.1	7,632.0
Net electricity generated (GWh)	14,769.2	15,907.2	15,861.5	7,722.5	7,586.3
Average utilisation hours	4,496	4,841	4,830	2,351	2,313
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.243	0.243	0.229	0.248	0.233

Tongzilin Hydropower Project

Tongzilin Hydropower Project is a 600.0 MW hydropower station located in Sichuan province, on the lower reach of the Yalong River. Tongzilin Hydropower Project has four 150.0 MW power

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generating units, and the project commenced full commercial operation in March 2016. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	600.0	600.0	600.0	600.0	600.0
Gross electricity generated (GWh)	1,894.7	2,343.5	2,417.6	1,108.8	1,143.7
Net electricity generated (GWh)	1,887.0	2,334.9	2,408.6	1,104.7	1,140.0
Average utilisation hours	3,158	3,906	4,029	1,848	1,906
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.268	0.250	0.244	0.282	0.254

Jinping I Hydropower Project

Jinping I Hydropower Project is a 3,600.0 MW hydropower station located in Sichuan province, on the lower reach of the Yalong River. Jinping I Hydropower Project has six 600.0 MW power generating units and an annual regulating reservoir with a regulating storage of 4.9 billion m³. Its arch dam, with a height of 305 m, is the world's highest double-curvature arch dam. The project commenced full commercial operation in July 2014. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	3,600.0	3,600.0	3,600.0	3,600.0	3,600.0
Gross electricity generated (GWh)	18,536.1	18,728.5	18,815.5	6,914.0	7,781.5
Net electricity generated (GWh)	18,480.2	18,674.9	18,759.9	6,891.7	7,757.5
Average utilisation hours	5,149	5,202	5,227	1,921	2,161
Average on-grid tariff (inclusive of VAT) (RMB/ kWh)	0.269	0.288	0.258	0.263	0.258

Jinping II Hydropower Project

Jinping II Hydropower Project is a 4,800.0 MW hydropower station located in Sichuan province, on the lower reach of the Yalong River. It is the largest hydropower project in operation along the Yalong River in terms of installed capacity. Jinping II Hydropower Project has eight 600.0 MW power generating units. Its four headrace tunnels, with an average length of 16.67 km and an excavated diameter of 12.41 m to 13.01 m, are among the world's largest hydraulic tunnels. Jinping II Hydropower Project commenced full commercial operation in November 2014. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	4,800.0	4,800.0	4,800.0	4,800.0	4,800.0
Gross electricity generated (GWh)	25,197.0	24,886.6	25,181.6	10,565.1	11,352.4
Net electricity generated (GWh)	25,031.1	24,717.1	25,004.1	10,486.0	11,276.1
Average utilisation hours	5,249	5,185	5,246	2,201	2,365
Average on-grid tariff (inclusive of VAT) (RMB/ kWh)	0.269	0.288	0.258	0.263	0.258

Guandi Hydropower Project

Guandi Hydropower Project is a 2,400.0 MW hydropower station located in Sichuan province, on the lower reach of the Yalong River. Guandi Hydropower Project has four 600.0 MW power

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generating units and the project commenced full commercial operation in March 2013. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	2,400.0	2,400.0	2,400.0	2,400.0	2,400.0
Gross electricity generated (GWh)	11,935.8	12,179.5	12,376.9	4,712.9	5,142.2
Net electricity generated (GWh)	11,880.9	12,125.2	12,321.7	4,690.9	5,119.1
Average utilisation hours	4,973	5,075	5,157	1,964	2,143
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.269	0.288	0.258	0.263	0.258

Dachaoshan Hydropower Project

Dachaoshan Hydropower Project is a 1,350.0 MW hydropower station located in Yunnan province, on the middle reach of the Lantsang River. Dachaoshan Hydropower Project has six 225.0 MW power generating units and commenced full commercial operation in October 2003. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	1,350.0	1,350.0	1,350.0	1,350.0	1,350.0
Gross electricity generated (GWh)	7,506.1	6,833.1	7,332.9	4,215.7	2,830.1
Net electricity generated (GWh)	7,448.9	6,780.8	7,279.5	4,186.5	2,808.2
Average utilisation hours	5,560	5,062	5,432	3,123	2,096
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.133	0.188	0.190	0.217	0.185

Daxia Hydropower Project

Daxia Hydropower Project is a 339.5 MW hydropower station located in Gansu province, on the upper reach of the Yellow River. Daxia Hydropower Project has three 75.0 MW power generating units and one 90.0 MW power generating unit, which was upgraded from 75.0 MW in March 2019. The project commenced full commercial operations in June 1998. It acquired an 24.5 MW power generating unit in 2019. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	300.0	300.0	332.6	325.7	339.5
Gross electricity generated (GWh)	1,482.8	1,785.9	2,106.5	877.7	890.2
Net electricity generated (GWh)	1,467.5	1,767.1	2,084.6	869.2	880.8
Average utilisation hours	4,943	5,953	6,333	2,695	2,622
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.265	0.242	0.214	0.280	0.279

Xiaoxia Hydropower Project

Xiaoxia Hydropower Project is a 230.0 MW hydropower station located in Gansu province, on the upper reach of the Yellow River. Xiaoxia Hydropower Project has four 57.5 MW power generating

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units and the project commenced full commercial operation in May 2005. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	230.0	230.0	230.0	230.0	230.0
Gross electricity generated (GWh)	1,021.9	1,178.1	1,440.4	654.4	646.5
Net electricity generated (GWh)	1,011.2	1,166.3	1,427.3	648.5	641.2
Average utilisation hours	4,443	5,122	6,262	2,845	2,811
Average on-grid tariff (inclusive of VAT) (RMB/kWh) ...	0.283	0.262	0.211	0.280	0.276

Wujinxia Hydropower Project

Wujinxia Hydropower Project is a 140.0 MW hydropower station located in Gansu province, on the upper reach of the Yellow River. Wujinxia Hydropower Project has four 35.0 MW power generating units and the project commenced full commercial operation in July 2009. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	140.0	140.0	140.0	140.0	140.0
Gross electricity generated (GWh)	604.9	484.3	770.4	363.9	368.8
Net electricity generated (GWh)	589.8	471.0	754.4	356.1	361.0
Average utilisation hours	4,321	3,460	5,503	2,599	2,634
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.224	0.216	0.198	0.223	0.220

Projects under Construction

As at 30 June 2020, the Group had two hydropower projects under construction with an expected installed capacity of 4,500.0 MW. The following table sets forth a breakdown of the Group's hydropower projects under construction as at 30 June 2020:

Region/Project name	Capacity under construction (MW)	Ownership (%)	Estimated year of commencement of operation
Yalong River Area			
Lianghekou Hydropower Project	3,000.0	52.00	2021-2023
Yangfanggou Hydropower Project	1,500.0	52.00	2021-2022
Total	4,500.0		

Lianghekou Hydropower Project

Lianghekou Hydropower Project is a hydropower station owned by Yalong River Hydropower, with a capacity under construction of 3,000.0 MW, and a designed annual gross generation of 11,000.0 GWh. The project is located in Sichuan province, on the middle reach of the Yalong River. It is designed to install six 500.0 MW power generating units and features the largest installed capacity on the middle reach of the Yalong River. The project is equipped with the Lianghekou Reservoir, a multi-

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year regulating reservoir with a total regulating storage of 6.6 billion m³. It will be able to regulate water flow by adjusting the reservoir's storage according to hydrological conditions and to maximise hydropower generation of its downstream cascade hydropower stations. Lianghekou Hydropower Project commenced construction in November 2015 and is expected to commence operation in phases between 2021 and 2023. After the commencement of commercial operation of Lianghekou Hydropower Project, it is targeted to increase the theoretical multi-year average annual power generation of downstream hydropower projects by over 10 TWh.

Yangfanggou Hydropower Project

Yangfanggou Hydropower Project is a hydropower station owned by Yalong River Hydropower, with a capacity under construction of 1,500.0 MW, and a designed annual gross generation of 5,962.3 GWh. The project is located in Sichuan province, on the middle reach of Yalong River. It is designed with four 375.0 MW power generating units. This project commenced construction in June 2015 and is expected to commence operation in phases between 2021 to 2022.

Pipeline projects

The Group refers to its hydropower projects reserved for future development as “pipeline projects”. As at 30 June 2020, the Group had five pipeline projects in evaluation and planning stages, namely Yagen I Hydropower Project, Yagen II Hydropower Project, Lenggu Hydropower Project, Mengdigou Hydropower Project, and Kala Hydropower Project, with an expected installed capacity of 7,345.0 MW and designed annual output of 32.7 TWh. The Group has obtained approval by the DRC for the construction of Kala Hydropower Project. The planned locations of these pipeline projects are on the middle reach of the Yalong River. The actual time and future funding needs for the development and construction of these pipeline projects vary depending on a number of factors, including the time it takes for governments to issue approvals, transmission capacity of the local grids and inter-provincial, high-voltage transmission lines and on-grid tariff. For details of the Group's identification and assessment of pipeline projects, see “—Development and Maintenance of Power Plants—Opportunity Identification and Feasibility Study”.

Coal-fired Power Business

As at 30 June 2020, the Group had six coal-fired power plants in operation, with a consolidated installed capacity of 11,846.0 MW, representing 38.2% of the Group's consolidated installed capacity. The Group has been actively optimising its coal-fired power asset structure by focusing on large capacity and energy saving power units and investing in equipment and technology upgrades. As at 30 June 2020, all of the Group's coal-fired power generating units had capacities greater than or equal to 300.0 MW, and eight of them were at the GW level, representing 67.5% of the Group's consolidated coal-fired power installed capacity. The Group has eight ultra-supercritical power generating units with a total installed capacity of 8,000.0 MW, representing 67.5% of the Group's consolidated installed capacity of its coal-fired power projects. All of the coal-fired power generating units operated by the Group are equipped with desulphurisation, dedust and denitrification equipment. The Group is also carrying out ultra-low emission retrofits of its coal-fired power generating units on a large scale. Over 90% of the Group's coal-fired power units in terms of installed capacity achieved ultra-low emission level.

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The following table sets forth the key operating data of the Group's coal-fired power business as at the dates or for the periods indicated:

	As at or for the year ended 31 December			As at or for the six months ended 30 June	
	2017	2018	2019	2019	2020
Consolidated installed capacity (MW)	9,846.0	11,846.0	11,846.0	11,846.0	11,846.0
Attributable installed capacity (MW)	5,691.5	6,971.5	6,971.5	6,971.5	6,971.5
Average utilisation hours	3,525	4,482	4,634	2,116	2,076

Excluding discontinued operations, see "—Discontinued Operations".

Coal-fired power project portfolio

The following table sets forth a breakdown of the Group's coal-fired power projects in operation by region as at 30 June 2020:

Region/Project name	Consolidated installed capacity (MW)	Attributable installed capacity (MW)	Ownership (%)	Operating subsidiary
Tianjin				
Beijiang Coal-fired Power Project	4,000.0	2,560.0	64.00	SDIC Jinneng
Fujian province				
Meizhouwan I Coal-fired Power Project	786.0	400.9	51.00	SDIC Genting Meizhouwan
Meizhouwan II Coal-fired Power Project	2,000.0	1020.0	51.00	
Huaxia Coal-fired Power Project	1,200.0	672.0	56.00	Huaxia Power
Sub-total	3,986.0	2,092.9		
Guangxi autonomous region				
Qinzhou Coal-fired Power Project	3,260.0	1,988.6	61.00	SDIC Qinzhou
Guizhou province				
Panjiang Coal-fired Power Project	600.0	330.0	55.00	SDIC Panjiang
Total	11,846.0	6,971.5		

Beijiang Coal-fired Power Project

Beijiang Coal-fired Power Project is a 4,000.0 MW coal-fired power plant located in Tianjin. The project has four 1.0 GW ultra-supercritical power generating units. The project commenced full commercial operation in June 2018. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	2,000.0	3,074.0	4,000.0	4,000.0	4,000.0
Gross electricity generated (GWh)	9,967.0	15,599.2	17,865.5	8,723.3	7,932.1
Net electricity generated (GWh)	9,380.3	14,724.8	16,875.3	8,244.4	7,482.9
Average utilisation hours	4,983	5,075	4,466	2,181	1,983
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.371	0.380	0.367	0.379	0.372

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Meizhouwan I Coal-fired Power Project

Meizhouwan I Coal-fired Power Project is a 786.0 MW coal-fired power plant located in Fujian province. The project has two 393.0 MW power generating units. The project commenced full commercial operations in March 2001. The project is operated under the “Build-Operate-Transfer” mode. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	786.0	786.0	786.0	786.0	786.0
Gross electricity generated (GWh)	3,261.7	2,682.4	2,101.4	920.6	1,518.5
Net electricity generated (GWh)	2,995.0	2,462.9	1,927.0	850.0	1,395.8
Average utilisation hours	4,150	3,413	2,674	1,171	1,932
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.387	0.389	0.397	0.397	0.383

Meizhouwan II Coal-fired Power Project

Meizhouwan II Coal-fired Power Project is a 2,000.0 MW coal-fired power plant located in Fujian province. The project has two 1,000.0 MW ultra-supercritical power generating units, which commenced full commercial operation in September 2017, respectively. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	712.7	2,000.0	2,000.0	2,000.0	2,000.0
Gross electricity generated (GWh)	2,853.2	10,510.6	11,022.0	4,931.3	4,100.2
Net electricity generated (GWh)	2,716.4	10,014.0	10,504.0	4,702.5	3,913.5
Average utilisation hours	4,004	5,255	5,511	2,466	2,050
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.352	0.375	0.377	0.375	0.383

Huaxia Coal-fired Power Project

Huaxia Coal-fired Power Project is a 1,200.0 MW coal-fired power plant located in Fujian province. The project has four 300.0 MW power generating units. The project commenced full commercial operation in July 2006. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0
Gross electricity generated (GWh)	4,600.9	5,486.0	5,354.9	2,466.9	2,289.7
Net electricity generated (GWh)	4,335.5	5,177.2	5,039.7	2,327.5	2,158.6
Average utilisation hours	3,834	4,572	4,462	2,056	1,908
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.376	0.394	0.376	0.383	0.379

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Qinzhou Coal-fired Power Project

Qinzhou Coal-fired Power Project is a 3,260.0 MW coal-fired power plant located in Guangxi autonomous region. The project has two 630.0 MW power generating units and two 1,000.0 MW ultra-supercritical power generating units. The project commenced full commercial operation in September 2016. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	3,260.0	3,260.0	3,260.0	3,260.0	3,260.0
Gross electricity generated (GWh)	6,711.3	11,703.1	15,529.5	6,530.7	7,319.4
Net electricity generated (GWh)	6,264.6	10,998.4	14,622.7	6,141.2	6,874.4
Average utilisation hours	2,059	3,590	4,764	2,003	2,245
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.403	0.387	0.350	0.376	0.361

Panjiang Coal-fired Power Project

Panjiang Coal-fired Power Project is a 600.0 MW coal-fired power plant located in Guizhou province. The project has two 300.0 MW power generating units. The project commenced full commercial operation in December 2014. The following table shows its summary operating data for the periods indicated:

Summary Operating Data	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Average installed capacity (MW)	600.0	600.0	600.0	600.0	600.0
Gross electricity generated (GWh)	2,774.5	2,957.3	3,023.7	1,496.1	1,431.9
Net electricity generated (GWh)	2,541.9	2,707.4	2,771.2	1,375.7	1,304.6
Average utilisation hours	4,624	4,929	5,039	2,494	2,386
Average on-grid tariff (inclusive of VAT) (RMB/kWh)	0.319	0.340	0.338	0.338	0.333

Wind Power, Solar Power and Other Renewable Energy Business

Wind power, solar power and other renewable energy are rapidly growing sources of energy globally and stands to benefit from strong government support. In 2017, 2018 and 2019, and the six months ended 30 June 2020, the Group's wind power, solar power and other renewable energy consolidated installed capacity grew rapidly, increasing from 1,144.0 MW as at 31 December 2017 to 2,182.8 MW as at 31 December 2019, representing a CAGR of 38.1%, and further increased to 2,426.3 MW as at 30 June 2020.

As at 30 June 2020, the Group had 30 wind power, solar power and other renewable energy projects in operation, including two in the UK and Thailand, with a consolidated installed capacity of 2,426.3 MW, representing 7.8% of the Group's consolidated installed capacity. As at the same date, the Group also had five wind power projects under construction in China with an expected installed capacity of 350.0 MW, and four pipeline wind power, solar power and other renewable energy projects, with an expected installed capacity of 350.0 MW. See "—Overseas Power Assets" for details about the Group's overseas wind power projects.

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The following table sets forth the key operating data of the Group's wind power, solar power and other renewable energy business as at the dates or for the periods indicated:

	As at or for the year ended 31 December			As at or for the six months ended 30 June	
	2017	2018	2019	2019	2020
Consolidated installed capacity (MW)	1,144.0	1,579.0	2,182.8	1,888.0	2,426.3
Attributable installed capacity (MW)	686.4	1,091.5	1,566.0	1,315.2	1,801.2
Average utilisation hours ⁽¹⁾	1,720	1,855	1,964	1,077	1,007

(1) Excluding the overseas power project, which are included in "—Overseas Power Assets" below.

Projects in operation

The following table sets forth a breakdown of the Group's wind power, solar power and other renewable energy projects in operation by region as at 30 June 2020:

Region/Project name	Consolidated installed capacity (MW)	Attributable installed capacity (MW)	Commencement date of operation	Ownership (%)	Operating subsidiaries
Yunnan province					
Dongchuan Wind Power Project	48.0	28.0	August 2015	58.4	
Dongchuan II Wind Power Project	48.0	28.0	August 2017	58.4	SDIC Yunnan
Wuding Wind Power Project	48.0	28.0	January 2017	58.4	SDIC Chuxiong
Dali Solar Power Project	40.0	26.0	May 2018	64.9	SDIC Dali
Nanzhuang Solar Power Project	300.0	300.0	July 2018	100.0	Yunnan Metallurgical New Energy
Sub-total	484.0	410.1			
Gansu province					
Baiyin Wind Power Project	94.5	61.3	December 2012	64.9	SDIC Baiyin
Beidaqiao East Wind Power Project	99.0	41.8	October 2010	42.2	SDIC Jiuquan First
Beidaqiao Second Wind Power Project	201.0	130.4	April 2011	64.9	SDIC Jiuquan Second
Dunhuang Solar Power Project	28.0	18.2	August 2012	64.9	SDIC Dunhuang
Sub-total	422.5	251.7			
Qinghai province					
Qinghai Wind Power Project	49.5	25.6	December 2013	51.7	SDIC Qinghai
Qinghai II Wind Power Project	49.5	25.6	August 2017	51.7	
Golmud Solar Power Project	50.0	32.4	January 2012	64.9	SDIC Golmud
Sub-total	149.0	83.6			

BUSINESS DESCRIPTION					
Region/Project name	Consolidated installed capacity (MW)	Attributable installed capacity (MW)	Commencement date of operation	Ownership (%)	Operating subsidiaries
Xinjiang autonomous region					
Hami Santang Lake Wind Power Project ..	49.5	32.1	December 2013	64.9	
Hami Naomao Lake Wind Power Project ..	49.5	32.1	December 2015	64.9	
Yandun Wind Power Project	200.0	129.8	July 2017	64.9	SDIC Hami
Jingxia Wind Power Project	300.0	194.7	July 2017	64.9	
Turpan Wind Power Project	49.5	32.1	January 2015	64.9	SDIC Turpan
Toksun Solar Power Project	140.0	140.0	May 2019	100.0	Toksun Tianhe
Sub-total	788.5	560.8			
Guangxi autonomous region					
Longmen Wind Power Project	94.0	61.0	February 2019	64.9	SDIC Guangxi
Longmen Pubei II Wind Power Project	23.5	15.2	As at June 2020	64.9	
Sub-total	117.5	76.2			
Ningxia autonomous region					
Shizuishan Solar Power Project	30.0	19.5	July 2012	64.9	SDIC Shizuishan
Sichuan province					
Huili Solar Power Project	20.0	5.3	March 2017	26.5	Yalong River Huili New Energy
Mianning Solar Power Project	10.0	3.1	March 2017	31.2	Yalong River Mianning New Energy
Sub-total	30.0	8.4			
Zhejiang province					
Huzhou Solar Power Project	100.0	100.0	August 2018	100.0	Huzhou Xianghui
Jiangsu province					
Hengneng Solar Power Project	100.0	100.0	May 2020	100.0	Hengneng Solar Power
Yongneng Solar Power Project	20.0	20.0	May 2020	100.0	Yongneng Solar Power
Sub-total	120.0	120.0			
Shanxi province					
Dingbian Solar Power Project	100.0	100.0	January 2020	100.0	Dingbian Angli
Guizhou					
Xinyuan Waste-to-energy Power Project	25.0	15.0	October 2017	60.0	Newsky China
Thailand					
Nong Khaem 1 Municipal Solid Waste Incineration Power Plant Project	9.8	5.8	March 2016	60.0	Newsky China

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<u>Region/Project name</u>	<u>Consolidated installed capacity (MW)</u>	<u>Attributable installed capacity (MW)</u>	<u>Commencement date of operation</u>	<u>Ownership (%)</u>	<u>Operating subsidiaries</u>
United Kingdom					
Afton Wind Power	50.0	50.0	September 2018	100.0	Afton Windfarm Ltd.
Total	2,426.3	1,801.2			

Projects under Construction

As at 30 June 2020, the Group had five wind power, solar power and other renewable energy projects under construction with a total expected installed capacity of 350.0 MW in China. The following table sets forth a breakdown of the Group's wind power, solar power and other renewable energy projects under construction by region as at 30 June 2020:

<u>Region/Project name</u>	<u>Capacity under construction (MW)</u>	<u>Ownership (%)</u>	<u>Estimated commencement month of operation</u>
Xinjiang autonomous region			
Jingxia 5B Wind Power Project	100.0	64.9	December 2020
Ningxia autonomous region			
Zhongning Enhe Wind Power Project	50.0	64.9	December 2020
Tianjin municipality			
Tianjin Ninghe Wind Power Project	50.0	64.9	December 2020
Qinghai province			
Qinghai Gonghe Wind Power Project	50.0	51.7	December 2020
Guangxi autonomous region			
Longmen Pubei II Wind Power Project	100.0	64.9	December 2020
Total	350.0		

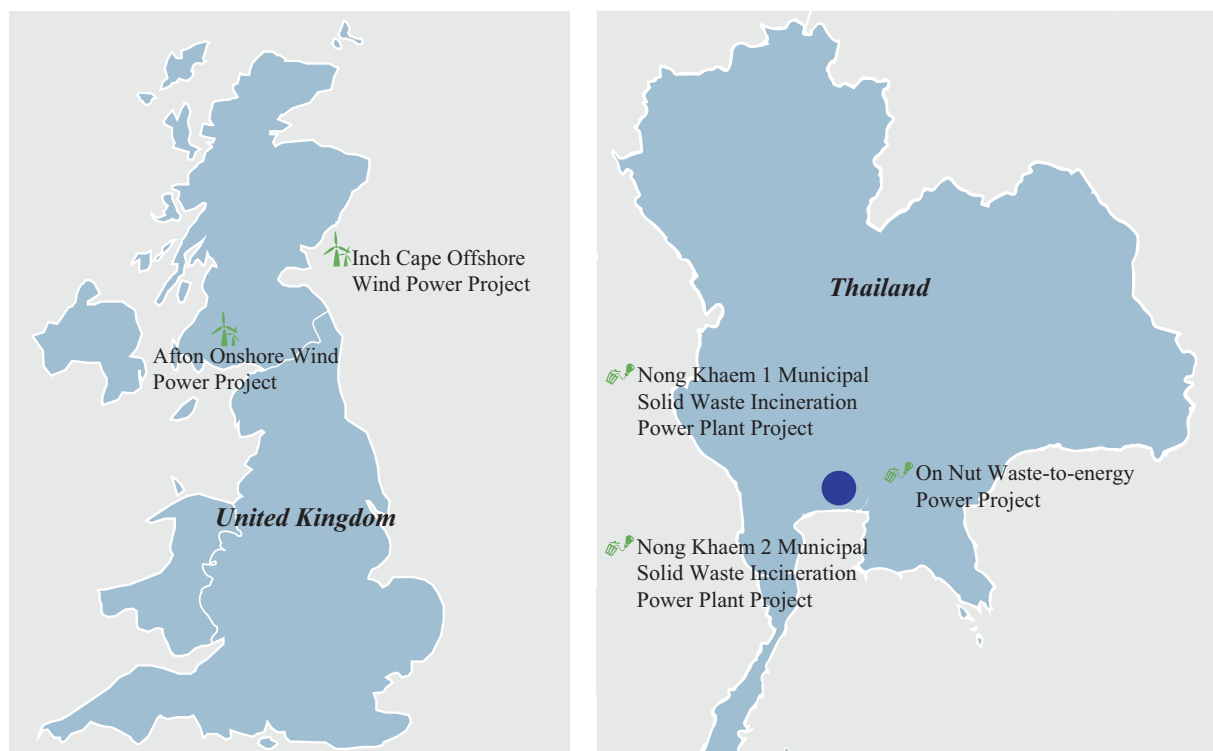
Pipeline Projects

The Group has a strong project pipeline for future development in China, which the Group believes will provide a solid foundation for future growth. As at 30 June 2020, the Group had obtained approval for construction by the DRC for four wind power, solar power and other renewable energy projects, the expected installed capacity of which is approximately 350.0 MW. For details of the Group's identification and assessment of pipeline projects, see “—Development and Maintenance of Power Plants—Opportunity Identification and Feasibility Study”.

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Overseas Power Assets

In line with its “go global” strategy, the Group is also actively expanding in the overseas power generation market. As at 30 June 2020, the Group had two overseas projects in operation with a combined installed capacity of 59.8 MW, two waste-to-energy power projects under construction with a total of expected installed capacity of 70.0 MW, and one overseas pipeline project, which is an off-shore wind power project, with an expected installed capacity of around 1,000.0 MW. The following map illustrates the distribution of the Group’s overseas power projects as at 30 June 2020:



From time to time, the Group acquires interests and makes investments in overseas associates. As at 30 June 2020, the Group held minority equity interests in two power projects.

Projects in operation

Afton Onshore Wind Power Project

Afton Onshore Wind Power Project is an onshore wind power project located in Scotland, the UK, with an installed capacity of 50.0 MW. The project commenced operation in September 2018. The project is owned by Afton Windfarm Limited which is 100.0% owned by Red Rock Power Limited. The Company holds a 100.0% equity interest in Red Rock Power Limited through its subsidiary Redrock Investment. The project enjoys a 19-year ROC (Renewables Obligations Certificate) mechanism from the date of commercial operation. The project also signed a 15-year PPA with Neas Energy.

Nong Khaem 1 Municipal Solid Waste Incineration Power Plant Project

Nong Khaem 1 Municipal Solid Waste Incineration Power Plant Project is a waste-to-energy power project located in Bangkok, Thailand with an installed capacity of 9.8 MW. The project

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commenced operation in March 2016. The project is 100.0% owned by C&G Environmental Protection (Thailand) Co., Ltd., which is 100.0% owned by Newsky China. The Company holds a 60.0% equity interest in Newsky China through its wholly-owned subsidiary SDIC Environment Power CO., LTD. The project enjoys a 20-year concession period from the date of commercial operation. The project also signed a 5-year PPA with automatic renewal with a state-owned grid company in Thailand.

Projects under Construction

On Nut Waste-to-energy Power Project

On Nut Waste-to-energy Power Project is a waste-to-energy power project located in Bangkok, Thailand, with an expected installed capacity of 35.0 MW. The project is 100.0% owned by Newsky China. The construction of the project is expected to be completed in 2022. The project enjoys a 20-year concession period subject to application for renewal from the date of commercial operation.

Nong Khaem 2 Municipal Solid Waste Incineration Power Plant Project

Nong Khaem 2 Municipal Solid Waste Incineration Power Plant is a waste-to-energy power project located in Bangkok, Thailand, with an expected installed capacity of 35.0 MW. The project is 100.0% owned by Newsky China. The construction of the project is expected to be completed in 2022. The project enjoys a 20-year concession period from the date of commercial operation.

Pipeline projects

Inch Cape Offshore Wind Power Project

Inch Cape Offshore Wind Power Project is an offshore wind power project located in the North Sea, the UK, with an expected installed capacity of around 1,000.0 MW. The project is wholly owned by Red Rock Power Limited. The project is expected to commence operation in phases between 2024 and 2025. The project is run by a team of over 40 professionals, and is still in the preparation stage of development.

Interest in associated entities

Beatrice Offshore Wind Power Project

Beatrice Offshore Wind Power Project is an offshore wind power project located on the eastern coast of Scotland, the UK, with an installed capacity of 588.0 MW, equipped with 84 sets of 7.0 MW wind turbines. The project is owned by Beatrice Offshore Windfarm Ltd., which is 25.0% owned by Red Rock Power Limited. The project commenced full commercial operations in July 2019. The project secured a 15-year fixed tariff of GBP140/MWh (2012 real price and indexed to CPI), higher than the local wholesale electricity price.

Banten Coal-fired Power Project

Banten Coal-fired Power Project is a 660.0 MW coal-fired power plant located in Banten Province, Indonesia. The project has one 660.0 MW supercritical power generating unit, and it commenced operations in March 2017. The project is owned by PT Lestari Banten Energi, in which Lestari Listrik Pte., Ltd. holds a 95.0% equity interest. The Company holds a 42.1% equity interest in

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Lestari Listrik Pte. Ltd. through its 100.0% holding company Jaderock Investment. The project is located in the power load centre of Indonesia, and is one of the major power stations of the Jawa-Bali power grid. The project has signed a 25-year PPA with a state-owned grid company in Indonesia. In January 2019, US\$775 million senior notes with a 20-year tenor were issued for the project, with annual coupon rate of 6.875%, to optimise its financing structure.

OTHER BUSINESS

The Group is also engaged in other business, such as heat supply, seawater desalination and sales of construction materials. Some of the Group's generating units are combined cogenerating units whereby the generation of power produces heat and desalinates seawater. Coal-fired power projects generate certain side products, such as fly ash, which are then processed to produce construction materials such as bricks.

Revenue from the Group's other business for 2017, 2018 and 2019 and the six months ended 30 June 2020 amounted to RMB484.8 million, RMB646.5 million, RMB763.9 million and RMB258.2 million, respectively, accounting for 1.7%, 1.8%, 2.0% and 1.5%, respectively, of its total revenue for the same period.

DISCONTINUED OPERATIONS

The Company has discontinued operations conducted by four subsidiaries and two associates.

From December 2019 to March 2020, in order to further optimise the Group's asset structure, the Company completed the transfer of its entire equity interests in six coal-fired power companies, which include: (i) a 55.0% equity interest in a subsidiary, SDIC Beibuwan; (ii) a 51.0% equity interest in a subsidiary, SDIC Xuancheng; (iii) a 60.0% equity interest in a subsidiary, SDIC Yili; (iv) a 51.2% equity interest in a subsidiary, Jingyuan Second Power; (v) a 35.0% equity interest in an associate, Huaibei Guo'an Power; and (vi) a 45.0% equity interest in an associate, GEPIC Zhangye. The four disposed subsidiaries in which the Company held a majority interest before such disposals recorded net losses of RMB507.9 million, RMB640.3 million and RMB281.6 million in 2017, 2018 and 2019, respectively.

Upon transfer, the installed capacity of SDIC Beibuwan, SDIC Xuancheng, SDIC Yili, Jingyuan Second Power, Huaibei Guo'an Power, GEPIC Zhangye was 640.0 MW, 1,290.0 MW, 664.0 MW (including a coal-fired power plant with an installed capacity of 660.0 MW and a hydropower plant with an installed capacity of 4.0 MW), 1,320.0 MW, 640.0 MW and 650.0 MW, respectively.

The following table sets forth the net power generation of the discontinued operations conducted by the four subsidiaries for the years indicated:

Subsidiary name	Year ended 31 December		
	2017	2018	2019
		(GWh)	
SDIC Beibuwan	2,670.2	3,638.7	3,857.4
Jingyuan Second Power	2,311.0	3,238.9	3,903.6
SDIC Yili	2,425.5	2,368.1	2,803.6
SDIC Xuancheng	5,618.6	5,469.2	5,485.1
Total	13,025.3	14,714.9	16,049.7

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PRICING AND SALES

Pricing

On-grid tariff refers to the wholesale price at which power companies sell the power they generate to grids. On-grid tariffs of the planned output of the Group's power projects are reviewed and determined by the relevant pricing authorities. Apart from the Group's planned output, the Group's power projects also sell electricity generated in excess of the planned output, the price of which is determined by market mechanism.

Hydropower

The relevant pricing authorities primarily use the following three pricing methods to determine the on-grid tariff of the planned output of the Group's hydropower projects: (i) local price backward pricing; (ii) individual project pricing; and (iii) benchmark pricing.

- Hydropower projects whose generated power is subject to inter-provincial transmission are subject to the local price backward pricing method where the NDRC determines the on-grid tariff. Such on-grid tariff is determined with reference to the local market price at the power receiving side, after deducting the transmission price charged by the grid company.
- Certain hydropower projects are subject to the individual project pricing method where the on-grid tariff is determined by the relevant pricing authority on a case-by-case basis. One of the key considerations is the construction and operating costs and the rate of return of the projects.
- Other hydropower projects are usually subject to the benchmark pricing method where the on-grid tariff is calculated based on the average costs of hydropower stations of the same category.

As a result, the on-grid tariff for hydropower plants varies from one hydropower project to another.

Coal-fired power

The on-grid tariffs of the planned output of the Group's coal-fired power projects are determined by factors including, but not limited to, the benchmark price and the price compensation. The benchmark price is announced primarily by the NDRC, in consideration of the average cost of coal-fired power generation, which is affected by various factors, including the average utilisation hours and the depreciation of equipment. The price compensation is provided when certain standards such as denitrification and ultra-low emission are met.

Wind power, solar power and other renewable energy

The on-grid tariffs of the planned output of the Group's wind power, solar power and other renewable energy projects in China are determined by governmental authorities based on the actual location of such wind power, solar power and other renewable energy projects. For wind power projects, the PRC government has categorised the wind resources of the PRC into four wind resource zones and applies a universal on-grid tariff to all the wind power projects in the same wind resource zone approved within the same period. For solar projects, the PRC government has categorised the

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solar energy resources of the PRC into three zones and applies a universal on-grid tariff to all the solar projects in the same resource zone approved within the same period. For waste-to-energy power projects, the national unified benchmark tariff for waste-to-energy plants is set at RMB0.65 per kWh. The portion of this price exceeding the on-grid benchmark tariff of local desulfurisation coal-fired units is shared by both the local provincial power grid and the national subsidies for renewable energy tariff.

Marketisation of power

Power marketisation is central to recent power industry reform. According to the Certain Opinions of the Communist Party of China Central Committee and the State Council on Further Implementation of System Reform in Electric Power Industry (《中共中央、国务院关于进一步深化电力体制改革的若干意见》), which became effective on 15 March 2015, improving the power bidding mechanism and the price adjustment mechanism for medium- and long-term contract transactions will be the main focus in the marketisation of power. Except for electricity consumption for crucial social functions, the determination of on-grid tariff should gradually become market-based. The Group's power plants also sell electricity generated in excess of planned output. Bilateral trading allows an electricity generation company to directly negotiate with and sell its electricity to large corporate customers. Under the competitive bidding mechanism, grid company organise power generation companies to participate in bidding to sell their output. See "Industry Overview—China Power Industry—Market policy and regulation—Marketisation trend" and "Regulation—PRC Laws and Regulations Relating to the Power Industry—Pricing". In 2017, 2018 and 2019 and the six months ended 30 June 2020, the determination of on-grid tariffs for 23.1%, 28.8%, 37.0% and 26.5% of the Group's electricity generation were market-based. With the maturity of the market, the proportion of market-oriented transactions in the power generation industry is expected to continue to increase and power prices will follow the market mechanism gradually.

The following table sets forth a breakdown of the pricing of the Group's power generating assets by power source for the periods indicated (including discontinued operations):

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	Average on-grid tariff (inclusive of VAT) (RMB/kWh)				
Hydropower	0.251	0.268	0.244	0.255	0.248
Coal-fired Power	0.357	0.369	0.356	0.364	0.370
Wind Power	0.473	0.479	0.468	0.478	0.473
Solar Power	0.998	0.875	0.854	0.863	0.906

ELECTRICITY DISPATCH

All power generation companies and grid companies shall comply with centralised dispatch orders from dispatch centres. Dispatch centres prepare annual, quarterly, monthly, weekly and daily power generation plans, indicating the active power, reactive power and voltage for the day, taking into consideration all relevant factors such as PPA signed, daily power load demand, internal water level, fuel supplies, capacity of power grid equipment and equipment servicing requirements.

A dispatch centre is required to dispatch electricity in accordance with its agreements with power generation companies. Additionally, power generation companies and grid companies enter into

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grid connection agreements before the power project connects to the grid. As a result, there is competition for favourable output in the PRC power industry. More efficient power projects usually operate at higher output than less efficient power projects. The Group believes that its more abundant and stable water resources, strong regulating capability, centralised coordination capability, advanced equipment, lower coal consumption rates, higher operational efficiency and lower emissions levels are competitive advantages.

DEVELOPMENT AND MAINTENANCE OF POWER PLANTS

The process of identifying potential sites for power plants, obtaining government approvals, completing construction and commencing commercial operations is usually lengthy. However, because of the Group's extensive experience in developing and constructing power plants, the Group has been able to identify potentially profitable power plant projects and to obtain required PRC government approvals for the majority of its projects in a timely manner.

Opportunity Identification and Feasibility Study

The Group initially identifies an area in which additional electric power is needed by determining the difference between the existing installed capacity and the projected demand for electric power in the area. The initial assessment of a proposed power project involves a preliminary feasibility study. The feasibility study examines the proposed power plant's land use requirements, geographic nature, access to the power grid, fuel supply arrangements for coal-fired power projects, hydrological conditions, wind conditions, solar conditions, local requirements for permits and licences and the ability of potential customers to afford the proposed power tariff. To determine projected demand, factors such as economic growth, population growth and industrial expansion are used. To gauge the expected supply of electricity, the capacities of existing plants and plants under construction or development are studied.

Approval

Power plant projects are subject to approval by national or local governmental authorities. See "Regulation—PRC Laws and Regulations Relating to Project Review and Approval". The Group adopts various criteria in evaluating new projects. New projects must be in line with national industrial policies, national industrial overall plans, and laws and regulations. In addition, new projects should fit the Group's overall strategies and plans, its resources allocation and its rate of return on investment benchmark.

Permits

In developing a new power plant, the Group and third parties, such as a construction contractor, are required to obtain permits before the commencement of a project. Such permits include operating licences and similar approvals related to plant site, land use, construction and the environment. See "Regulation—PRC Laws and Regulations Relating to the Power Industry".

Power Plant Construction

Construction of power plants, equipment procurement and installation, site preparation and civil works are outsourced to third-party contractors through a competitive bidding process. As required by law, the Group engages third-party supervising firms to oversee the construction process

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and ensure that construction meets all required quality standards. The qualifications and performance of the contractors are reviewed from time to time. The construction contracts typically provide for fixed or capped payments, subject to adjustments for certain types of excess according to the construction agreements.

Operation and Maintenance

The Group's projects have established effective management structures. The Group's hydropower projects and coal-fired power projects in operation are largely managed independently from one another. The Group's wind power, solar power and other renewable energy projects in operation are usually managed through project companies established specifically for the purpose of building and operating a single project. The Group's senior management communicates with the management of the projects, and conducts regular performance reviews of the managers. At the same time, opportunities to enhance the project's performance and profitability are evaluated regularly.

The Group strives to continuously improve its capabilities of repairs and maintenance, in particular, by increasing its operating efficiency, performing repair and maintenance and enhancing equipment monitoring and diagnosis. Repairs and maintenance are conducted on an as-needed basis. For mid-level repairs and maintenance and major overhaul of the Group's hydropower projects and coal-fired power plants, it typically engages third-party repairs and maintenance suppliers. Large scale repairs and maintenance to the Group's hydropower projects are carried out every four to ten years and generally scheduled during the dry season in order to reduce their impact on normal operations. Large scale repairs and maintenance to the Group's coal-fired power projects are carried out every four to six years and generally scheduled during periods with relatively low power generation load. Minor repairs to the hydropower and coal-fired projects are typically carried out on an as-needed basis without interruption to the planned generation of the power project.

Due to their smaller sizes, wind power, solar power and other renewable energy projects typically have no major overhaul period compared to a hydropower project or a coal-fired power plant and maintenance and repair work on them require relatively less time and, therefore, does not materially interrupt power production.

Upgrades

The Group maintains power projects in accordance with applicable laws and regulations in material aspects. Newly promulgated laws and regulations generally require more stringent standards in respect to equipment and permissible emissions levels of power plants. To comply with such new regulations, the Group upgrades existing power generating units from time to time.

SUPPLIERS AND CUSTOMERS

The Group's coal procurement is mainly based on medium and long-term contracts and supplemented by procurement from the open market. The medium and long-term contracts are usually entered into with major coal suppliers in the PRC, including, among others, China Shenhua Energy Company and China National Coal Group Corporation. The Company usually enters into framework purchase agreements with those suppliers, pursuant to which the Group or each project company signs annual purchase agreements based on their power generation plans. The Group also sources its coal from domestic or overseas markets through its centralised e-procurement platform connecting a pool of qualified suppliers.

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The medium and long-term contract usually has a term of one year, and provides the quantity of coal supply on a monthly or yearly basis. The coal prices are subject to the agreed pricing formula or the coal price index, and the Group makes relevant payment for each supply upon shipment. For 2017, 2018 and 2019 and the six months ended 30 June 2020, the average price of standard coal (7,000 kcal/kg) per tonne the Group purchased was RMB638, RMB698, RMB646 and RMB592. The coal supplies are transported to the Group's coal-fired power projects by railway, highway and waterway transportation, depending on the varying locations of projects.

During 2017, 2018 and 2019 and the six months ended 30 June 2020, the Group derived substantially all of its revenue from sales of electricity generated by its power generating projects. The Group's primary customers are grid companies, such as State Grid Corporation of China, China Southern Power Grid Co., Ltd. and their subsidiaries such as Guangxi Power Grid Co., Ltd. and State Grid Fujian Electric Power Co., Ltd.

WEATHER AND SEASONALITY

The power generation business has seasonality. Weather patterns have a substantial impact on the performance and operation of the Group's hydropower and wind and solar power businesses. In addition, the weather also affects the demand for and, in some instances, the on-grid tariffs of, electricity. The Group closely monitors the weather in the regions that affect its power projects and works with weather forecast agencies to ensure that it is prepared for changes in climatic conditions to maximise the Group's power generation efficiency.

Hydropower

Hydrological conditions are subject to seasonal variation. The water flow of the Yalong River, the Lantsang River and the Yellow River varies each year and depends primarily on weather conditions such as precipitation and the snowmelt. Most of the Group's power generation occurs during times of high precipitation and snowmelt, which result in an increase in the water flow, primarily from June to October of each year.

If any of the abovementioned rivers experiences significant flooding, the Group's power generation scheduling becomes crucial for the proper operation of the Group's hydropower projections. The Group has strict water inflow and outflow scheduling processes that generally allow it to manage flooding effectively to utilise the increased water inflow to increase the Group's power generation. If, on the other hand, the relevant rivers experience significant drought or decreases in water flow, the Group's power generation levels tend to decrease. The Group effectively manages periods of drought or significantly decreased water inflow by using large-scale reservoirs with strong regulating capabilities to minimise the negative impact on the Group's power generation.

Wind and solar power

The Group's wind power projects are affected by meteorological conditions and the resulting wind conditions. Therefore, the Group's wind power generation and, in turn, the Group's revenue from wind power sales, fluctuates across different seasons during the year. The Group's solar power projects are affected by weather conditions, seasonal variations and the resulting solar conditions.

BUSINESS DESCRIPTION

COMPETITIVE LANDSCAPE

The PRC power generation industry has developed rapidly in recent years and the Group competes for the development rights associated with potential new projects and, to a lesser extent, acquisition opportunities, especially in more developed, high-growth provinces. There is also competition for allocation of excess output, suitable construction location, acquisition opportunities, equipment supplies and access to bank borrowings among power producers in different provinces in China. The Group possesses a special advantage. Power generated by the power units with a total capacity of 6.4 GW of Jin-Guan Hydropower Project Group is transmitted to Jiangsu Province each year through 800 KV ultra-high-voltage power transmission lines under the west-to-east electricity energy transmission project, and Jiangsu province is one of the most developed regions in China that has a high demand for power. Most of the power generated by the remaining 4.4 GW power units of Jin-Guan Hydropower Project Group and 3.3 GW power generating capacity of Ertan is transmitted to Sichuan province and Chongqing and entitled to guaranteed purchase. In addition, the Dachashan Power Project and the Xiaosanxia Power Project enjoy preferential offtake arrangements. The Group's principal competitors include the PRC's five major power generation groups, namely China Huaneng Group, China Energy Investment Corporation (which was established through the merger of China Guodian Corporation and Shenhua Group on 28 November 2017), China Datang Corporation, China Huadian Corporation and State Power Investment Corporation. These five state-owned enterprises are the largest entities in the PRC power generation industry. In addition, the major players in the hydropower generation business also include China Yangtze Power Co., Ltd., Huaneng Lantsang River Hydropower Inc. and Guangxi Guiguan Electric Power Co., Ltd. For coal-fired power, China Resources Power Holdings Co., Ltd., Zheneng Electric Power Co., Ltd. and Guangdong Energy Group Co., Ltd. are also among the top operators. The wind power, solar power and other renewable energy business in China is comparatively fragmented. For additional information on the competitive landscape in the PRC, see "Industry Overview".

EMPLOYEES

As at 30 June 2020, the Group had 8,161 full-time employees, including 62 in the UK and 142 in Thailand, respectively. The following table sets forth a breakdown of the Group's employees by business segment as at the dates indicated:

Business segment	As at 31 December			As at 30 June
	2017	2018	2019	2020
Hydropower	4,563	4,903	5,007	4,895
Coal-fired power	4,109	4,015	2,137	2,159
Wind power, solar power and other renewable energy	393	403	740	980
Others	90	114	118	127
Total	9,155	9,435	8,002	8,161

The Group has not experienced any strikes or other material labour disturbances that have interfered with its operations to date, and the Group believes that its management and employees have maintained good relationships with each other. The Group provides full welfare packages to employees, including paid annual leave, basic pension insurance, basic medical insurance, workplace injury insurance, unemployment insurance, maternity insurance and housing provident funds.

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ENVIRONMENTAL REGULATION

The Group is subject to environmental laws and regulations in the PRC and other countries where it operates. These laws and regulations govern a broad range of environmental matters. The Group is required to obtain a permit from the relevant local governmental authorities and pass relevant environmental assessments. The Group considers environmental protection to be a priority.

The Group believes that the environmental protection systems and facilities of its power projects comply with applicable national and local environmental protection regulations. All of the Group's coal-fired power generating units are equipped with desulphurisation equipment, electric dust removers and denitration facilities to reduce the emission of air pollutants. The Group has also implemented ultra-low emission upgrades. Over 90% of its coal-fired units in terms of installed capacity achieved ultra-low emissions standard. The Group's investment in carrying out ultra-low emission retrofits of its coal-fired power generating units amounted to approximately RMB496.0 million, RMB53.4 million and RMB100.9 million for 2017, 2018 and 2019, respectively.

The Group considers environmental protection while developing hydropower. All hydropower projects constructed by the Group are built according to international standards. In the 1990s, the construction of Ertan Power Project passed the World Bank's project evaluation (including special assessment of environmentally friendly immigration) and received loans from the World Bank. Since then, the Group has been building power plants in accordance with international standards. All five hydropower plants built along the Yalong River have won national environmental awards or recognitions. Ecological protection throughout the basin is factored in by the Group when developing hydropower. Environmental factors are also taken into consideration when it comes to arranging the development sequence, deciding project scale and setting up the construction period. In addition, the Group added an environmentally friendly evaluation indicator system into its operation process. Specifically, while building the Yalong River Hydropower Project, the Group had layered water intake facilities in place to mitigate the adverse impact that low-temperature water has on downstream fish; it also built an ecological flow discharge facility to protect the river's ecological system. In addition, the Group invested approximately RMB160 million in setting up one of the largest fish proliferation and discharge stations in the PRC hydropower industry.

HEALTH AND SAFETY COMPLIANCE

The Group's business operations involve risks and hazards that are inherent in such activities. These risks and hazards could result in damage to property or production facilities, personal injury, business interruption and possible legal liability. All of the Group's projects have complied with relevant PRC laws and regulations and internal policies in material aspects relating to health and safety. The Group has also taken measures to prevent risks and occupation safety diseases. As at 30 June 2020, the Group's projects had not encountered any material business interruption due to occupation health and safety issues. The Group has established a safety management system, as well as a health and safety management department at the headquarters level and in each project company. Generally, project companies are required to approach management of health and safety using a structured management system comprising, amongst other things, a system for continually identifying legal and other requirements, a planned and documented approach to health and safety and the monitoring of health and safety management issues.

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INSURANCE

As at 30 June 2020, the Group's projects maintained insurance coverage at a level that it believes to be consistent with market practice in the PRC power generation industry. The Group's power projects usually carry property insurance, machinery and equipment damage insurance, public liability insurance and employer liability insurance, and sometimes carry business interruption insurance to cover lost profit caused by business interruption. The Group believes that the insurance coverage of its power plants and projects is adequate.

CURRENT TRADING AND PROSPECTS

On 14 October 2020, the Company released its key operating data for the third quarter of 2020 on the website of SSE as part of its usual disclosure practice. For the three months ended 30 September 2020, the net power generation of the Group's power projects in China amounted to 465.0 TWh, representing a slight increase of 4.7%, after eliminating the effect of the Group's discontinued operations, as compared to the same period in 2019. In particular, the Group's hydropower projects, coal-fired power projects, wind power projects and solar power projects in China recorded net power generation of 305.6 TWh, 147.8 TWh, 8.4 TWh and 3.3 TWh for the three months ended 30 September 2020, respectively, representing increases of 3.7%, 5.1%, 32.1% and 31.0% as compared to the corresponding period in 2019, respectively. The increase in the net power generation of the Group's wind power projects was mainly attributable to the completion and operation of new wind power projects and units. The increase in the net power generation of the Group's solar power projects was mainly attributable to the acquisition of five solar power projects in 2019 and 2020.

For the three months ended 30 September 2020, the average on-grid tariff (inclusive of VAT) of the Group's power projects in China was 0.293 RMB/kWh, which slightly increased as compared to the same period in 2019. For the three months ended 30 September 2020, the average on-grid tariff (inclusive of VAT) of the Group's hydropower projects, coal-fired power projects, wind power projects and solar power projects in China were 0.242 RMB/kWh, 0.371 RMB/kWh, 0.471 RMB/kWh and 0.866 RMB/kWh, respectively, representing an increase of 0.8%, an increase of 4.5%, a decrease of 0.7% and an increase of 4.6%, respectively, as compared to the same period of 2019.

The Company's wholly-owned subsidiary, Red Rock Power Limited has proposed to acquire a 50.0% equity interest in a wind power project in Sweden and has entered into an equity purchase agreement with the seller. This project has an installed capacity of 240.8 MW, and is expected to commence operation by the end of 2020.

Since early 2020, a growing number of countries and regions around the world have encountered an outbreak of COVID-19, a highly contagious disease known to cause respiratory illness. Stringent measures, including mandatory quarantines and travel restrictions were imposed in numerous regions across the PRC in an effort to contain the outbreak. On 11 March 2020, the World Health Organisation announced the COVID-19 outbreak as a pandemic. Governments worldwide have implemented various measures with the aim to curb the spread of COVID-19, including entry restrictions for foreign travellers and domestic social-distancing measures. Since March 2020, industries and enterprises across the PRC have gradually resumed operations and production, following a continued decrease in the number of confirmed infections.

As at the date of this Prospectus, the recent outbreak of COVID-19 has not resulted in any material adverse effect on the Group's business operations, financial performance or working capital,

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mainly because: (i) most of the Group's power projects are located far away from population concentrations in urban centres, and have high capacity to sustain operations; (ii) since January 2020 and up to the Latest Practicable Date, the Group has not suffered any major service or business interruptions, or supply chain disruptions, (iii) the on-grid tariff of the Group's power generating assets and demand for electricity consumption remained stable in the first half of 2020 with only temporary and limited fluctuations; (iv) the Group was not aware of any employee infections due to COVID-19; and (v) the Group maintained stable relationships with its suppliers and customers, and did not encounter any difficulties in cooperation with them due to the COVID-19 outbreak. Adequate hygiene measures have been implemented to support the resumption of office operations.

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The Group's business operations are subject to extensive supervision and regulation by the PRC government. This section sets out (i) an introduction to the major PRC government authorities with jurisdiction over the Group's current operations; and (ii) a summary of the major laws, regulations and policies to which the Group is subject. For the laws and regulations relating to taxation in the PRC, see "Taxation" in this Prospectus.

PRINCIPAL REGULATORS

The State Council

The State Council is the highest administrative authority in the PRC, and is responsible for the formulation and reformation of the PRC Government's administrative and government affairs.

Local people's governments at various levels are the executive bodies of local organs of state power as well as the local organs of State administration at the corresponding levels.

The NDRC and Local Investment Approval Authorities

The NDRC is responsible for (i) formulating and implementing major policies relating to China's economic and social development; (ii) planning the major construction projects and distribution of productive forces; (iii) reviewing and approving investment projects with expenditure exceeding certain amounts or in special industrial sectors, including the power generation sector; and (iv) formulating industrial policies and investment guidelines for all industries.

The competent investment departments of all levels of local governments are responsible for (i) implementing the specific policies formulated by the NDRC; (ii) reviewing and approving investment projects in accordance with the authorisation by the NDRC; and (iii) receiving the filing of other enterprise investment projects that do not require prior approvals.

The National Energy Administration

The National Energy Administration (the "NEA"), which is currently managed by the NDRC, integrated the previous responsibilities of the State Electricity Regulatory Commission (the "SERC"), is responsible for, among other things, (i) formulating regulations, national standards, policies and strategies relating to the development of energy sector; (ii) reviewing and approving investment projects in the energy sector within its authority; (iii) promoting the preservation and comprehensive utilisation of energy and the research, development and innovations relating to the energy sector; (iv) supervising the operation of the electric power market; and (v) overseeing the production safety, reliability and contingency management of the electric power sector.

The SASAC

The State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC") and its local counterparties are authorised to supervise and manage state-owned assets and act as the shareholder of the state-owned enterprises on behalf of the state.

PRC LAWS AND REGULATIONS RELATING TO SUPERVISION OF STATE-OWNED ASSETS

According to the Interim Regulations on the Supervision and Administration of State-owned Assets in Enterprises (企业国有资产监督管理暂行条例) promulgated and implemented on 27 May 2003,

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and last amended on 2 March 2019, all forms of State investments in enterprises and the equities generated from such investments, as well as other equities which are legally owned by the State, belong to the State. Under the current administration system for state-owned assets, the State Council and local governments shall, on behalf of the State, perform the shareholder's duties and enjoy the shareholder's rights and interests, and state-owned asset supervision and administration bodies shall support legally independent business operations of the state-owned enterprises, and may not intervene in their production and business activities other than the exercising of shareholder's rights.

The main duties of a state-owned asset supervision and administration body are:

- performing the shareholder's duties for state-owned enterprises under its supervision and protecting its shareholder's rights and interests in accordance with the PRC Company Law and other laws and regulations;
- directing and promoting the reform and restructuring of the state-owned enterprises;
- dispatching supervisors to state-owned enterprises under its supervision;
- appointing, removing, and assessing the principals of state-owned enterprises under its supervision according to statutory procedures, and review their performances and provide incentives and penalties based on the review results;
- supervising the preservation and the appreciation of the state-owned assets; and
- performing other duties of shareholders and other matters delegated by the PRC government at the corresponding level.

The state-owned asset supervision and administration body under the State Council may, apart from performing the duties provided for in the preceding paragraph, set forth the rules and regulations on the supervision and administration of the state-owned assets.

PRC LAWS AND REGULATIONS RELATING TO PROJECT REVIEW AND APPROVAL

According to the Government Approved Investment Project Directory (2016 version) (政府核准的投资项目目录 (2016年本)), which was promulgated and effected on 12 December 2016, projects of hydropower stations with a per station installed capacity of 500 MW or above built on trans-boundary rivers or on rivers crossing provinces (autonomous regions or municipalities directly under the central government) shall be subject to the approval of competent investment department of the State Council, of which the projects with a per-station installed capacity of 3 GW or above or involving 10,000 displaced residents or above shall be subject to the approval of the State Council. Other projects of hydropower stations shall be subject to the verification and approval by local governments. Projects of coal-fired power (including self-powered stations) shall be subject to the approval of provincial governments in accordance with the overall construction planning formulated by the State and subject to total number control. Projects of wind power stations shall be subject to the approval of local governments following the construction programme and annual guiding development size determined by the State subject to total number control.

For special requirements on the review and approval for renewable energy projects, see “— PRC Laws and Regulations Relating to the Power Industry — Renewable Energy”.

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PRC LAWS AND REGULATIONS RELATING TO THE POWER INDUSTRY

Power Generation

According to the Electric Power Law of the PRC (中华人民共和国电力法) promulgated on 28 December 1995 and amended on 27 August 2009, 24 April 2015 and 29 December 2018, respectively, the administrative department of the electric power industry under the State Council shall be responsible for the supervision and control of the electric power industry throughout the nation. The departments concerned under the State Council shall be responsible for the supervision and control of the electric power industry within their own limits of authorities. The administrative department of comprehensive economy under the local government at county level or above is the administrative department of electric power within its own administrative region, which shall be responsible for the supervision and control of the electric power industry. Meanwhile, the electricity price shall be based on the principle of unified policy and unified pricing and managed at different levels. One of the principles of the Electric Power Law is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. The Electric Power Law also states that the government encourages domestic and foreign investment in the power industry.

The Electricity Regulatory Ordinance (电力监管条例), which became effective on 1 May 2005, is formulated by the State Council to strengthen the supervision over the electricity industry and improve the electricity supervisory system. It sets forth the regulatory requirements for a number of aspects of the power industry, including, among others, the granting of electric power business licence (电力业务许可证), the regulatory inspections of power plants and grid companies and the legal liabilities resulting from violation of the regulatory requirements.

Pursuant to the Administrative Regulations on Power Business Licences (电力业务许可证管理规定) (the “**Power Business Licences Regulations**”) issued by the SERC, which was promulgated on 13 October 2005 and became effective on 1 December 2005 and was amended on 30 May 2015, the PRC power industry adopts the market-access permit system. Pursuant to the Power Business Licences Regulations, unless otherwise provided by the SERC, it shall be illegal in the PRC to engage in any electric power business (including power generation, transmission, dispatch and sales) without obtaining an electric power business licence issued by the SERC.

Applicants for the electric power business licence for power generation business must submit relevant evidence documents in respect of the power project’s construction, generation capacity and environmental compliance. The NEA will issue the electric power business licence to the applicants after the application materials pass the review.

To apply for a business licence for power generation, the following conditions must be fulfilled:

- construction of the power generation plant has been reviewed and approved or verified by the relevant competent department;
- the power generation facilities have the capability of power generation; and
- the power generation project meets the relevant environmental protection requirements.

According to the Measures on Supervision and Administration of the Work Safety of Electricity Industry (电力安全生产监督管理办法), promulgated on 17 February 2015 and became effective on 1 March 2015, power generation, operation and supply must comply with the relevant safety

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requirements by the NEA. In case of abnormal or serious personal injury or death, electric accidents, equipment damage, power plant collapse or fires, power plants are required to report related information in accordance with relevant regulations and commence timely investigate the safety incidents.

Renewable Energy

According to the Renewable Energy Law of the PRC (中华人民共和国可再生能源法) (the “**Renewable Energy Law**”), which was promulgated on 28 February 2005 and became effective on 1 January 2006 and was amended on 26 December 2009 and became effective on 1 April 2010, renewable energy includes wind power, solar power, hydropower, bioenergy, geothermal energy, ocean energy and other types of non-fossil energy. Pursuant to the Renewable Energy Law, all electricity power generated from clean and renewable energy shall be purchased in full amount provided that on-grid technical standards have been complied with and the related power generation entities have obtained relevant administrative approvals or been filed for record. A grid company shall purchase the full amount of on-grid electricity generated by approved clean and renewable power plants that meet the grid connection technical standards in the areas covered by the grid company’s power grids.

Pursuant to the Provisions on the Administration of Power Generation from Renewable Energy (可再生能源发电有关管理规定), which became effective on 5 January 2006, the renewable energy power-generating projects shall implement central and local hierarchical management. The NDRC shall make plans for the national renewable energy power-generating projects, develop policies and manage the projects that require the verification and approval or examination and approval of the State. The energy departments of the provincial governments shall manage the renewable energy power-generating projects within the local authority under their jurisdiction.

Pursuant to the Medium and Long-Term Development Plan for Renewable Energy (可再生能源中长期发展规划) issued by the NDRC on 31 August 2007, China will strive to achieve the goal of 15% of the total energy consumption in the PRC being generated from renewable energy (including hydropower) by 2020. In regions covered by major power grids, the percentage of power generated by renewable energy (not including hydropower) shall reach at least 3% of the total power generated by the power grid by 2020. Meanwhile, for investors with installed capacity attributable to it over 5 GW for power generation, the percentage of the installed capacity of renewable power generation attributable to it must reach 8% of the total installed power capacity attributable to it by 2020. Moreover, with respect to wind power generation, the plan also requires full leverage of the economic strength of the more developed coastal regions and the natural resources of China’s “three northern regions”, being the northwestern, northern and northeastern regions, to construct large and mega wind power stations. The plan also calls for other regions in China to construct medium and small wind power stations as appropriate. With respect to solar power generation, the plan addresses the development of solar power in the areas of (i) household solar power generation system or small-scale photovoltaic power station for remote areas; (ii) on-grid rooftop solar power system and solar power system used in public on-grid facilities; (iii) large-scale photovoltaic and solar thermal power station. The plan also provides that there is a large potential for the application of photovoltaic technology in the area of communications, meteorology, long distance pipelines, railways, and public roads. The NDRC and the NEA jointly published the Notice on Establishing the Safeguard Mechanism for the Consumption of Electricity from Renewable Energy (关于建立健全可再生能源电力消纳保障机制的通知) on 10 May 2019, which provides that

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a minimum percentage of the annual electricity consumption by each province shall be generated from renewable energy, further promoting the development of renewable energy.

Pursuant to the Interim Measures for the Administration of the Development and Construction of Wind Power Projects (风电开发建设管理暂行办法), which became effective on 25 August 2011, the local planning of wind farms are required to be filed with the competent department of energy under the State Council for record, and projects within the annual development plan of local wind farms are eligible for price subsidies granted to renewable energy development projects only after they are filled with the competent department of energy under the State Council. Before starting preparation work for the construction, developers of wind power projects must apply to and obtain from a competent energy administration authority an approval for carrying out the preparation work.

Pursuant to the Interim Administrative Measures for Photovoltaic Power Station Projects (光伏电站项目管理暂行办法) published by the NEA in August 2013 and the Notice on Further Improving the Administration on the Construction and Operation of Photovoltaic Power Stations (关于进一步加强光伏电站建设与运行管理工作的通知) published by the NEA in October 2014, development and operation of photovoltaic power stations are subject to the supervision of the NEA and local energy administration authorities at provincial levels. The NEA is responsible for the formulation of national annual development plans for photovoltaic power generation, and the energy administration authorities at provincial levels are responsible for the formulation of local development plans and local implementation plans in consultation with the local branches of the NEA and in accordance with the national annual development plan and the indicative size for photovoltaic power station development for the respective region set by the NEA. The development and construction of photovoltaic power stations shall be registered with the local energy administration authority at the provincial level, and shall be within the indicative size for photovoltaic power station development formulated by the NEA. Local power grids shall connect the photovoltaic power stations so registered and developed to the power grid upon the application by such photovoltaic power stations, unless the photovoltaic power station does not meet the criteria for connection.

Power Dispatch

Pursuant to the Regulations on the Administration of Power Dispatch to Networks and Grids (电网调度管理条例), which was promulgated by the State Council on 29 June 1993 and became effective on 1 November 1993 and was amended and effected on 8 January 2011, the power grid is operated in accordance with the centralised dispatching and grading management principles, and on-grid power plants and power grids shall comply with centralised dispatch orders from dispatch centres. Additionally, on-grid power plants and power grids shall enter into grid connection agreements before the power plant connects to the grid, and shall perform their duties and obligations accordingly. Dispatching centres at lower levels shall defer to the dispatch orders from those at higher levels and the operating units in charge of power plants and substations within the jurisdiction of a dispatching centre shall comply with the dispatch orders from such dispatching centre.

Pursuant to the Implementation Measures for the Administrative Rules on Power Grid Dispatching (电网调度管理条例实施办法), which became effective on 11 October 1994, dispatch centres are established at five levels: the national dispatch centre, dispatch centres of the interprovincial (autonomous regions and municipalities also included) power grid, the dispatch centres of the provincial-level power grid, the dispatch centres of the power grid of municipalities within provinces and the dispatch centres of the local power grid. Dispatch centres prepare daily power generation

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curves to be executed by the power plants, indicating the active power, reactive power and voltage for the day, taking into consideration of all relevant factors such as daily power load demand, internal water level, fuel supplies, capacity of power grid equipment and equipment servicing requirements.

Pursuant to the Administrative Measures of Electric Power Planning (电力规划管理办法) promulgated by the NEA on 17 May 2016, the NEA is the department in charge of power planning within the PRC, while the provincial energy department in charge of the power planning within the province. These two levels of authorities manage the power planning work at national and provincial levels, respectively.

Pricing

The Electric Power Law of the PRC sets forth the general principles for the pricing of electric tariffs. Electric tariffs are to be formulated based on a costs (and taxes) plus reasonable returns basis, based on the principle of a fair share of costs with the aim to promote the development of the electric power industry. The Power Tariff Reform Plan (电价改革方案) approved by the State Council on 9 July 2003 sets forth a long-term objective for the reform of power tariff, being to establish a standardised and transparent power tariff managing mechanism on the basis of consistently deepening the reform of the electricity power system.

On 28 March 2005, the NDRC promulgated the implementation rules of tariff reform, including the Provisional Measures for the Administration of On-grid Tariff (上网电价管理暂行办法), the Provisional Measures for the Administration of Power Transmission and Distribution Prices (输配电价管理暂行办法) and the Provisional Measures for the Administration of Power Selling Prices (销售电价管理暂行办法), which specifies the authorities of tariff management and regulates the pricing mechanism of on-grid power, the power transmission and distribution and the sales of power.

Pursuant to the Provisional Measures for the Administration of On-grid Tariff, which became effective on 1 May 2005, for power plants within the local grids that have not implemented competitive bidding mechanisms, on-grid tariffs will be determined by the competent pricing authorities based on production costs plus a reasonable investment return. For power plants within the local grids that have implemented competitive bidding mechanism for tariffs, a two-tier on-grid tariff should be applied, consisting of (i) a capacity tariff determined by the pricing authorities based on the average investment cost of the power plants competing within the same local grid; and (ii) a competitive tariff determined through the competitive bidding processes.

According to the Notice on Issues Relating to the Administration of Electricity Energy Trading Prices (关于规范电能交易价格管理等有关问题的通知), which became effective on 11 October 2009, except for interprovincial or interregional power transactions or otherwise provided by the State, all on-grid tariffs of the on grid electricity from the generator sets entering commercial operation shall be determined according to the tariffs set by the local pricing authority. All renewable energy operators (excluding hydropower operators) must comply with the on-grid tariffs as approved by the pricing authorities.

According to the Notice on Issues Relating to a Proper Adjustment of Tariff (关于适当调整电价有关问题的通知), which became effective on 27 May 2011, the on-grid tariff of coal-fired power plants was increased and the on-grid tariffs of certain hydroelectric power enterprises were verified and adjusted.

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According to the Certain Opinions of the CPC Central Committee and the State Council on Further Implementation of System Reform in Electric Power Industry (中共中央、国务院关于进一步深化电力体制改革的若干意见), which became effective on 15 March 2015, except for electricity consumption for public welfare purposes, the determination of selling prices and on-grid tariff for electricity should gradually become market-based. The opinions further state that the on-grid tariff for power generation enterprises that participate in power market trading should be determined independently by the power generation enterprises with the end user or the electricity trading institutions through arms' length negotiations or market bidding. Furthermore, the price of electricity traded on the electricity market consists of three parts, namely, (i) the market tariff; (ii) power transmission and distribution price (including line loss); and (iii) governmental fund contributions. On-grid electricity that does not participate in direct trading and bidding transactions and electricity consumption for residential, agriculture, important public utilities and public welfare purposes shall remain subject to controlled pricing.

The NDRC published the Notice on Improvement of the On-grid Price Policies for Wind Power (关于完善风电上网电价政策的通知) in May 2019 and the Announcement on the Overall Liberalisation of the Electricity Generation and Consumption Plans for Industrial and Commercial Users (关于全面放开经营性电力用户发用电计划的通知) in June 2019, reiterating the principle of a market-based pricing regime for wind power and eligible electricity users.

PRC LAWS AND REGULATIONS RELATING TO BUSINESS QUALIFICATIONS AND LICENCES

Electric Power Business Licences

According to the Power Business Licences Regulations, an enterprise that engages in any electric power business (including power generation, power transmission and power supply) within the PRC shall obtain an electric power business licence. Unless the otherwise approved by the SERC, it shall be illegal to engage in any electric power business without obtaining an electric power business licence.

Electric power business licences are divided into three categories: power generation, power transmission and power supply, and are valid for twenty years after granting. The holder of the electric power business licence shall reapply for the renewal of the licence within 30 days prior to its expiration.

Water Collection Permit

Key PRC Laws and regulations regulating water collection include (i) Water Law of the PRC (中华人民共和国水法), which was promulgated by the Standing Committee of National People's Congress (the "NPC Standing Committee") on 21 January 1988 and last amended on 2 July 2016; (ii) the Regulations on Administration of Water Collection Permit and Water Collection Charges (取水许可和水资源费征收管理条例), which was promulgated by the State Council on 21 February 2006 and amended on 1 March 2017; and (iii) the Measures on Administration of Water Collection Permit (取水许可管理办法), which was promulgated by the Ministry of Water Resources on 9 April 2008 and last amended on 22 December 2017. According to these laws and regulations, except for those otherwise not required to apply for water collection licence, any person and entities who directly obtain water resources from rivers, lakes and underground water by water extradition works or facilities shall apply to the water administration departments or water authorities for a water collection permit and pay

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the water resource charges to collect water. Persons collecting water shall collect water according to the approved annual water collection plan. In the event that the water collected exceeds the limit under the plan, additional water resources charges shall be paid on the exceeding portion. However, according to the Pilot Implementation Measures on Expanding the Reformation on Water Resource Tax (扩大水资源税改革试点实施办法) jointly promulgated by the MOF, the State Administration of Taxation and the Ministry of Water Resource on 24 November 2017 and effective on 1 December 2017, water collecting persons in Sichuan province shall pay water resource taxes instead of water collection charges.

Water collection permits are generally valid for five years and usually no more than ten years. Upon expiration, water collection licences can be renewed by submitting renewal applications to the approving authorities within 45 days prior to the expiration.

Pollutant Discharge Permit

According to the Law on the Prevention and Control of the Atmospheric Pollution of the PRC (中华人民共和国大气污染防治法) promulgated on 5 September 1987 and last revised on 26 October 2018, the Law on Prevention of Water Pollution of the PRC (中华人民共和国水污染防治法) promulgated on 11 May 1984 and last revised on 27 June 2017, the PRC implements a pollutants discharge permit system.

According to the Measures for the Administration of Pollutant Discharge Permits (Trial) (排污许可管理办法 (试行)) promulgated on 10 January 2018 and amended on 22 August 2019, pollutant discharge permits are granted by competent environmental protection authorities at municipal level. A pollutant discharge permit is generally valid for three years for the first application. Upon the expiration, pollutant discharge permits can be renewed by submitting renewal applications to the approving authorities and the renewed permits is valid for five years.

It is illegal to discharge pollutants without a pollutant discharge permit. Any person who illegally discharges pollutants without a pollutant discharge permit shall be subject to compulsory rectification, fines or other form of penalties in accordance with relevant laws.

PRC LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (中华人民共和国环境保护法) promulgated by the NPC Standing Committee on 26 December 1989, amended on 24 April 2014 and became effective on 1 January 2015, persons causing environmental pollution and other public hazards shall adopt effective measures to prevent and control the pollution and public hazard. The design, construction and commencement of operation of facilities for prevention and control of pollution shall be conducted at the same time with that of the main body of the operating project that causes such pollution. Facilities for the prevention and control of pollution shall conform to the requirements of the approved document of environment impact assessment and shall not be dismantled or left idle without permission.

According to the Environmental Impact Assessment Law of the PRC (中华人民共和国环境影响评价法) promulgated on 28 October 2002 and last amended on 29 December 2018 and the Rule on Classification for Environmental Impact Assessment for Construction Projects (建设项目环境影响评价文件分级审批规定) promulgated by the MEP on 16 January 2009 and came into effect on 1 March 2009, it is required that the environmental impact of any construction project be

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assessed and classified based on the degree of environmental impact caused by the project. In the event of significant environmental impact, an environmental impact report shall include a comprehensive appraisal on the possible environmental impact; in the event of slight environmental impact, an environmental impact form shall include a general analysis or appraisal on the environmental impact; and in the event of minimal environmental impact so that it is not necessary to conduct an environmental impact appraisal and an environmental impact registration form shall be filed instead.

According to the Regulation on the Administration of Environmental Protection Measures of Construction Projects (建设项目环境保护管理条例), which was promulgated on 29 November 1998 and amended on 16 July 2017 and became effective on 1 October 2017, for any project for which an environmental impact report or an environmental impact form is required to be prepared, the environmental impact report or environmental impact form shall be submitted by the developer of the project to competent authorities for approval prior to the commencement of the construction of the project. The construction of the project may not start before the environmental impact report or environmental impact form is approved. The developer is also required, after the completion of the project development, to prepare an inspection and acceptance report on pollution prevention and control facilities to be operated together with the project.

PRC LAWS AND REGULATIONS RELATING TO LABOUR PROTECTION

Labour Law of the PRC

The Labour Law of the PRC (中华人民共和国劳动法), which was promulgated by the NPC Standing Committee on 5 July 1994 and last amended on 29 December 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights and interests of its employees. An employer shall develop and improve labour safety and health procedures, comply with national protocols and standards on labour safety and health, conduct labour safety and health education for its personnel, take measures to prevent labour safety accidents and reduce occupational hazards. Labour safety and health facilities must comply with relevant national standards. Employers must provide employees with the necessary labour protection gear that complies with national standards, as well as provide regular health examinations for workers that are exposed to occupational hazards.

Labour Contract Law of the PRC and its Implementation Rules

The Labour Contract Law of the PRC (中华人民共和国劳动合同法) (the “**Labour Contract Law**”), which was promulgated by the NPC Standing Committee on 29 June 2007 and amended on 28 December 2012 and the Implementation Rules for the Labour Contract Law of the PRC (中华人民共和国劳动合同法实施条例) which was promulgated and became effective on 18 September 2008 regulate parties to a labour contract, namely the employer and the employee, and contain specific provisions involving the terms and conditions of the labour contract. Pursuant to the Labour Contract Law and its implementation rules, a labour contract must be made in writing. Employer and employees may enter into a fixed-term labour contract, non-fixed term labour contract, or labour contracts that expire upon completion of given tasks. An employer may legally terminate a labour contract and dismiss its employee upon mutual agreement or by fulfilling relevant statutory conditions, including payment of additional compensation.

REGULATION

Laws and Regulations on the Supervision over Social Security and Housing Provident Funds

According to the Temporary Regulations on the Collection and Payment of Social Insurance Premium (社会保险费征缴暂行条例), which was promulgated by the State Council on 22 January 1999 and amended on 24 March 2019, the Regulations on Workers' Compensation Insurance (工伤保险条例), which was promulgated by the State Council on 27 April 2003 and amended on 20 December 2010, the Regulations on Unemployment Insurance (失业保险条例), which was promulgated by the State Council and became effective on 22 January 1999 and the Trial Measures on Maternity Insurance for Enterprises Employees (企业职工生育保险试行办法), which was promulgated by the Ministry of Labour on 14 December 1994 and became effective on 1 January 1995, employers in the PRC are required to pay social security contributions for their employees, including a basic pension plan, unemployment insurance, maternity insurance, workers' compensation insurance and basic medical insurance. Employers are required to register with local social security authorities, and pay and withhold social security contributions for or on behalf of its employees. The Law on Social Security of the PRC (中华人民共和国社会保险法), which was promulgated on 28 October 2010 and amend on 29 December 2018, provides for details on employers' social security obligations and the liabilities for failing to comply.

The Regulation on the Administration of Housing Provident Funds (住房公积金管理条例), which was promulgated by the State Council on 3 April 1999 and last amended on 24 March 2019, provides that employers shall pay, together with each employee, contributions to a housing provident fund. The housing provident fund contributions so paid by the employer and the employee shall belong to the employee.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following selected consolidated financial information and other financial data relating to the Group as at and for the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020 have been extracted from, and should be read in conjunction with, the Historical Financial Information, which is included in the F-pages of this Prospectus. Certain operating data relating to the Group are also set forth below. The following section also includes certain non-IFRS financial information (EBITDA and EBITDA margin) for the periods indicated, which has not been extracted from the Historical Financial Information and has not been prepared in accordance with IFRS. A reconciliation of profit before tax from continuing operations for the period/year to EBITDA and EBITDA margin can be found in “Operating and Financial Review—Key Performance Indicators and Other Financial Metrics”.

The selected consolidated financial information should be read in conjunction with “Operating and Financial Review”.

SELECTED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)			(unaudited)	
Continuing operations					
Revenue	27,894.6	36,485.8	37,752.0	17,190.4	17,470.3
Cost of sales	(14,978.3)	(20,010.1)	(21,367.8)	(9,566.8)	(9,199.2)
Gross profit	12,916.3	16,475.7	16,384.2	7,623.6	8,271.1
Administrative cost	(870.1)	(1,074.2)	(1,272.9)	(481.5)	(510.3)
Taxes and surcharges	(504.7)	(915.5)	(894.4)	(405.0)	(411.6)
Distribution cost	(6.9)	(5.7)	(30.4)	(1.5)	(10.8)
Impairment of financial assets	(42.6)	5.7	(132.2)	(86.0)	(131.3)
Impairment of property, plant and equipment, inventory and intangibles	(29.5)	(126.7)	(76.7)	—	—
Impairment reversal of inventory	—	—	—	—	0.4
Other income and expense	851.5	172.0	105.7	59.2	111.0
Operating profit	12,314.0	14,531.3	14,083.3	6,708.8	7,318.5
Share of profits of associates	393.9	541.9	609.1	416.6	398.3
Investment (loss)/income	—	0.5	(2.4)	—	29.8
Fair value movements on financial instrument measured at fair value through profit and loss	—	44.7	8.7	5.5	(20.3)
Finance income	46.5	82.7	115.8	70.6	47.0
Finance costs	(4,685.3)	(4,873.1)	(4,617.4)	(2,292.9)	(2,209.2)
Profit before tax from continuing operations	8,069.1	10,328.0	10,197.1	4,908.6	5,564.1
Income tax expense	(953.5)	(1,351.7)	(1,584.2)	(762.3)	(1,059.1)
Profit for the year/period from continuing operations	7,115.6	8,976.3	8,612.9	4,146.3	4,505.0
Profit for the year/period from discontinuing operations	(556.1)	(660.7)	80.0	(44.2)	541.9
Profit for the year/period	6,559.5	8,315.6	8,692.9	4,102.1	5,046.9
Profit for the year/period attributable to:					
Owners of the Company	3,232.3	4,329.2	4,726.5	2,275.0	3,074.7
Non-controlling interests	3,327.2	3,986.4	3,966.4	1,827.1	1,972.2

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

SELECTED STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	(RMB in millions)			
ASSETS				
<i>Non-current assets</i>				
Property, plant and equipment	183,190.8	187,818.7	184,487.5	187,200.5
Investment properties	110.1	103.1	96.6	89.7
Intangible assets	2,032.5	2,007.4	2,633.8	2,490.6
Goodwill	414.2	409.4	431.5	406.0
Investments in associates	8,729.6	10,523.8	9,707.3	9,582.9
Fair value through other comprehensive income instrument	95.3	188.8	116.1	123.5
Long-term receivable	530.7	1,126.6	511.4	481.7
Deferred tax assets	237.4	287.7	400.3	448.2
Other non-current assets	664.8	993.4	1,521.5	1,795.3
Total non-current assets	196,005.4	203,458.9	199,906.0	202,618.4
<i>Current Assets</i>				
Inventories	1,183.2	1,516.7	1,158.9	1,045.0
Accounts and notes receivables	4,036.2	5,813.0	5,599.2	6,961.4
Prepayments and other receivables	540.2	456.2	474.5	336.3
Tax recoverable	1,384.9	1,146.4	925.1	793.3
Cash and cash equivalents	4,972.4	7,470.0	8,281.6	9,862.6
Restricted deposits	158.3	130.5	154.1	170.7
Fair value through profit and loss investment	—	844.7	859.2	838.9
Other current assets	7.4	0.1	—	2.1
Assets held-for-sale	—	—	7,481.1	—
Total current assets	12,282.6	17,377.6	24,933.7	20,010.3
Total assets	208,288.0	220,836.5	224,839.7	222,628.7
EQUITY AND LIABILITIES				
<i>Equity</i>				
Equity attributable to owners of the Company				
Share capital	6,786.0	6,786.0	6,786.0	6,786.0
Other equity instruments	—	3,999.0	3,999.0	4,499.0
Reserves	7,963.5	8,359.8	8,418.8	8,391.1
Retained earnings/(accumulated losses)	15,805.8	18,546.9	21,176.4	22,483.1
Equity attributable to owners of the Company	30,555.3	37,691.7	40,380.2	42,159.2
Non-controlling interests	30,152.3	32,491.4	34,011.8	32,557.8
Total equity	60,707.6	70,183.1	74,392.0	74,717.1
<i>Non-current liabilities</i>				
Long-term loans	108,886.8	111,704.1	109,879.5	106,418.3
Long-term bonds	3,000.0	2,200.0	4,400.0	5,400.0
Long-term payable	489.9	514.6	172.0	64.8
Lease liabilities	357.8	392.5	719.6	852.7
Provision	514.7	415.2	296.7	283.5
Deferred income	233.8	210.5	204.9	327.7
Deferred tax liabilities	41.6	47.0	42.0	41.3
Total non-current liabilities	113,524.6	115,483.9	115,714.7	113,388.3
<i>Current liabilities</i>				
Accounts and notes payables	6,237.8	5,507.3	3,654.7	2,956.5
Other payables	7,131.4	5,758.1	6,542.2	5,821.6
Income tax payables	139.0	304.0	277.3	628.4
Other taxes payables	593.6	831.1	421.5	396.9
Dividends payables	5.2	260.7	147.1	3,477.1
Short-term loans	4,741.3	5,764.1	5,283.8	5,052.2
Short-term bonds	1,200.0	1,000.0	1,500.0	3,500.0
Current portion of long-term liabilities	14,007.5	15,744.2	11,276.8	12,624.2
Cash flow hedging instrument	—	—	31.9	66.4
Liability held-for-sale	—	—	5,597.7	—
Total current liabilities	34,055.8	35,169.5	34,733.0	34,523.3
Total liabilities	147,580.4	150,653.4	150,447.7	147,911.6

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

SELECTED CASH FLOW STATEMENT

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)			(unaudited)	
Net cash flows generated from operating activities	18,089.9	19,132.9	20,235.5	8,918.4	8,669.0
Net cash flows used in investing activities brought forward	(11,125.3)	(13,616.4)	(8,611.5)	(5,227.2)	(2,879.0)
Net cash used in financing activities	(6,138.3)	(3,025.3)	(10,708.5)	(3,204.6)	(4,306.9)
Net (decrease)/increase in cash and cash equivalents	826.3	2,491.2	915.5	486.6	1,483.1
Cash and cash equivalents at the beginning of year/period	4,154.3	4,972.4	7,470.0	7,470.0	8,447.8
Exchange gain/(loss) on cash and cash equivalents	(8.2)	6.4	62.3	8.4	(68.3)
Cash and cash equivalents at the end of year/period	4,972.4	7,470.0	8,447.8	7,965.0	9,862.6

SEGMENTAL INFORMATION

The following table sets forth the Group's revenue by segment (after inter-segment eliminations) for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue
	(RMB in millions, except percentages)						(unaudited)			
Hydropower	17,743.1	63.6	19,660.9	53.9	18,539.9	49.1	8,247.6	48.0	8,354.8	47.8
Coal-fired power	8,917.5	32.0	14,997.6	41.1	16,536.0	43.8	7,820.7	45.5	7,601.5	43.5
Wind power, solar power and other renewable energy	749.2	2.7	1,180.8	3.2	1,912.2	5.1	853.1	5.0	1,255.8	7.2
Others	484.8	1.7	646.5	1.8	763.9	2.0	269.0	1.5	258.2	1.5
Total	27,894.6	100.0	36,485.8	100.0	37,752.0	100.0	17,190.4	100.0	17,470.3	100.0

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

KEY PERFORMANCE INDICATORS AND OTHER FINANCIAL METRICS

The following table sets forth the key measurement of the Group's profitability from continuing operations.

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions, except percentages)			(unaudited)	
Profit for the year/period	7,115.6	8,976.3	8,612.9	4,146.3	4,505.0
Net margin ⁽¹⁾	25.5%	24.6%	22.8%	24.1%	25.8%
EBITDA ⁽²⁾ (unaudited)	18,629.5	21,551.2	21,661.4	10,646.5	11,294.5
EBITDA margin ⁽²⁾ (unaudited)	66.8%	59.1%	57.4%	61.9%	64.6%

(1) Net margin is calculated by dividing profit for the year/period by revenue.

(2) EBITDA is defined as profit before tax from continuing operations, plus depreciation of property, plant and equipment, amortisation of intangible assets and finance costs (excluding net foreign exchange gain or loss and others). EBITDA margin is calculated by dividing EBITDA by revenue. EBITDA or EBITDA margin is not an IFRS measure and should not be considered as an alternative to net profit, net margin or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of the Group's liquidity. The Group believes that inclusion of EBITDA and EBITDA margin is appropriate to provide additional information to investors about the Group's operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. EBITDA and EBITDA margin have limitations as an analytical tool, and it should not be considered in isolation, or as a substitute for analysis of the Group's operating results as reported under IFRS.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the Group's operating and financial results is based on, and should be read in conjunction with, the Historical Financial Information. Investors should read the following discussion together with the whole of this Prospectus, including "Risk Factors", "Selected Consolidated Financial Information and Other Financial Data" and the Historical Financial Information (including the related notes), and should not rely solely on the information set out in this section.

The following discussion includes certain forward-looking statements that, although based on assumptions that the Company considers to be reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied in this Prospectus. Among the important factors that could cause the Group's actual results, performance or achievements to differ materially from those expressed in such forward-looking statements are those factors that are discussed in "Forward-Looking Statements" and "Risk Factors" in this Prospectus. All statements, other than statements of historical fact, such as statements regarding the Group's future financial position and risks and uncertainties related to the Group's business, plans and objectives for future operations, are forward-looking statements.

OVERVIEW

The Group is a leading power generation company in China, with a diversified portfolio of projects across hydropower, coal-fired power, wind power, solar power and other renewable energy. The Group acquires, develops and operates power projects and sells the electricity generated by them to grid companies.

In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's revenue was RMB27,894.6 million, RMB36,485.8 million, RMB37,752.0 million, RMB17,190.4 million and RMB17,470.3 million respectively; and its net profit from continuing operations was RMB7,115.6 million, RMB8,976.3 million, RMB8,612.9 million, RMB4,146.3 million and RMB4,505.0 million respectively.

BASIS OF PRESENTATION

The Group's consolidated financial information in 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 has been prepared in accordance with IFRS. The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value through other comprehensive income and fair value through profit and loss. The consolidated financial statements are presented in Renminbi.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Where the Group has control over an investee, it is classified as a subsidiary. Control is achieved when the Group has power over the investee, is exposed to variable returns from the investee, and has the ability to affect those variable returns through its power over the investee. All material intra-group transactions and balances have been eliminated on consolidation.

KEY FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The following factors are the principal factors that have affected and, as the Group expects, will continue to affect the Group's business, financial condition, results of operations and prospects.

OPERATING AND FINANCIAL REVIEW

Segment and Business Mix

The Group owns a diversified portfolio of power generating projects, comprising hydropower, coal-fired power, wind power, solar power and other renewable energy. The Group's gross margin varies across its business segments, as well as different power generating assets in the same segment. Changes to the Group's portfolio in response to its business strategies, government policies, market opportunities and other factors may affect its revenue and profitability over time.

The Group's results of operations are affected by the relative size and performance of each of its business segments. The Group's hydropower business has, in general, a higher gross margin than other businesses, as its cost of sales remains relatively stable as it grows, and it contributed to a considerable portion of revenue and gross profit to the Group's total revenue and gross profit in 2017, 2018 and 2019, and, accordingly, had a greater impact on the Group's results of operations. Meanwhile, in 2017, 2018 and 2019, the revenue and profit contribution from the wind power, solar power and other renewable energy business increased and, as the Group continues to focus on scaling up this segment, it expects the revenue and profit contribution from this business to increase further. In 2017, 2018 and 2019, the Group's revenue from the coal-fired power business increased, in light of the increasing installed coal-fired power capacity and demand for electricity consumption.

The Group intends to continually monitor and adjust its project portfolio across business segments to maximise revenue and profitability.

Expansion of Installed Capacity

The Group's results of operations and financial condition are significantly affected by the installed capacity of its power projects in operation, and the growth of its project portfolio. As the Group increases its installed capacity, its potential power generation and electricity sales increase. The increased scale and production of the Group's project portfolio enable it to benefit from economies of scale.

The following table sets forth the Group's consolidated installed capacity, net power generation and revenue by power source as at the dates or for the periods indicated:

	As at or for the year ended 31 December			As at or for the six months ended 30 June	
	2017	2018	2019	2019	2020
Hydropower⁽¹⁾					
Consolidated installed capacity (<i>MW</i>)	16,720.0	16,720.0	16,759.5	16,759.5	16,759.5
Net power generation (<i>GWh</i>)	82,565.7	83,944.4	85,901.6	36,956.2	37,570.2
Revenue (<i>RMB in millions</i>)	17,743.1	19,660.9	18,539.9	8,247.6	8,354.8
Coal-fired power⁽¹⁾					
Consolidated installed capacity (<i>MW</i>)	9,846.0	11,846.0	11,846.0	11,846.0	11,846.0
Net power generation (<i>GWh</i>)	28,233.7	46,084.7	51,739.9	23,641.2	23,129.8
Revenue (<i>RMB in millions</i>)	8,917.5	14,997.6	16,536.0	7,820.7	7,601.5
Wind power, solar power and other renewable energy					
Consolidated installed capacity (<i>MW</i>)	1,144.0	1,579.0	2,182.8	1,888.0	2,426.3
Net power generation (<i>GWh</i>) ⁽²⁾	1,706.7	2,417.0	3,521.9	1,680.5	2,204.5
Revenue (<i>RMB in millions</i>)	749.2	1,180.8	1,912.2	853.1	1,255.8

(1) Excluding discontinued operations, see "—Discontinued Operations".

(2) Excluding overseas power projects, which are included in "—Overseas Power Assets".

OPERATING AND FINANCIAL REVIEW

The Group's hydropower business has been and will continue to be its key focus for the foreseeable future. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's consolidated hydro installed capacity remained stable, representing 54.0% of the Group's total consolidated installed capacity as at 30 June 2020. In addition to hydropower projects, the Group intends to expand its wind power, solar power and other renewable energy business through mergers and acquisitions as well as greenfield development in the PRC and overseas. However, any delay in the construction and the commencement of commercial operations of any of the Group's power projects could adversely affect its expansion plan and results of operations.

On-grid Tariff

The Group derives substantially all of its revenue from the sales of electricity, and, as a result, its results of operations are affected by the sales price of electricity, known as the on-grid tariff, and changes to such tariff. In general, the sales price of the majority of the Group's electricity is approved by the relevant pricing authorities in the PRC and the rest is formed through various market mechanisms. Accordingly, the Group's business is dependent on the PRC pricing policy and marketisation for different energy sources. See "Business Description—Pricing and Sales".

The following table sets forth the Group's average on-grid tariff (inclusive of VAT) by power source in China for the periods indicated (including discontinued operations):

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	Average on-grid tariff (inclusive of VAT) (RMB/kWh)				
Hydropower	0.251	0.268	0.244	0.255	0.248
Coal-fired Power	0.357	0.369	0.356	0.364	0.370
Wind Power	0.473	0.479	0.468	0.478	0.473
Solar Power	0.998	0.875	0.854	0.863	0.906

For hydropower, there are three major pricing methods to determine the on-grid tariff of the planned output of the Group's hydropower projects : (i) local price backward pricing; (ii) individual project pricing; and (iii) benchmark pricing. Under the local price backward pricing method, the NDRC determines the on-grid tariff with reference to the local market price at the power receiving side, after deducting the transmission price charged by the grid company. Under the individual project pricing method, the on-grid tariff is determined by the relevant pricing authority on a case-by-case basis. Under the benchmark pricing method, the on-grid tariff is calculated based on the average costs of hydropower stations of the same category. As a result, the on-grid tariff for hydropower plants varies from one hydropower project to another.

The on-grid tariffs of the planned output of the Group's coal-fired power projects are determined by factors including, but not limited to, the benchmark price and the price compensation. The benchmark price is announced primarily by the NDRC, in consideration of the average cost of coal-fired power generation, which is affected by various factors, including the average utilisation hours and the depreciation of equipment. The price compensation is provided when certain standards such as denitrification and ultra-low emission are met.

The on-grid tariffs of the planned output of the Group's wind power, solar power and other renewable energy projects in China are determined by governmental authorities based on the actual

OPERATING AND FINANCIAL REVIEW

location of such wind power, solar power and other renewable energy projects. For wind power projects, the PRC government has categorised the wind resources of the PRC into four wind resource zones and applies a universal on-grid tariff to all the wind power projects in the same wind resource zone approved within the same period. For solar power projects, the PRC government has categorised the solar energy resources of the PRC into three zones and applies a universal on-grid tariff to all the solar projects in the same resource zone approved within the same period. For waste-to-energy power projects, the national unified benchmark tariff for waste-to-energy plants is set at RMB0.65 per kWh. The portion of this price exceeding the on-grid benchmark tariff of local desulfurisation coal-fired units is shared by both the local provincial power grid and the national subsidies for renewable energy tariff.

Dispatch Output and Electricity Demand

The volume of electrical output dispatched from the Group's power projects affects its revenue and profit. Under the Group's power purchase agreements, the level of demand for electricity in the regions where it sells electricity directly impacts its total output dispatched. Changes in demand for electricity also affect the utilisation hours of its projects. Nationwide demand for electricity has shown an overall long-term increase, generally reflecting a positive correlation with economic growth. The Group expects that its financial results will continue to be affected by the overall growth rates of the economies, particularly those of the PRC provinces where it operates. To the extent that demand for electricity decreases, its results of operations may be adversely affected. See "Industry Overview" for further discussion on power supply and demand.

In China, the Group has power purchase agreements that are subject to annual allocation offtake arrangements for which provincial government authorities for each power project within its jurisdiction make planned output determinations. These determinations are based on the provincial governments' assessment of demand, market conditions, supply of power available in the region and national policies. Certain hydropower projects of the Group benefit from the preferential offtake under PRC regulations. See "Business Description—Competitive Strengths—Industry leading hydropower utilisation hours". However, the Group's dispatch under preferential offtake regulations is still subject to the local electricity demand. Any significant changes in the demand for electricity in regions where the Group's power projects in China are located will have a material effect on its dispatch output and, in turn, on its profit and financial condition.

OPERATING AND FINANCIAL REVIEW

Operational Efficiency

The net power generation of the Group's power projects is a function of the consolidated installed capacity and utilisation hours. The Group's consolidated installed capacity increases as it expands, and the utilisation hours are calculated by dividing the gross power generation in a specific period by the average consolidated installed capacity in such period. The following table sets forth a breakdown of the Group's average utilisation hours of its power generating assets in China by power source for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	Average utilisation hours	Average utilisation hours	Average utilisation hours	Average utilisation hours	Average utilisation hours
Hydropower ⁽¹⁾	4,965	5,048	5,156	2,220	2,255
Coal-fired power ⁽¹⁾	3,525	4,482	4,634	2,116	2,076
Wind power, solar power and other renewable energy ⁽²⁾	1,720	1,855	1,964	1,077	1,007

(1) Excluding discontinued operations, see “—Discontinued Operations”.

(2) Excluding overseas power projects, which are included in “—Overseas Power Assets”.

Assuming that a project operates at full capacity, 24 hours a day for a year, its theoretical maximum utilisation hours are 8,760 hours per year. However, utilisation hours are affected by a number of factors depending on the business segment. In particular, the operations of hydropower projects are, to a large extent, dependent on rainfall and associated hydrological conditions, and the absence of acceptable climatic conditions for the Group's hydropower projects may adversely affect the output of such projects. Meanwhile, coal-fired power projects are primarily dependent on the demand and the planned output assigned by the local government. Unlike hydropower projects, they are largely unaffected by weather conditions, and are therefore generally able to operate continuously. Moreover, wind power projects are generally affected by wind conditions and solar power projects photovoltaic conditions. They are also subject to grid constraints. In addition, utilisation hours are also influenced by repairs and maintenance, and performance of equipment. For instance, any slowdown or stoppage in the operations of any of the Group's projects due to maintenance and repairs, whether planned or unplanned, will result in a decrease in its utilisation hours as well as its revenue, and an increase in repair and maintenance expenses.

Utilisation hours of the Group's projects are an indicator of their operational efficiency. The level of operational efficiency that each project is able to attain further depends on a variety of factors, including normal degradation of the generating units and the quality of repairs and operations and maintenance services performed on the projects. If the Group's utilisation hours decrease significantly with other factors remaining the same, then its revenue will also decrease. See “Business Description—Power Generation Business”.

Coal Consumption and Supply

Costs of coal have in the past accounted for the majority of the cost of sales in the Group's coal-fired power business. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's costs of coal represented 70.9%, 78.0%, 77.1%, 79.2% and 71.3% of the cost of sales for its coal-fired power business, respectively. The Group's results of operations could be affected by fluctuations in coal prices, as well as any disruptions in the coal supply and the sufficiency of transportation resources available to the Group. While decreases in coal costs may increase the Group's profit margins, conversely increases in coal costs may negatively impact its profit margin.

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The Group sourced its coal from major coal suppliers in China, such as China Shenhua Energy Company Limited (中国神华能源股份有限公司) and China National Coal Group Corporation (中国中煤能源集团有限公司). The Company entered into framework purchase agreements with these suppliers, pursuant to which each project company signed annual purchase agreements based on its relevant plans. The Group also sourced its coal from the open market in China or overseas for favourable prices.

The Group negotiates the coal price with coal suppliers for its power generation. The price of coal is affected by factors including market conditions, applicable VAT, government pricing policies and costs of transportation. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the average price of standard coal (7,000 kcal/kg) per tonne that the Group purchased was RMB638, RMB698, RMB646, RMB649 and RMB592, respectively.

In addition, the net standard coal consumption rate of coal-fired power projects will decrease when they generate more electricity as a result of economies of scale, thereby saving costs of coal per power generation unit.

Financing Arrangements

Apart from the Group's operating cash flow, shareholder contributions and bond issues, its projects are primarily financed by bank and related party loans. As at 30 June 2020, the Group's total indebtedness amounted to RMB133,912.2 million. In addition, as at the same date, the Group had capital commitments of RMB18,803.7 million for purchases of property, plant and equipment and intangibles, principally for developing hydropower projects under construction. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's finance costs were RMB4,685.3 million, RMB4,873.1 million, RMB4,617.4 million, RMB2,292.9 million and RMB2,209.2 million, respectively. Any significant changes in the prevailing interest rate in China may affect the Group's finance costs. See "Risk Factors—Risks Related to the Group's Financial Aspects".

As part of the Group's business strategy, it expects to continually increase its consolidated installed capacity. The Group estimated that it would incur approximately RMB5.4 billion of capital expenditures in the second half of 2020 to fund its business expansion. As the Group expands its business, it expects to continue to require a significant amount of external financing in the foreseeable future.

The Group has long-term relationships with many of the major commercial banks in China and has in place bank loans on competitive terms to fund its business expansion. Due to its AAA credit rating in China and strong shareholder base, the Group's interest rates have been relatively low in the past, typically lower than the PBOC's benchmark lending rate. As at 30 June 2020, the Group had an aggregate of over RMB141.4 billion of unutilised loan commitments from, amongst others, China Development Bank, Agricultural Bank of China, China Construction Bank, Bank of China and Industrial and Commercial Bank of China. These loan commitments are revolving in nature, and the Group has the ability to draw down short-term or long-term loans under them based on its financing needs. Each application to draw down loans is made by the Company or its subsidiary to the relevant commercial bank and is subject to customary loan approval and submission of qualification documentation. The Group's loan commitments are typically re-evaluated and adjusted by the relevant bank on a regular basis, such as annually or quarterly. In the past, neither the Company nor any of its subsidiaries has experienced any difficulties in obtaining loans under the loan commitments made by commercial banks in China. The Group also borrows loans from its related financial institutions.

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The level of the Group's borrowings and its ability to obtain additional external financing on the existing terms, as well as any interest rate fluctuations and other borrowing costs, have had, and will continue to have, a material effect on its finance costs and, consequently, its results of operations and financial condition.

Tax Incentives

The Group's business has in the past benefited from various tax incentives, primarily in the form of preferential EIT rates and VAT rebate. Any reduction, discontinuation or unfavourable application of these preferential treatments could adversely affect the Group's results of operations.

Preferential EIT rates

Certain of the Group's projects benefitted from the following preferential EIT treatment: (i) a preferential income tax rate of 15.0% due to their locations in western China as supported by the "Go West" policy in China; and (ii) a three-year period of full EIT exemption commencing from the first year with operating revenue, followed by a three-year period of half EIT reduction.

VAT rebate

The Group's sales of electricity are currently subject to a VAT rate of 13.0% in China. The VAT rebate policy enjoyed by certain hydropower projects of the Group, which contributed to a large portion of the amount of VAT rebate historically, expired in 2017. Certain of the Group's projects engaging in the wind and solar power business receive a 50% VAT rebate from the VAT they paid.

Results of Associates

In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's share of profits of associates was RMB393.9 million, RMB541.9 million, RMB609.1 million, RMB416.6 million and RMB398.3 million, respectively. The Group's share of profits of associates accounted for 6.0%, 6.5%, 7.0%, 10.2% and 7.9% of its net profit in 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, respectively. As a result, any significant change in the aggregate results of the Group's associates could ultimately affect the Group's net profit.

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PRINCIPAL COMPONENTS OF CONSOLIDATED INCOME STATEMENTS

Revenue

The Group derives substantially all of its revenue from the sales of electricity to the local power grid companies where the Group operates. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, almost all of the Group's revenue was generated from China. The following table sets forth a breakdown of the Group's revenue by segment for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue
(RMB in millions, except percentages)										
							(unaudited)			
Hydropower	17,743.1	63.6	19,660.9	53.9	18,539.9	49.1	8,247.6	48.0	8,354.8	47.8
Coal-fired power	8,917.5	32.0	14,997.6	41.1	16,536.0	43.8	7,820.7	45.5	7,601.5	43.5
Wind power, solar power and other renewable energy	749.2	2.7	1,180.8	3.2	1,912.2	5.1	853.1	5.0	1,255.8	7.2
Others ⁽¹⁾	484.8	1.7	646.5	1.8	763.9	2.0	269.0	1.5	258.2	1.5
Total	27,894.6	100.0	36,485.8	100.0	37,752.0	100.0	17,190.4	100.0	17,470.3	100.0

(1) The revenue from others business is mainly generated from heat supply, seawater desalination and sales of construction materials.

Cost of Sales

The Group's cost of sales mainly includes costs of raw materials including fuel for power generation, such as coal, and ordinary maintenance and repairs of power plants, depreciation of the Group's property, plant and equipment, and salaries and benefits. The following table sets forth a breakdown of the Group's cost of sales by nature for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Cost of sales	% of cost of sales	Cost of sales	% of cost of sales	Cost of sales	% of cost of sales	Cost of sales	% of cost of sales	Cost of sales	% of cost of sales
(RMB in millions, except percentages)										
							(unaudited)			
Cost of raw materials	6,008.2	40.1	10,334.9	51.6	10,652.1	49.9	4,731.9	49.6	4,224.8	45.9
Depreciation and amortisation	5,896.2	39.4	6,478.4	32.4	6,868.3	32.1	3,284.0	34.3	3,427.6	37.3
Staff and labour costs	1,123.1	7.5	1,494.8	7.5	1,543.7	7.2	501.0	5.2	477.0	5.2
Repair expenses	645.5	4.3	839.9	4.2	1,172.7	5.5	241.3	2.5	251.5	2.7
Reservoir funds and water resource costs ⁽¹⁾	1,000.1	6.7	668.4	3.3	771.7	3.6	339.2	3.5	331.7	3.6
Others ⁽²⁾	305.2	2.0	193.7	1.0	359.3	1.7	469.3	4.9	486.6	5.3
Total	14,978.3	100.0	20,010.1	100.0	21,367.8	100.0	9,566.8	100.0	9,199.2	100.0

(1) Certain reservoir funds and water resource costs relating to Yalong River power projects were reclassified to taxes and surcharges since December 2017.

(2) Others mainly includes processing costs for side products from coal-fired power generation, such as coal gangue, gypsum and fly ash.

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The following table sets forth a breakdown of the Group's cost of sales by segment for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Cost of sales	% of cost of sales	Cost of sales	% of cost of sales	Cost of sales	% of cost of sales	Cost of sales	% of cost of sales	Cost of sales	% of cost of sales
(RMB in millions, except percentages)										
(unaudited)										
Hydropower	5,966.1	39.8	5,956.9	29.8	6,311.7	29.5	2,754.2	28.8	2,741.1	29.8
Coal-fired power	8,079.5	53.9	12,785.8	63.9	13,435.9	62.9	5,970.9	62.4	5,917.1	64.3
Wind power, solar power and other renewable energy	413.2	2.8	604.0	3.0	811.3	3.8	338.7	3.5	524.0	5.7
Others	519.5	3.5	663.4	3.3	808.9	3.8	503.0	5.3	17.0	0.2
Total	14,978.3	100.0	20,010.1	100.0	21,367.8	100.0	9,566.8	100.0	9,199.2	100.0

Gross Profit and Gross Profit Margin

The Group's gross profit represents its revenue less cost of sales. The Group's gross profit margin is calculated by dividing its gross profit by revenue. The table below sets forth a breakdown of the Group's gross profit by segment as well as the respective gross profit margins for the periods indicated:

	Year ended 31 December									Six months ended 30 June					
	2017			2018			2019			2019			2020		
	Gross profit	% of gross profit	Gross profit margin %	Gross profit	% of gross profit	Gross profit margin %	Gross profit	% of gross profit	Gross profit margin %	Gross profit	% of gross profit	Gross profit margin %	Gross profit	% of gross profit	Gross profit margin %
(RMB in millions, except percentages)															
(unaudited)															
Hydropower	11,777.0	91.2	66.4	13,704.0	83.2	69.7	12,228.2	74.6	66.0	5,493.4	72.1	66.6	5,613.7	67.9	67.2
Coal-fired power	838.0	6.5	9.4	2,211.8	13.4	14.7	3,100.1	18.9	18.7	1,849.8	24.3	23.7	1,684.4	20.4	22.2
Wind power, solar power and other renewable energy	336.0	2.6	44.8	576.8	3.5	48.8	1,100.9	6.7	57.6	514.4	6.7	60.3	731.8	8.8	58.3
Others ⁽¹⁾	(34.7)	(0.3)	(7.2)	(16.9)	(0.1)	(2.6)	(45.0)	(0.3)	(5.9)	(234.0)	(3.1)	(87.0)	241.2	2.9	93.4
Total	12,916.3	100.0	46.3	16,475.7	100.0	45.2	16,384.2	100.0	43.4	7,623.6	100.0	44.3	8,271.1	100.0	47.3

(1) The gross profit margin of the Group's other business was negative in 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, primarily due to significant depreciation of fixed assets related to seawater desalination business, resulting in cost higher than revenue.

The gross profit margin of the Group's hydropower business is generally higher than that of its coal-fired power business, mainly because the Group's hydropower projects do not incur any fuel costs. The fluctuations in the gross profit margin of the Group's coal-fired power business were primarily in relation to the fluctuations in the purchase price of coal. The Group's wind power, solar power and other renewable energy experienced a general increase in gross profit margin, mainly reflecting improved transmission capacity and enhanced operational efficiency of new wind and solar power generation units in recent years.

Administrative Cost

The Group's administrative cost mainly includes staff and labour costs of administrative personnel, depreciation and amortisation relating to administrative property, plant and equipment,

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travel expenses, office and facility related costs, including lease and utility expenses, and fees for consultation and other professional services. The table below sets forth a breakdown of the Group's administrative cost by nature for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)				
	(unaudited)				
Staff and labour costs	474.6	655.1	691.6	305.3	303.2
Amortisation of intangible assets	40.2	49.8	62.0	32.8	28.3
Depreciation and amortisation	40.3	34.6	40.4	20.4	25.0
Property management fees	14.9	33.6	40.7	11.1	12.3
Travel expenses	25.8	27.2	35.8	13.1	4.6
Consultation fees	31.8	24.9	51.0	13.8	31.6
Professional service fees	14.0	15.3	36.3	10.7	8.6
Office expenses	8.1	13.7	13.5	7.0	4.6
Lease expenses	16.4	13.8	19.5	9.1	9.4
Utility expenses	10.7	10.9	9.3	4.1	3.2
Others ⁽¹⁾	193.3	195.3	272.8	54.1	79.5
Total	870.1	1,074.2	1,272.9	481.5	510.3

(1) Others mainly includes organisation expenses relating to establishment of new subsidiaries.

Taxes and Surcharges

The Group's taxes and surcharges mainly represent expenses relating to property tax, land value tax, stamp duties and water resource tax. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's taxes and surcharges were RMB504.7 million, RMB915.5 million, RMB894.4 million, RMB405.0 million and RMB411.6 million, respectively.

Distribution Cost

The Group's distribution cost mainly represents transportation expenses relating to the sales of construction materials and labour costs of its sales personnel involved in the Group's other business. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's distribution cost were RMB6.9 million, RMB5.7 million, RMB30.4 million, RMB1.5 million and RMB10.8 million, respectively.

Impairment of Financial Assets

The Group's impairment of financial assets mainly includes loss on financial guarantee and impairment of account and other receivables. The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime expected credit losses and recognises the impairment loss when the carrying amount exceeds the recoverable amount. The following table sets forth a breakdown of the Group's impairment of financial assets for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)				
	(unaudited)				
Loss/(gain) on financial guarantee	(17.1)	(1.1)	—	—	—
Impairment loss/(gain) of account and other receivable	59.7	(4.6)	132.2	86.0	131.3
Total	42.6	(5.7)	132.2	86.0	131.3

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Impairment of Property, Plant and Equipment, Inventory and Intangibles

The following table sets forth a breakdown of the Group's impairment of property, plant and equipment, inventory and intangibles for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)				
	(unaudited)				
Impairment of property, plant and equipment	29.5	5.4	29.1	—	—
Impairment of intangibles	—	118.4	1.7	—	—
Impairment of inventory	—	2.9	45.9	—	(0.4)
Total	29.5	126.7	76.7	—	(0.4)

Other Income and Expense

The Group's other income and expense primarily consists of government grants, income or loss from disposal of fixed asset, and donation. The following table sets forth a breakdown of the Group's other income and expense for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)				
	(unaudited)				
Government grants ⁽¹⁾	918.2	166.1	80.6	26.6	35.2
Income from disposal of fixed asset	7.4	4.1	1.3	0.5	0.6
Donation	(8.2)	(15.8)	(7.6)	(1.7)	(15.4)
Loss of disposal of fixed asset	(82.1)	(12.8)	(21.6)	(2.8)	(0.2)
Free of charge transfer ⁽²⁾	—	(61.2)	(23.3)	—	—
Gains on bargain purchase	—	—	57.7	—	55.5
Others ⁽³⁾	16.2	91.6	18.6	36.5	35.3
Total	851.5	172.0	105.7	59.2	111.0

(1) Government grants include VAT rebates enjoyed by some projects of the Group. The VAT rebate policy enjoyed by certain hydropower projects expired in 2017. Certain of the Group's projects engaging in the wind power, solar power and other renewable energy business receive a 50% VAT rebate from the VAT they paid.

(2) Free of charge transfer relates to the transfer of residential utility infrastructure to local governments in 2018, which was built by the Group for workers who were relocated along with their families to neighbourhoods close to the sites of the Xiaosanxia power projects, Jingyuan Coal-fired Power Project, Dachao Shan Hydropower Project and Beibuwan Coal-fired Power Project, all of which had a relatively long operating history.

(3) Others mainly includes fair value of assets such as stocks and cash upon receipt indemnified to the Group under a counter guarantee.

Share of Profits of Associates

The Group's share of profits of associates primarily represents the share of net profits in connection with its investments in associates and jointly controlled entities. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's share of profits of associates was RMB393.9 million, RMB541.9 million, RMB609.1 million, RMB416.6 million and RMB398.3 million, respectively.

Finance Income

The Group's finance income represents interest income received on bank deposits. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's finance income was

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RMB46.5 million, RMB82.7 million, RMB115.8 million, RMB70.6 million and RMB47.0 million, respectively.

Finance Costs

The Group's finance costs primarily consist of interest expenses on loans. The following tables set forth a breakdown of the Group's finance costs for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)			(unaudited)	
Interest expense on short-term loans	247.9	214.5	195.4	88.6	77.3
Interest expense on long-term loans	4,190.2	4,326.1	4,197.6	2,117.2	1,964.6
Interest expense on short-term bonds	75.9	47.1	30.1	5.0	21.0
Interest expense on long-term bonds	144.0	144.3	141.3	74.6	95.1
Finance lease	6.2	12.8	31.6	1.4	33.1
Net foreign exchange loss/(gain)	(30.4)	72.3	(10.1)	(8.1)	5.1
Others ⁽¹⁾	51.5	56.0	31.5	14.2	13.0
Total	4,685.3	4,873.1	4,617.4	2,292.9	2,209.2

(1) Others mainly include bank processing fees.

Income Tax Expense

Income tax expense comprises current tax and movements in deferred tax assets and liabilities. The Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which the Company and its subsidiaries are domiciled or operate.

The Company and its subsidiaries located in China have been subject to EIT at the statutory tax rate of 25.0%, except that some of the subsidiaries and their projects were entitled to preferential tax treatments, mainly including the following:

- (i) a preferential income tax rate of 15.0% due to their locations in western China as supported by the "Go West" policy in China, primarily applicable to power generation subsidiaries of the Group located in Gansu, Sichuan, Yunnan and Qinghai provinces and Xinjiang autonomous region; and
- (ii) a three-year period of full EIT exemption commencing from the first year with operating revenue, followed by a three-year period of half EIT reduction, primarily applicable to certain qualified hydropower, wind power and solar power projects.

In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's effective tax rate was 11.8%, 13.1%, 15.5%, 15.5% and 19.0%, respectively. Meanwhile, the Group's subsidiary located in the UK, Redrock Investment, is subject to a 19.0% corporate income tax, and the Group's subsidiary located in Singapore, Jaderock Investment, is subject to a 17.0% corporate income tax.

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Profit from Discontinued Operations

The following table sets forth the profit for the periods from discontinued operations:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)			(unaudited)	
Unadjusted (loss)/profit	(507.9)	(640.3)	(281.6)	(53.9)	—
Disposal income	—	—	424.8	9.7	543.1
Impairment	—	—	(77.9)	—	—
Shares of (loss)/profit of associates	(48.2)	(20.4)	14.7	—	—
Disposal fee	—	—	—	—	(1.2)
Total	(556.1)	(660.7)	80.0	(44.2)	541.9

RESULTS OF OPERATIONS

The following table summarises the Group's results of operations for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)			(unaudited)	
Continuing operations					
Revenue	27,894.6	36,485.8	37,752.0	17,190.4	17,470.3
Cost of sales	(14,978.3)	(20,010.1)	(21,367.8)	(9,566.8)	(9,199.2)
Gross profit	12,916.3	16,475.7	16,384.2	7,623.6	8,271.1
Administrative cost	(870.1)	(1,074.2)	(1,272.9)	(481.5)	(510.3)
Taxes and surcharges	(504.7)	(915.5)	(894.4)	(405.0)	(411.6)
Distribution cost	(6.9)	(5.7)	(30.4)	(1.5)	(10.8)
Impairment of financial assets	(42.6)	5.7	(132.2)	(86.0)	(131.3)
Impairment of property, plant and equipment, inventory and intangibles	(29.5)	(126.7)	(76.7)	—	—
Impairment reversal of inventory	—	—	—	—	0.4
Other income and expense	851.5	172.0	105.7	59.2	111.0
Operating profit	12,314.0	14,531.3	14,083.3	6,708.8	7,318.5
Share of profits of associates	393.9	541.9	609.1	416.6	398.3
Investment income/(loss)	—	0.5	(2.4)	—	29.8
Fair value movements on financial instrument measured at fair value through profit and loss	—	44.7	8.7	5.5	(20.3)
Finance income	46.5	82.7	115.8	70.6	47.0
Finance costs	(4,685.3)	(4,873.1)	(4,617.4)	(2,292.9)	(2,209.2)
Profit before tax from continuing operations	8,069.1	10,328.0	10,197.1	4,908.6	5,564.1
Income tax expense	(953.5)	(1,351.7)	(1,584.2)	(762.3)	(1,059.1)
Profit for the year/period from continuing operations	7,115.6	8,976.3	8,612.9	4,146.3	4,505.0
Profit for the year/period from discontinuing operations	(556.1)	(660.7)	80.0	(44.2)	541.9
Profit for the year/period	6,559.5	8,315.6	8,692.9	4,102.1	5,046.9
Profit for the year attributable to:					
Owners of the Company	3,232.3	4,329.2	4,726.5	2,275.0	3,074.7
Non-controlling interests	3,327.2	3,986.4	3,966.4	1,827.1	1,972.2

OPERATING AND FINANCIAL REVIEW

The following discussion compares the major components of the Group's operating results in 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020.

Revenue

Comparisons between the six months ended 30 June 2020 and 2019

The Group's total revenue increased slightly from RMB17,190.4 million in the six months ended 30 June 2019 to RMB17,470.3 million in the corresponding period in 2020, primarily due to an increase in the segment revenue from wind power, solar power and other renewable energy business, partly offset by a decrease in the segment revenue of the Group's coal-fired power business.

Segment revenue of the Group's hydropower business increased slightly from RMB8,247.6 million in the six months ended 30 June 2019 to RMB8,354.8 million in the corresponding period in 2020, primarily due to an increase in the electricity generation from hydropower projects along the Yalong River as a result of favourable hydrological conditions.

Segment revenue of the Group's coal-fired power business decreased by 2.8% from RMB7,820.7 million in the six months ended 30 June 2019 to RMB7,601.5 million in the corresponding period in 2020 primarily due to a slight decrease in the coal-fired power generation from 23,641.2 GWh in the six months ended 30 June 2019 to 23,129.8 GWh in the corresponding period in 2020, as a result of the negative impact of COVID-19 on the demand for electricity consumption.

Segment revenue of the Group's wind power, solar power and other renewable energy business increased by 47.2% from RMB853.1 million in the six months ended 30 June 2019 to RMB1,255.8 million in the corresponding period in 2020, primarily due to a 31.2% increase in the net power generation volume from wind, solar power and other renewable energy power projects from 1,680.5 GWh in the six months ended 30 June 2019 to 2,204.5 GWh in the corresponding period in 2020, mainly attributable to increased installed capacity of wind, solar and waste-to-energy power projects after the Group's acquisitions of a number of solar power and waste-to-energy power projects after June 2019.

Segment revenue of the Group's other business remained stable at RMB269.0 million in the six months ended 30 June 2019 and RMB258.2 million in the corresponding period in 2020.

Comparisons between 2019 and 2018

The Group's total revenue increased by 3.5% from RMB36,485.8 million in 2018 to RMB37,752.0 million in 2019, primarily due to an increase in the segment revenue from coal-fired power business.

Segment revenue of the Group's hydropower business decreased by 5.7% from RMB19,660.9 million in 2018 to RMB18,539.9 million in 2019, primarily due to decreases in the average on-grid tariff primarily as a result of a more market-based pricing mechanism for projects located along the Yalong River.

Segment revenue of the Group's coal-fired power business increased by 10.3% from RMB14,997.6 million in 2018 to RMB16,536.0 million in 2019, primarily due to a 12.3% increase in the net power generation volume from coal-fired power projects from 46,084.7 GWh in 2018 to 51,739.9 GWh in 2019, primarily attributable to (i) increased installed capacity of the Group's coal-fired power projects after the full commercial operation of additional units of Beijiang Coal-fired Power Project in June 2018; and (ii) increased demand for electricity consumption in 2019.

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Segment revenue of the Group's wind power, solar power and other renewable energy business increased by 61.9% from RMB1,180.8 million in 2018 to RMB1,912.2 million in 2019, primarily due to a 45.7% increase in the net power generation volume from wind power, solar power and other renewable energy power projects from 2,417.0 GWh in 2018 to 3,521.9 GWh in 2019, mainly attributable to (i) increased installed capacity after the completion of the expansion of Yandun Wind Power Project and Jingxia Wind Power Project in 2019 and the acquisitions of Yunnan Metallurgical New Energy, Toksun Tianhe and Huzhou Solar Power Project in July 2018, May 2019 and August 2019, respectively; and (ii) improved transmission capacity of local power grids.

Segment revenue of the Group's other business increased by 18.2% from RMB646.5 million in 2018 to RMB763.9 million in 2019, primarily due to an expansion of the Group's heat supply business and an increase in sales of construction materials.

Comparisons between 2018 and 2017

The Group's total revenue increased by 30.8% from RMB27,894.6 million in 2017 to RMB36,485.8 million in 2018, primarily due to increases in the segment revenue from coal-fired power and hydropower businesses.

Segment revenue of the Group's hydropower business increased by 10.8% from RMB17,743.1 million in 2017 to RMB19,660.9 million in 2018, primarily due to: (i) an increase in the electricity generation volume from hydropower projects in the Yalong River and Xiaosanxia areas, due to favourable hydrological conditions; and (ii) an increase in the on-grid tariff for Dachashan Hydropower Project as a result of government policy adjustment.

Segment revenue of the Group's coal-fired power business increased by 68.2% from RMB8,917.5 million in 2017 to RMB14,997.6 million in 2018, primarily due to an increase in electricity sales from coal-fired power business, in line with a 63.2% increase in the net power generation volume from coal-fired power projects from 28,233.7 GWh in 2017 to 46,084.7 GWh in 2018, primarily attributable to: (i) increased installed capacity of the Group's coal-fired power projects after the full commercial operation of additional units of Beijiang Coal-fired Power Project in June 2018 and Meizhouwan II Coal-fired Power Project in September 2017; and (ii) increased demand for electricity consumption in 2018. The increase in the segment revenue was also due to an increase in the average on-grid tariff for the Group's coal-fired power business, primarily attributable to an increase in the local benchmark price.

Segment revenue of the Group's wind power, solar power and other renewable energy power projects business increased by 57.6% from RMB749.2 million in 2017 to RMB1,180.8 million in 2018, primarily due to a 41.6% increase in the net power generation volume from wind power, solar power and other renewable energy power projects from 1,706.7 GWh in 2017 to 2,417.0 GWh in 2018. This increase was primarily attributable to: (i) increased installed capacity after the commencement of operation of Yandun Wind Power Project, Jingxia Wind Power Project, Qinghai II Wind Power Project and Dongchuan II Wind Power Project, and the acquisition of Yunnan Metallurgical New Energy along with its solar power plant; and (ii) improved transmission capacity of local power grids.

Segment revenue of the Group's other business increased by 33.4% from RMB484.8 million in 2017 to RMB646.5 million in 2018, primarily due to an expansion of the Group's heat supply business.

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Cost of Sales

Comparisons between the six months ended 30 June 2020 and 2019

The Group's cost of sales decreased by 3.8% from RMB9,566.8 million in the six months ended 30 June 2019 to RMB9,199.2 million in the corresponding period in 2020, primarily due to a decrease in total cost of raw materials, particularly coal, where the average price of standard coal (7,000 kcal/kg) per tonne that the Group purchased decreased from RMB649 per tonne in the six months ended 30 June 2019 to RMB592 per tonne in the corresponding period in 2020, resulting from a lower market price of coal affected largely by market demand during the COVID-19 pandemic.

Comparisons between 2019 and 2018

The Group's cost of sales increased by 6.8% from RMB20,010.1 million in 2018 to RMB21,367.8 million in 2019, primarily due to an increase in total cost of raw materials, particularly coal, largely due to an increase in the volume of raw materials consumed, reflecting the increase in the power generation volume from coal-fired power projects during the period.

Comparisons between 2018 and 2017

The Group's cost of sales increased by 33.6% from RMB14,978.3 million in 2017 to RMB20,010.1 million in 2018, primarily due to: (i) an increase of cost of raw materials, particularly coal, where the average price of standard coal (7,000 kcal/kg) per tonne that the Group purchased increased from RMB638 per tonne in 2017 to RMB698 per tonne in 2018; (ii) increased depreciation as the Group's installed capacity expanded; and (iii) an increase in staff and labour costs relating to operations personnel, mainly as a result of increased level of compensation and number of employees in line with the business expansion.

Gross Profit and Gross Profit Margin

Comparisons between the six months ended 30 June 2020 and 2019

The Group's gross profit increased by 8.5% from RMB7,623.6 million in the six months ended 30 June 2019 to RMB8,271.1 million in the corresponding period in 2020 as a result of the foregoing.

The Group's gross profit margin increased from 44.3% in the six months ended 30 June 2019 to 47.3% in the corresponding period in 2020. The gross profit margin of the Group's hydropower business remained relatively stable at 66.6% and 67.2% in the six months ended 30 June 2019 and 2020, respectively. The gross profit margin of the Group's coal-fired power business decreased from 23.7% in the six months ended 30 June 2019 to 22.2% in the corresponding period in 2020, mainly due to a decrease in the average on-grid tariff for the Group's coal-fired power business (excluding discontinuing business), primarily as a result of evolving marketisation of power prices in the regions where these coal-fired power projects are located. The gross profit margin of the Group's wind power, solar power and other renewable energy business decreased from 60.3% in the six months ended 30 June 2019 to 58.3% in the corresponding period in 2020, mainly due to changes in the Group's project mix after the acquisitions of additional solar power and waste-to-energy power projects.

Comparisons between 2019 and 2018

The Group's gross profit decreased by 0.6% from RMB16,475.7 million in 2018 to RMB16,384.2 million in 2019 as a result of the foregoing.

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The gross profit margin of the Group's hydropower business decreased from 69.7% in 2018 to 66.0% in 2019, mainly due to decreases in the on-grid tariff primarily as a result of evolving marketisation of power prices for projects located along the Yalong River. The gross profit margin of the Group's coal-fired power business increased from 14.7% in 2018 to 18.7% in 2019, mainly due to increased economies of scale as a result of an increase in the power generation volume from coal-fired power in response to an increase in demand for electricity consumption, and a decrease in coal price in 2019 compared to that in 2018. The gross profit margin of the Group's wind power, solar power and other renewable energy business increased from 48.8% in 2018 to 57.6% in 2019, mainly due to improved transmission capacity and enhanced operational efficiency of new wind and solar power generation units.

Comparisons between 2018 and 2017

The Group's gross profit increased by 27.6% from RMB12,916.3 million in 2017 to RMB16,475.7 million in 2018 as a result of the foregoing.

The Group's gross profit margin remained stable at 46.3% in 2017 and 45.2% in 2018. The gross profit margin of the Group's hydropower business increased from 66.4% in 2017 to 69.7% in 2018, mainly due to an increase in segment revenue of this business attributable to favourable hydrological conditions, while its cost of sales remained relatively stable. The gross profit margin of the Group's coal-fired power business increased from 9.4% in 2017 to 14.7% in 2018, mainly due to increased economies of scale as a result of an increase in the power generation volume from coal-fired power in response to increased demand for electricity consumption, and to increased operational efficiency in light of the launch of new units, resulting in a decrease in the average coal consumption per power generation unit. The gross profit margin of the Group's wind power, solar power and other renewable energy business increased from 44.8% in 2017 to 48.8% in 2018, mainly due to improved transmission capacity and enhanced operational efficiency of new wind and solar power generation units. Despite the foregoing increased segment gross profit margins, as the revenue contribution of the Group's coal-fired power business, which has a relatively lower profit margin than hydropower and wind and solar power businesses, increased in 2018 compared to 2017, the Group's gross profit margin decreased slightly as a result.

Administrative Cost

Comparisons between the six months ended 30 June 2020 and 2019

The Group's administrative cost increased by 6.0% from RMB481.5 million in the six months ended 30 June 2019 to RMB510.3 million in the corresponding period in 2020, primarily due to an increase in the consultation fees incurred by Red Rock Power Limited in relation to its investments in overseas power projects and the overall increase in staff and labour costs relating to the Group's administrative personnel.

Comparisons between 2019 and 2018

The Group's administrative cost increased by 18.5% from RMB1,074.2 million in 2018 to RMB1,272.9 million in 2019, primarily due to (i) costs incurred for pursuing investment opportunities in domestic and overseas renewable power projects; and (ii) an increase in staff and labour costs relating to the Group's acquisition of Newsky China.

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Comparisons between 2018 and 2017

The Group's administrative cost increased by 23.5% from RMB870.1 million in 2017 to RMB1,074.2 million in 2018, primarily due to: (i) accounting recognition of certain one-off expenses in relation to construction in progress, which had no direct bearing on capital expenditures, as part of administrative cost after the launch of power generation units; and (ii) an increase in staff and labour costs relating to the Group's administrative personnel, mainly as a result of increased level of compensation and number of employees in line with the business expansion.

Taxes and surcharges

Comparisons between the six months ended 30 June 2020 and 2019

The Group's taxes and surcharges increased slightly from RMB405.0 million in the six months ended 30 June 2019 to RMB411.6 million in the corresponding period in 2020.

Comparisons between 2019 and 2018

The Group's taxes and surcharges decreased by 2.3% from RMB915.5 million in 2018 to RMB894.4 million in 2019, primarily due to decreased city maintenance and construction taxes and education surcharges as a result of decreased VAT rate.

Comparisons between 2018 and 2017

The Group's taxes and surcharges increased by 81.4% from RMB504.7 million in 2017 to RMB915.5 million in 2018, primarily because of the reclassification of water resource taxes from cost of sales in December 2017, due to changes in accounting policies arising from changes in government regulations.

Distribution cost

Comparisons between the six months ended 30 June 2020 and 2019

The Group's distribution cost increased significantly from RMB1.5 million in the six months ended 30 June 2019 to RMB10.8 million in the corresponding period in 2020, primarily due to the reclassification of staff and labour costs for the Group's electricity sales force from administrative cost to distribution cost in the second half of 2019 due to the increased importance of marketing activities amid the trend of electricity price marketisation.

Comparisons between 2019 and 2018

The Group's distribution cost increased significantly from RMB5.7 million in 2018 to RMB30.4 million in 2019, primarily due to reclassification of staff and labour costs for the Group's electricity sales force from administrative cost to distribution cost due to the increased importance of marketing activities amid the trend of electricity price marketisation.

Comparisons between 2018 and 2017

The Group's distribution cost decreased by 17.4% from RMB6.9 million in 2017 to RMB5.7 million in 2018, primarily due to decreased transportation costs borne by the Group in its sales of construction materials as the Group started to require buyers to bear the shipping costs after the Group changed the relevant sales arrangement.

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Impairment of financial assets

Comparisons between the six months ended 30 June 2020 and 2019

The Group's impairment of financial assets increased by 52.7% from RMB86.0 million in the six months ended 30 June 2019 to RMB131.3 million in the corresponding period in 2020, primarily due to an increase in the Group's other receivables attributable to the increased receivables of government subsidies for renewable energy projects.

Comparisons between 2019 and 2018

The Group had impairment gain of financial assets of RMB5.7 million in 2018 and impairment loss of financial assets of RMB132.2 million in 2019, primarily because of the one-time impact of changing the basis for assessment of impairment of receivables from turnover days to expected credit loss was reflected in 2018.

Comparisons between 2018 and 2017

The Group had impairment of financial assets of RMB42.6 million in 2017 and reversal of impairment of financial assets of RMB5.7 million in 2018, primarily because the Group's accounting estimates changed which reflected the adoption of IFRS 9, and the Group re-assessed its impairment of receivables based on expected credit loss rather than turnover days, which was partially offset by overdue trade receivables in relation to the Group's seawater desalination business.

Impairment of Property, Plant and Equipment, Inventory and Intangibles

Comparisons between 2019 and 2018

The Group's impairment of property, plant and equipment, inventory and intangibles was decreased by 39.5% from RMB126.7 million in 2018 to RMB76.7 million in 2019, primarily due to an increase in the impairment of intangibles, mainly relating to adverse results of operations of GEPIC Zhangye.

Comparisons between 2018 and 2017

The Group's impairment increased significantly from RMB29.5 million in 2017 to RMB126.7 million in 2018, primarily due to an increase in the impairment of property, plant and equipment, mainly relating to adverse results of operations of Jingyuan Second Power and Fujian Pacific.

Other Income and Expense

Comparisons between the six months ended 30 June 2020 and 2019

The Group's other income and expense increased by 87.5% from RMB59.2 million in the six months ended 30 June 2019 to RMB111.0 million in the corresponding period in 2020, resulting from the Group's gains from its acquisitions of several power projects, where the fair value of consideration paid was lower than the fair value of acquired net identifiable asset.

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Comparisons between 2019 and 2018

The Group's other income and expense decreased by 38.5% from RMB172.0 million in 2018 to RMB105.7 million in 2019, primarily due to a decrease in government grants, resulting from the expiry of certain VAT rebate policies that were enjoyed by the Group up to December 2018.

Comparisons between 2018 and 2017

The Group's other income and expense decreased by 79.8% from RMB851.5 million in 2017 to RMB172.0 million in 2018, primarily due to a substantial decrease in government grants, resulting from the expiry of certain VAT rebate policies that were enjoyed by the Group up to 2017.

Share of Profits of Associates

Comparisons between the six months ended 30 June 2020 and 2019

The Group's share of profits of associates decreased by 4.4% from RMB416.6 million in the six months ended 30 June 2019 to RMB398.3 million in the corresponding period in 2020, as the coal-fired power companies invested by the Group and its associates had a decrease in net profits in the six months ended 30 June 2020 as compared to the corresponding period in 2019 as a result of the negative impact of COVID-19 on the demand for electricity consumption.

Comparisons between 2019 and 2018

The Group's share of profits of associates increased by 12.4% from RMB541.9 million in 2018 to RMB609.1 million in 2019, as the coal-fired power companies invested by the Group and its associates performed better in 2019 as compared to 2018.

Comparisons between 2018 and 2017

The Group's share of profits of associates increased by 37.6% from RMB393.9 million in 2017 to RMB541.9 million in 2018, primarily because: (i) the Group's investment gains increased, as the coal-fired power companies in which the Group invested were profit making in 2018, recovering from losses in 2017; and (ii) the Group acquired equity interests in a renewable energy power company, Hanlan Environment Co., Ltd. (瀚蓝环境股份有限公司) in 2018, and recognised investment gain in the same year.

Investment Income/(Loss)

Comparisons between the six months ended 30 June 2020 and 2019

The Group did not have any investment income or loss in the six months ended 30 June 2019, while it had investment income of RMB29.8 million in the six months ended 30 June 2020, primarily relating to dividends from Jiangxi Ganneng Co., Ltd. and interests on the exchangeable bond issued by Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司).

The Group had investment loss of RMB2.4 million in 2019 primarily due to the interest charged for account receivable financing.

The Group had investment income of RMB0.5 million in 2018 and investment income of nil in 2017, primarily relating to the Group's disposal of a heat supply company in 2017.

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Fair Value Movements on Financial Instrument Measured at Fair Value through Profit and Loss

The Group had fair value movements on financial instrument measured at fair value through profit and loss of nil, a gain of RMB44.7 million, a gain of RMB8.7 million, a gain of RMB5.5 million and a loss of RMB20.3 million in 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, respectively, primarily in relation to the Group's investment in the exchangeable bond issued by Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集团有限公司).

Finance Income

Comparisons between the six months ended 30 June 2020 and 2019

The Group's finance income decreased by 33.4% from RMB70.6 million in the six months ended 30 June 2019 to RMB47.0 million in the corresponding period in 2020, primarily due to a decrease in the interest income attributable to a decrease in the average balance of the Group's bank deposits.

Comparisons between 2019 and 2018

The Group's finance income increased by 40.0% from RMB82.7 million in 2018 to RMB115.8 million in 2019, primarily due to interest income generated from a shareholder loan extended to Beatrice Offshore Windfarm Ltd. in the latter half of 2018.

Comparisons between 2018 and 2017

The Group's finance income increased by 77.8% from RMB46.5 million in 2017 to RMB82.7 million in 2018, primarily due to an increase in the interest income attributable to an increase in the average balance of the Group's bank deposits.

Finance Costs

Comparisons between the six months ended 30 June 2020 and 2019

The Group's finance costs decreased by 3.7% from RMB2,292.9 million in the six months ended 30 June 2019 to RMB2,209.2 million in the corresponding period in 2020, primarily due to a decrease in the average balance of the Group's interest-bearing borrowings.

Comparisons between 2019 and 2018

The Group's finance costs decreased by 5.2% from RMB4,873.1 million in 2018 to RMB4,617.4 million in 2019, primarily due to a decrease in the average balance of the Group's interest-bearing borrowings.

Comparisons between 2018 and 2017

The Group's finance costs increased by 4.0% from RMB4,685.3 million in 2017 to RMB4,873.1 million in 2018, primarily due to an increase in the average balance of the Group's interest-bearing borrowings.

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Income Tax Expense

Comparisons between the six months ended 30 June 2020 and 2019

The Group's income tax expense increased by 38.9% from RMB762.3 million in the six months ended 30 June 2019 to RMB1,059.1 million in the corresponding period in 2020, primarily due to primarily in line with the increase in the Group's taxable income. The Group's effective tax rate increased from 15.5% in the six months ended 30 June 2019 to 19.0% in the corresponding period in 2020, primarily due to that some subsidiaries subject higher tax rates incurred losses in 2019, and a greater proportion of revenue contribution from geographic areas where we had less or no preferential tax policies in 2020.

Comparisons between 2019 and 2018

The Group's income tax expense increased by 17.2% from RMB1,351.7 million in 2018 to RMB1,584.2 million in 2019, primarily in line with the increase in the Group's taxable income. The Group's effective tax rate increased from 13.1% in 2018 to 15.5% in 2019, primarily due to greater proportion of revenue contribution from geographic areas where we had less preferential tax policies.

Comparisons between 2018 and 2017

The Group's income tax expense increased by 41.8% from RMB953.5 million in 2017 to RMB1,351.7 million in 2018, primarily in line with the increase in the Group's taxable income. The Group's effective tax rate increased from 11.8% in 2017 to 13.1% in 2018, primarily because the full EIT exemptions previously enjoyed by certain hydropower, wind power and solar power projects were replaced by a half EIT reduction.

Profit or loss from discontinuing operations

Comparisons between the six months ended 30 June 2020 and 2019

The Group had a loss from discontinuing operations of RMB44.2 million in the six months ended 30 June 2019 while it had a profit from discontinuing operations of RMB541.9 million in the corresponding period in 2020, primary due to the gains from the disposal of a 51% equity interest of SDIC Xuancheng, a 60% equity interest of SDIC Yili, a 51.22% equity interest of Jingyuan Second Power, a 35% equity interest of Huaibei Guoan and a 45% equity interest of Zhangye Power Generation in January 2020.

Comparisons between 2019 and 2018

The Group had a loss from discontinuing operations of RMB660.7 million in 2018 while it had a profit from discontinuing operations of RMB80.0 million in 2019, primarily due to (i) gains from the disposal of a 55.0% equity interest in SDIC Beibuwan in December 2019; and (ii) increased economies of scale as a result of an increase in the power generation volume from these discontinued operations in response to an increase in demand for electricity consumption, and a decrease in coal price in 2019 compared to that in 2018.

Comparisons between 2018 and 2017

The Group's loss from discontinuing operations increased by 18.8% from RMB556.1 million in 2017 to RMB660.7 million in 2018, primarily due to an increase of the cost of raw materials, particularly coal, which was incurred by the Company's discontinued operations.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

To date, the Group has primarily financed its business operations through cashflow generated from operating activities, bank and related party loans, issuance of bonds and capital contributions from shareholders. The Group's cash requirements primarily include capital expenditures to fund its business expansion and requirements for daily operations.

Cash Flows

The following table sets forth the selected cash flow statement information for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)			(unaudited)	
Net cash flows generated from operating activities	18,089.9	19,132.9	20,235.5	8,918.4	8,669.0
Net cash flows used in investing activities	(11,125.3)	(13,616.4)	(8,611.5)	(5,227.2)	(2,879.0)
Net cash used in financing activities	(6,138.3)	(3,025.3)	(10,708.5)	(3,204.6)	(4,306.9)
Net (decrease)/increase in cash and cash equivalents	826.3	2,491.2	915.5	486.6	1,483.1
Cash and cash equivalents at the beginning of year/period	4,154.3	4,972.4	7,470.0	7,470.0	8,447.8
Exchange gain/(loss) on cash and cash equivalents	(8.2)	6.4	62.3	8.4	(68.3)
Cash and cash equivalents at the end of year/period	4,972.4	7,470.0	8,447.8	7,965.0	9,862.6

Operating activities

Cash flow from operating activities reflects: (i) profit before tax adjusted for non-cash and non-operating items, such as depreciation and amortisation and impairment allowance; (ii) the effects of movements in working capital, such as increases or decreases in trade and other receivable, trade and other payables, inventories, provisions and employee benefit; and (iii) other cash items such as income tax paid.

In the six months ended 30 June 2020, the Group had net cash generated from operating activities of RMB8,669.0 million resulting from its profit for the period from continuing operations of RMB4,505.0 million, adjusted by non-cash and non-operating items and movements in working capital. The Group's movements in working capital were primarily due to a decrease in trade and other payables of RMB1,664.8 million, mainly attributable to the decrease in the purchase price of coal in the inventory. Such cash outflows were partially offset by a decrease in inventories of RMB113.8 million, mainly attributable to the decrease in the purchase price of coal in the inventory.

In the six months ended 30 June 2019, the Group had net cash generated from operating activities of RMB8,918.4 million resulting from its profit for the period from continuing operations of RMB 4,146.3 million, adjusted by non-cash and non-operating items and movements in working capital. The Group's movements in working capital were primarily due to: (i) an increase in trade and

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other receivables of RMB454.8 million, mainly attributable to in line with the Group's revenue growth; and (ii) a decrease in trade and other payables of RMB400.8 million, mainly attributable to the settlement of certain payables for the purchase of coal.

In 2019, the Group had net cash generated from operating activities of RMB20,235.5 million, resulting from its profit for the year of RMB8,612.9 million, adjusted by non-cash and non-operating items and movements in working capital. The Group's movements in working capital were primarily due to an increase in trade and other payables of RMB1,161.6 million, mainly in line with the Group's revenue growth. Such movements were partially offset by an increase in trade and other receivables of RMB595.1 million, attributable to the increased receivables of subsidies for renewable energy projects, reflecting the general increase of the Group's revenue from power generation.

In 2018, the Group had net cash generated from operating activities of RMB19,132.9 million, resulting from its profit for the year of RMB8,976.3 million, adjusted by non-cash and non-operating items and movements in working capital. The Group's movements in working capital were primarily due to: (i) an increase in trade and other receivables of RMB1,590.8 million, mainly due to the acquisition and consolidation of Yunnan Metallurgical New Energy in 2018, and the increased receivables of subsidies for renewable energy projects, reflecting the general increase of the Group's revenue from power generation; and (ii) an increase in inventories of RMB269.6 million, mainly as a result of increased inventory of coal to accommodate the Group's increased coal-fired installed capacity. Such movements were partially offset by an increase in trade and other payables of RMB857.3 million, primarily due to increased coal purchases in line with increased power generation from coal-fired power.

In 2017, the Group had net cash generated from operating activities of RMB18,089.9 million, resulting from its profit for the year of RMB7,115.6 million, adjusted by non-cash and non-operating items and movements in working capital. The Group's movements in working capital were primarily due to an increase in trade and other payables of RMB1,848.7 million, mainly as a result of an increase in the Group's payables for coal purchases, due to increased coal price and the full commercial operation of Meizhouwan II Coal-fired Power Project in the year. Such movements were partially offset by: (i) an increase in trade and other receivables of RMB923.0 million, mainly as a result of an increase in receivables of electricity generated due to the full commercial operation of Meizhouwan II Coal-fired Power Project, and the increased receivables of subsidies for renewable energy projects; (ii) a decrease in provisions of RMB143.4 million, mainly as a result of the repayment of provisioned liabilities in relation to the Group's guarantee of a finance lease of SDIC Qujing Power Generation Co., Ltd. (国投曲靖发电有限公司); and (iii) an increase in inventories of RMB145.9 million, mainly as a result of increased purchases of coal to fuel the Group's Meizhouwan II Coal-fired Power Project which commenced full commercial operation in September 2017 and an increase in coal price.

Investing activities

The Group's cash outflows from investing activities primarily consist of purchases of property, plant and equipment, purchases of associates, purchase of intangibles, as well as acquisition of subsidiaries. The Group's cash inflow from investing activities consists primarily of dividends from associates and interest received.

In the six months ended 30 June 2020, the Group had net cash used in investing activities of RMB2,879.0 million, primarily due to purchases of property, plant and equipment of RMB4,749.7

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million mainly relating to development of power projects and construction of new power plants. Such cash outflows were partially offset by income of RMB454.0 million from dividends and interests from associates and RMB346.6 million from shareholder loan.

In the six months ended 30 June 2019, the Group had net cash used in investing activities of RMB5,227.2 million, primarily due to purchases of property, plant and equipment of RMB4,641.8 million mainly relating to development of power projects and construction of new power plants. Such cash outflows were partially offset by income of RMB350.0 million from dividends and interests from associates.

In 2019, the Group had net cash used in investing activities of RMB8,611.5 million, primarily due to purchases of property, plant and equipment of RMB9,804.8 million, mainly relating to development of power projects and construction of new power plants. Such cash outflows were partially offset by income of RMB412.7 million from the disposal of a 55.0% equity interest in SDIC Beibuwan.

In 2018, the Group had net cash used in investing activities of RMB13,616.4 million, primarily due to: (i) purchases of property, plant and equipment of RMB9,944.1 million, mainly relating to development of power projects and construction of new power plants; (ii) purchases of associates of RMB1,481.0 million, mainly as a result of acquisition of equity interests in Hanlan Environment Co., Ltd. (瀚蓝环境股份有限公司) and an additional investment in Beatrice Offshore Windfarm Ltd.; and (iii) net cash used in acquisition of subsidiary of RMB943.8 million, mainly as a result of the acquisitions of Afton Wind Farm Limited and Yunnan Metallurgical New Energy.

In 2017, the Group had net cash used in investing activities of RMB11,125.3 million, primarily due to purchases of property, plant and equipment of RMB11,220.9 million, mainly relating to development of power projects and construction of new power plants.

Financing activities

The Group's financing activities primarily include issuance of new shares and debt instruments, proceeds from loans and borrowings, distribution of dividends to shareholders, and repayment of principal and interests on debts.

In the six months ended 30 June 2020, the Group had net cash used in financing activities of RMB4,306.9 million, primarily due to: (i) repayment of loans and borrowings of RMB15,144.7 million; (ii) interest paid on loans and borrowings of RMB2,878.2 million; and (iii) dividends paid to non-controlling interests of RMB1,134.0 million. Such cash outflows were partially offset by proceeds from loans and borrowings of RMB14,447.1 million.

In the six months ended 30 June 2019, the Group had net cash used in financing activities of RMB3,204.6 million, primarily due to: (i) repayment of loans and borrowings of RMB17,814.3 million; (ii) interest paid on loans and borrowings of RMB3,033.8 million; and (iii) dividends paid to non-controlling interests of RMB 1,551.3 million. Such cash outflows were partially offset by proceeds from loans and borrowings of RMB 19,310.7 million.

In 2019, the Group had net cash used in financing activities of RMB10,708.5 million, primarily due to: (i) repayment of loans and borrowings of RMB28,362.4 million; (ii) interest paid on loans and borrowings of RMB6,080.8 million; and (iii) dividends paid to non-controlling interests of

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RMB3,550.6 million. Such cash outflows were partially offset by proceeds from loans and borrowings of RMB28,254.4 million.

In 2018, the Group had net cash used in financing activities of RMB3,025.3 million, primarily due to: (i) repayment of loans and borrowings of RMB24,695.9 million; and (ii) interest paid on loans and borrowings of RMB6,020.6 million. Such cash outflows were partially offset by: (i) proceeds from loans and borrowings of RMB26,424.5 million; (ii) issue of other equity instruments of RMB3,999.2 million; and (iii) issue of ordinary shares by certain subsidiaries of the Group to non-controlling interests of RMB1,499.5 million.

In 2017, the Group had net cash used in financing activities of RMB6,138.3 million, primarily due to: (i) repayment of loans and borrowings of RMB25,788.7 million; (ii) interest paid on loans and borrowings of RMB5,603.8 million; and (iii) dividends paid to non-controlling interests of RMB3,296.0 million. Such cash outflows were partially offset by: (i) proceeds from loans and borrowings of RMB27,891.2 million; and (ii) issue of ordinary shares by certain subsidiaries of the Group to non-controlling interests of RMB1,954.1 million.

Indebtedness

The Group's indebtedness mainly consists of bank and related party loans and corporate bonds. The table below sets forth the Group's indebtedness as at the dates indicated:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	(RMB in millions)			
Loans ⁽¹⁾	126,595.8	131,343.7	126,232.3	123,817.2
Bonds ⁽²⁾	4200.0	5,000.0	5,900.0	8,900.0
Amount due to non-controlling interests ⁽³⁾	489.9	514.6	278.8	173.2
Long-term employee benefits	—	—	1.3	1.3
Lease liabilities ⁽⁴⁾	1,372.5	434.5	819.3	1,020.5
Total	132,658.2	137,292.8	133,231.7	133,912.2

(1) This comprises long-term loans, short-term loans and current portion of long-term loans.

(2) This comprises long-term bonds, short-term bonds and current portion of long-term bonds.

(3) This comprises the current and non-current portions of amount due to non-controlling interests.

(4) This comprises the current and non-current portions of lease liabilities.

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Loans

The following table sets forth the breakdown of the Group's loans as at the dates indicated:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	(RMB in millions)			
Long-term loans				
Secured loans	8,972.3	10,705.4	9,527.0	8,737.9
Guaranteed loans	4,006.3	398.1	338.9	307.0
Unsecured loans	95,908.2	100,600.6	100,013.6	97,373.4
Current portion of long-term loans	12,967.7	13,875.5	11,069.0	12,346.7
Subtotal	121,854.5	125,579.6	120,948.5	118,765.0
Short-term loans				
Secured loans	55.0	175.0	—	—
Unsecured loans	4,686.3	5,589.1	5,283.8	5,052.2
Subtotal	4,741.3	5,764.1	5,283.8	5,052.2
Total	126,595.8	131,343.7	126,232.3	123,817.2

The Group's loans decreased by 1.9% from RMB126,232.3 million as at 31 December 2019 to RMB123,817.2 million as at 30 June 2020, primarily due to partial repayment of certain long-term and operating loans to optimise debt structure. The Group's loans decreased by 3.9% from RMB131,343.7 million as at 31 December 2018 to RMB126,232.3 million as at 31 December 2019, primarily due to partial repayment of operating loans to optimise debt structure. The Group's loans increased by 3.8% from RMB126,595.8 million as at 31 December 2017 to RMB131,343.7 million as at 31 December 2018, primarily due to increased capital requirements to support its expansion.

As at 30 June 2020, the Group had total loans of RMB123,817.2 million, mainly comprising loans from commercial banks and other financial institutions, and loans from related parties such as SDIC Finance Co., Ltd., which were typically unsecured with prevailing market interest rates.

Long-term loans

The Group generally incurs long-term loans on a project basis to fund its business expansion and capital requirements. All of its material long-term loans are at variable rates varying from 1.6% to 6.0%. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's long-term loans were RMB121,854.5 million, RMB125,579.6 million, RMB120,948.5 million and RMB118,765.0 million, respectively, among which 10.3%, 11.9%, 11.4% and 14.4% were from related parties as at the same dates, respectively.

Short-term loans

The Group generally incurs short-term loans to replenish its daily working capital and repay its current liabilities. Its short-term loans are generally at fixed rates. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's short-term loans amounted to RMB4,741.3 million, RMB5,764.1 million, RMB5,283.8 million and RMB5,052.2 million, respectively, among which 28.7%, 23.7%, 25.2% and 23.8% were from related parties as at the same dates, respectively.

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Bonds

The Group's bonds issued comprise corporate bonds and medium-term notes. The following table sets forth some details on the Group's outstanding bonds as at 30 June 2020:

<u>Issuer</u>	<u>Principal Amount</u> (RMB in billions)	<u>Date of Issuance</u>	<u>Maturity</u>	<u>Coupon Rate</u> (%)
The Company	0.7	October 2016	5 years	3.10
The Company	0.5	November 2016	5 years	3.32
The Company	1.0	April 2018	5 years	4.50
The Company	1.0	April 2019	5 years	3.93
The Company	1.2	June 2019	10 years	4.59
The Company	1.0	April 2020	3 years	2.93

Note: The Company issued four tranches of perpetual bonds in March, May, July 2018, and June 2020, respectively, with a principal amount of: (i) RMB0.5 billion, with a nominal interest rate of 5.50%; (ii) RMB1.5 billion, with a nominal interest rate of 5.23%; (iii) RMB2.0 billion, with a nominal interest rate of 4.98%; and (iv) RMB0.5 billion, with a nominal interest rate of 3.40%. They are recognised as equity instrument in the Group's financial statements. In July 2019, the Company obtained approval from the CSRC to issue perpetual bonds of a principal amount not exceeding RMB6.0 billion.

The Group finances its long-term business expansion by issuing corporate bonds with a term exceeding one year. The Group used the net proceeds from the issuance of corporate bonds primarily to repay its long-term liabilities. The Group also manages short-term liquidity by issuing corporate bonds with a term not exceeding one year.

Amount due to non-controlling interests

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group had an outstanding amount of RMB489.9 million, RMB514.6 million and RMB278.8 million and RMB173.2 million, respectively, due to a non-controlling shareholder of a subsidiary of the Group, Fujian Pacific. The amount due was non-interest bearing.

Lease liabilities

Effective 1 January 2019, IFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases on the balance sheet, subject to certain exceptions. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group had lease liabilities of RMB1,372.5 million, RMB434.5 million and RMB819.3 million and RMB1,020.5 million, respectively, which mainly related to finance leases of power generating equipment. The Group enters into finance leases with related parties such as SDIC Finance Lease Co., Ltd. (国投融资租赁有限公司), and other independent finance lease providers.

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CAPITAL EXPENDITURES

Capital Expenditures

The Group's capital expenditures primarily comprise expenditures for the purchases of property, plant and equipment and intangibles. The following table sets out the Group's capital expenditures by segment for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions)				
Hydropower	7,601.3	6,915.4	7,038.6	3,094.5	3,581.9
Coal-fired power	2,924.7	1,840.5	1,302.1	623.1	366.7
Wind power, solar power and other renewable energy	1,109.0	1,467.9	1,703.1	920.4	803.5
Others	19.7	20.9	0.2	3.8	2.1
Total	11,654.7	10,244.7	10,044.0	4,641.8	4,754.2

The Group expected to incur approximately RMB5.4 billion of capital expenditures in the second half of 2020 to fund its business expansion, mainly for developing hydropower, solar power and wind power projects under construction.

The Group's anticipated capital expenditures are subject to changes from time to time, and are based on the reassessment of its business plan, including, but not limited to, the progress of its projects under construction and pipeline projects, prevailing market conditions, regulatory environment and outlook of its future results of operations. In addition, if the Group fails to obtain adequate financing, its ability to expand its business may be hindered and the prospects of the Group's future operations may be materially and adversely affected. See "Risk Factors—Risks Related to the Group's Financial Aspects—The Group operates in a capital-intensive business, and failure to obtain capital on terms acceptable to the Group may increase its financing costs and cause delays in its expansion plans".

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Capital Commitments

The following table sets forth the Group's commitments for purchases of property, plant and equipment and intangibles as at 30 June 2020:

	As at 30 June 2020 (RMB in millions)
Contracted for	17,764.0
Authorised but not contracted for	1,039.7
Total	18,803.7

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Lease Commitments

The following table sets forth the Group's present value of minimum lease payments under non-cancellable leases (including operating and finance leases) as at the dates indicated:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	(RMB in millions)			
Within one year	1,014.7	42.0	99.7	167.7
One to two years	115.5	123.3	60.0	99.4
Two to five years	242.3	141.8	274.2	347.9
Over five years	—	127.4	385.4	405.5
Total	1,372.5	434.5	819.3	1,020.5

Contingent Liabilities

As at 31 December 2017 and 2018, the Group had outstanding contingent liabilities of RMB1,402.5 million and RMB835.6 million, respectively, primarily comprising the Group's guarantees associated with bank loans provided to certain third parties and related parties for their business operations. As at 31 December 2019, all guarantee responsibility has been fulfilled and there was no contingent liabilities. As at 30 June 2020, there was no contingent liabilities.

In addition, the Group has made a full provision for expected loss of the guarantee provided to SDIC Qujing Power Generation Co., Ltd. (国投曲靖发电有限公司) for its failure to perform payment obligations under a finance lease. From 2016 to 2019, the Company as the guarantor had paid all overdue lease payments.

OFF-BALANCE SHEET ARRANGEMENT

As at 31 December 2019, the Group did not have any outstanding off-balance sheet guarantees.

KEY PERFORMANCE INDICATORS AND OTHER FINANCIAL METRICS

The following table sets forth the key measurements of the Group's profitability from continuing operations:

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions, except percentages)				
Profit for the year/period	7,115.6	8,976.3	8,612.9	4,146.3	4,505.0
Net margin ⁽¹⁾	25.5%	24.6%	22.8%	24.1%	25.8%
EBITDA ⁽²⁾ (unaudited)	18,629.5	21,551.2	21,661.4	10,646.5	11,294.5
EBITDA margin ⁽²⁾ (unaudited)	66.8%	59.1%	57.4%	61.9%	64.6%

(1) Net margin is calculated by dividing profit for the year/period by revenue.

(2) EBITDA is defined as profit before tax from continuing operations, plus depreciation of property, plant and equipment, amortisation of intangible assets and finance costs (excluding net foreign exchange gain or loss and others). EBITDA margin is calculated by dividing EBITDA by revenue.

EBITDA or EBITDA margin is not an IFRS measure and should not be considered as an alternative to net profit, net margin or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of the Group's

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liquidity. The Group believes that inclusion of EBITDA and EBITDA margin is appropriate to provide additional information to investors about the Group's operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. EBITDA and EBITDA margin have limitations as an analytical tool, and it should not be considered in isolation, or as a substitute for analysis of the Group's operating results as reported under IFRS.

The following table sets forth a reconciliation of profit before tax from continuing operations for the period/year to EBITDA and EBITDA margin for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions, except percentages)				
Profit before tax from continuing operations	8,069.1	10,328.0	10,197.1	4,908.6	5,564.1
Add:					
Depreciation of property, plant and equipment	5,632.7	6,202.5	6,584.2	3,302.2	3,383.6
Amortisation of intangible assets	263.5	275.9	284.1	148.8	155.7
Finance costs (excluding net foreign exchange gain or loss and others) ⁽¹⁾ ..	4,664.2	4,744.8	4,596.0	2,286.9	2,191.1
EBITDA	18,629.5	21,551.2	21,661.4	10,646.5	11,294.5
Divided by:					
Revenue	27,894.6	36,485.8	37,752.0	17,190.4	17,470.3
EBITDA margin	66.8%	59.1%	57.4%	61.9%	64.6%

(1) In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group had a net foreign exchange loss of RMB30.4 million, gain of RMB72.3 million, loss of RMB10.1 million, gain of RMB8.1 million and loss of RMB5.1 million, respectively. Other finance costs in 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 were RMB51.5 million, RMB56.0 million, RMB31.5 million, RMB14.1 million and RMB13.0 million, respectively.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Group has identified certain accounting policies and estimates significant to the preparation of the financial information in accordance with IFRS. The audited consolidated financial statements in F-pages to this Prospectus sets forth these significant accounting policies in note 3, which are important for an understanding of the Group's financial condition and results of operations.

Some of the Group's accounting policies involve subjective assumptions, estimates and judgments that are discussed in note 4 to the audited consolidated financial statements in F-pages to this Prospectus. In the application of its accounting policies, the Group's management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The Group's estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Group's estimates and underlying assumptions are reviewed by its management on an ongoing basis.

The Group's management has identified below the accounting policies, estimates and judgements that they believe are critical to the preparation of the financial information.

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Critical Accounting Policies

Revenue recognition

The vast majority of the Group's revenue comprised of contracts with customers from rate-regulated sales of electricity and heat, and it has determined that no enforceable rights and obligations exist at inception of the contract and arise only once the cooling-off period is complete and the Group is the legal supplier of energy to the customer. The performance obligation is the supply of energy over the contractual term; the units of supply represent a series of distinct goods that are substantially the same with the same pattern of transfer to the customer. The performance obligation is considered to be satisfied, as the customer consumes based on the units of energy delivered. This is the point at which revenue is recognised.

Revenue from sales of electricity and heat represents the amount of tariffs build for electricity and heat generated and transmitted to the respective power companies and heat supply companies. The amounts are billed monthly on basis of agreed output at pre-agreed prices.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated Statement of profit or loss and other comprehensive income or netted against the asset purchased.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives as detailed below.

<u>Type of property, plant and equipment</u>	<u>Expected useful economic lives</u>
Land use rights	Over life of agreement
Buildings and structures	10 to 50 years
Mechanical equipment	5 to 30 years
Transportation facilities	5 to 10 years
Office equipment and others	3 to 5 years
Highway use right	Over life of agreement

The residual values, useful lives and depreciation methods are reviewed and, adjusted if appropriate, at each reporting period end.

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Construction in progress and engineering materials are recorded at cost being all directly attributable costs necessary for the asset to be located and to operate as intended by management. Depreciation is not recorded until such time as the asset has commenced operations.

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated Statement of profit or loss and other comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated Statement of profit or loss and other comprehensive income on the acquisition date.

Intangible assets (other than goodwill)

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Amortisation of intangible assets generated by power generator units is recognised in cost of sale, and amortisation of intangible assets generated by daily management activities is recognised in administrative expenses.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

Amortisation of intangible is calculated either at rates appropriate to write off the depreciable amount over the estimated useful lives on a straight-line basis.

<u>Type of intangible assets</u>	<u>Expected useful economic lives</u>
Software	5 years
Others	Up to 10 years

The residual values, useful lives and amortisation methods are reviewed and, adjusted if appropriate, at each reporting period end.

Under the terms of the various contracts with the government, where the Group obtains the right to use various assets. Where the Group acts as operator is required to maintain the asset and make necessary improvements. The upgrade services will maintain and enhance the Group's ability to provide services to the users and therefore the expenditure is recognised as an intangible asset which represents the right to charge users for the public service. The upgrade services are accounted for in accordance with IFRS 15. Revenue is recognised based on stage of completion of the services measured by reference to the fair value of consideration receivable. Fair value of consideration represents the cost of the upgrade services with an estimated margin on services.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, with certain exceptions.

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Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company; or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Discontinued operations and assets held for sale

Discontinued operation requires one of the following conditions, a component that can be distinguished separately, and that component has been disposed by the Group or classified as held for sale by the Group:

- This component represents an independent main business or a separate main business area;
- This component is part of an associated plan to dispose of an independent main business or a separate main operation area;
- This component is a subsidiary acquired exclusively for resale.

Non-current assets or disposal portfolio that meet the following conditions are classified as held for sale:

- Based on the previous experience of selling similar assets or disposal portfolio in similar transactions, these assets or disposal portfolio can be immediately sold under current conditions.
- The possibility of a sale is extremely high, that is, the company has made a decision on the sale plan and obtained a confirmed purchase commitment, which shown that the sale will be completed within one year. Chinese regulations mean that approval is required from both the company and the regulatory authority before the final sale can be made.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair

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value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Significant Accounting Judgements and Estimates

Impairment losses for bad and doubtful debts

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated Statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated Statement of profit or loss and other comprehensive income (operating profit).

Fair value of assets and liabilities acquired on business combination

In the prior period, the Group acquired a subsidiary as detailed in note 49 to the audited consolidated financial statements in F-pages to this Prospectus. The accounting for business

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combinations requires the fair valuation of assets and liabilities within the acquiree at the acquisition date and the fair valuation of consideration payable including any contingent consideration. The fair valuation exercise will involve making a number of estimates and the actual outcome may vary from the projected outcome.

The acquisition occurred in the prior year and acquisition values are considered to have not suffered a material change and therefore will only be assessed through consideration of impairment. The contingent consideration payable is fair valued at each period end based on the expectation of the amount being payable based on the contractual terms and likelihood of payment. Should circumstances the value of the liability could be amended in the next accounting period.

Impairment of goodwill and non-current assets

An annual impairment test is required for goodwill and for other non-current assets where there is an indication of impairment. Any impairment test is performed at the level of the cash generating units. Judgement is required in the assessment of whether an indication of impairment exists and also in identifying the level of the cash generating unit.

In making this assessment of whether an indication of impairment exists, the Directors consider the performance of the cash generating unit against expectation.

Any impairment review involves making a number of estimates on calculating the value in use. Details of the assumptions used are included in note 16 to the audited consolidated financial statements in F-pages to this Prospectus.

Expected credit losses on guarantees provided

The Group is required to provide for expected credit losses for guarantees provided. Details of the guarantees provided are included in note 51 to the audited consolidated financial statements in F-pages to this Prospectus. In deciding on an appropriate level of provision, the Group considers the financial position of the guaranteed party and the likelihood of them defaulting.

Recently Issued Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to the Group is included in note 2 to the audited consolidated financial statements in F-pages to this Prospectus.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The Group has designed a risk management and control system to measure, monitor and manage financial risks arising in the ordinary course of business. See note 48 to the audited consolidated financial statements in F-pages to this Prospectus for an overview of the risk management processes. The main financial risks the Group faces in the ordinary course of business are credit risk, foreign currency risk, liquidity risk and interest rate risk. As the Group expands the business by offering new products and services, doing business with individuals and entities that are not within traditional clients and counterparty base, and entering new geographical markets, the Group is exposed to new regulatory and business challenges and risks, and the complexity of the risks the Group faces has increased. The following discussion of the main financial risks and the estimated amounts of the risk exposure generated by the risk measurement models are forward-looking statements. These

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analyses and the results of the risk measurement models are not, however, predictions of future events, and the actual results may be significantly different from the analyses and results due to events in the global economy or the markets where the Group operates, as well as other factors described below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributed to its cash and cash equivalents, accounts and notes receivable and long terms receivable and the guarantees it has issued (see note 51 to the audited consolidated financial statements in F-pages to this Prospectus).

The Group maintains most of its bank deposits and holds notes receivable in several major government-related financial institutions in the PRC and a non-bank financial institution which is a related party of the Group. With strong State support provided to those government-related financial institutions and the holding of directorship in the board of the related party non-bank financial institution, the directors are of the opinion that there is no significant credit risk on such assets.

The long-term receivable is mainly from associates. The Group has regular access to financial information of the entity and does not consider such receivable to be a significant credit risk.

With regard to accounts receivables arising from power sales, most of the power plants of the Group sell electricity to their sole customers, being the power grid companies of their respective provinces or regions where the power plants operate. These power plants of the Group communicate with their individual grid companies periodically and believe that adequate allowance for expected credit losses has been made in the consolidated financial statements.

The table below sets forth some details about the Group's provision for expected credit losses made as at 31 December 2017, 2018 and 2019:

<u>As at 30 June 2020</u>	<u>Not past due</u>	<u>180-360</u>	<u>360-720</u>	<u>720-1080</u>	<u>>1080</u>	<u>Others</u>	<u>Total</u>
	(RMB in millions)						
Expected credit loss rate	0%	3%	10%	25%	87%	12%	—
Estimated total gross carrying amount at default	2,429.9	35.0	11.2	2.0	73.8	4,310.7	6,862.6
Lifetime ECL	—	0.9	1.1	0.5	64.4	499.0	565.9
Total	<u>2,429.9</u>	<u>34.1</u>	<u>10.1</u>	<u>1.5</u>	<u>9.4</u>	<u>3,811.7</u>	<u>6,296.7</u>
<u>As at 31 December 2019</u>	<u>Not past due</u>	<u>180-360</u>	<u>360-720</u>	<u>720-1,080</u>	<u>>1,080</u>	<u>Others</u>	<u>Total</u>
	(RMB in millions)						
Expected credit loss rate	0%	6%	12%	25%	81%	12%	—
Estimated total gross carrying amount at default	2,495.6	20.8	41.1	10.6	70.8	2,902.5	5,541.4
Lifetime ECL	0.5	1.3	5.1	2.6	57.1	351.3	417.9
Total	<u>2,495.1</u>	<u>19.5</u>	<u>36.0</u>	<u>8.0</u>	<u>13.7</u>	<u>2,551.2</u>	<u>5,123.5</u>

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<u>As at 31 December 2018</u>	<u>Not past due</u>	<u>180-360</u>	<u>360-720</u>	<u>720-1,080</u>	<u>>1,080</u>	<u>Others</u>	<u>Total</u>
	(RMB in millions)						
Expected credit loss rate	0%	5%	10%	30%	90%	6%	—
Estimated total gross carrying amount at default	1,978.7	18.2	13.0	2.2	80.0	3,511.3	5,603.4
Lifetime ECL	—	0.9	1.3	0.6	72.0	198.2	273.0
Total	<u>1,978.7</u>	<u>17.3</u>	<u>11.7</u>	<u>1.6</u>	<u>8.0</u>	<u>3,313.1</u>	<u>5,330.4</u>

<u>As at 31 December 2017</u>	<u>Not past due</u>	<u>180-360</u>	<u>360-720</u>	<u>720-1,080</u>	<u>>1,080</u>	<u>Others</u>	<u>Total</u>
	(RMB in millions)						
Expected credit loss rate	0%	5%	10%	30%	99%	8%	—
Estimated total gross carrying amount at default	2,100.3	20.4	8.7	18.0	57.8	1,706.4	3,911.6
Lifetime ECL	—	1.0	0.9	5.4	57.1	137.4	201.8
Total	<u>2,100.3</u>	<u>19.4</u>	<u>7.8</u>	<u>12.6</u>	<u>0.7</u>	<u>1,569.0</u>	<u>3,709.8</u>

Foreign Exchange Risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

At the year end, the Group's held cash and cash equivalents are in the following currencies:

	<u>As at 31 December</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
	(RMB in millions)		
Currency			
RMB	4,508.7	7,243.5	6,792.6
USD	228.3	115.0	75.3
GBP	235.4	111.3	1,445.5
EURO	—	0.2	—
THB	—	—	134.4
Total	<u>4,972.4</u>	<u>7,470.0</u>	<u>8,447.8</u>

As at 31 December 2019, the Group's net monetary assets/liabilities by functional currency of the Group's entities were as follows:

	<u>Total</u>
Currency of monetary asset/(liability)	
RMB	(119,876.9)
USD	(1,297.3)
GBP	(5,046.0)
EURO	—
THB	(182.7)
Total	<u>(126,402.9)</u>

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The foreign currency risk of the Group mainly derives from some borrowings and deposits in GBP, THB and USD. The Board has reviewed the RMB/GBP, RMB/THB and RMB/USD exchange rate movement for the last two years and consider that a 10% movement would represent the maximum realistic exposure. The impact of such a change would not have a material impact on the reported results and therefore no sensitivity analysis is presented.

Liquidity Risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group seeks to achieve this aim by ensuring that it has sufficient lines of credit and borrowings facilities in order to meet its obligations as they fall due. In addition, the Group maintains relationships with financial institutions and is confident that it has the ability to restructure its facilities and modify the timing of its obligations.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

<u>As at 30 June 2020</u>	<u>Up to 6 months</u>	<u>Between 6 and 12 months</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
	(RMB in millions)				
Account payables	760.4	1,654.3	—	—	—
Other payables	2,265.8	3,555.8	—	—	—
Long term payables	—	109.7	64.8	—	—
Lease liability	49.7	118.0	99.4	347.9	405.5
Long term loans	5,538.7	6,808.0	16,825.3	25,141.7	64,451.3
Short term loans	2,438.5	2,613.7	—	—	—
Long term bonds	—	—	1,200.0	3,000.0	1,200.0
Short term bonds	3,500.0	—	—	—	—
Total	14,553.1	14,859.5	18,189.5	28,489.6	66,056.8
	(RMB in millions)				
<u>At 31 December 2019</u>	<u>Up to 6 months</u>	<u>Between 6 and 12 months</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Account payables	1,477.9	1,524.5	—	—	—
Other payables	3,294.0	3,248.2	—	—	—
Long term payables	108.1	—	172.0	—	—
Lease liability	1.7	98.0	60.0	274.2	385.4
Long-term loans	3,446.3	7,622.7	9,798.1	21,120.6	78,960.8
Short-term loans	2,666.5	2,617.3	—	—	—
Long-term bonds	—	—	1,200.0	1,000.0	2,200.0
Short-term bonds	1,500.0	—	—	—	—
Total	12,494.5	15,110.7	11,230.1	22,394.8	81,546.2

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<u>At 31 December 2018</u>	<u>Up to 6 months</u>	<u>Between 6 and 12 months</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
	(RMB in millions)				
Account payables	928.0	3,749.8	—	—	—
Other payables	794.0	4,964.1	—	—	—
Long term payables	—	—	372.8	141.8	—
Lease liability	15.4	26.6	123.3	269.2	—
Long-term loans	798.2	13,077.3	22,220.5	25,932.3	63,551.3
Short-term loans	1,421.6	4,342.5	—	—	—
Long-term bonds	1,800.0	—	—	2,200.0	—
Short-term bonds	—	1,000.0	—	—	—
Total	<u>5,757.2</u>	<u>27,160.3</u>	<u>22,716.6</u>	<u>28,543.3</u>	<u>63,551.3</u>
<u>At 31 December 2017</u>	<u>Up to 6 months</u>	<u>Between 6 and 12 months</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
	(RMB in millions)				
Account payables	930.7	3,904.0	—	—	—
Other payables	795.8	6,335.6	—	—	—
Long term payables	—	—	489.9	—	—
Lease liability	240.0	774.7	115.5	242.3	—
Long-term loans	1,023.0	11,944.7	11,703.1	25,961.6	71,222.1
Short-term loans	910.0	3,831.3	—	—	—
Long-term bonds	—	—	1,800.0	1,200.0	—
Short-term bonds	1,000.0	200.0	—	—	—
Total	<u>4,899.5</u>	<u>26,990.3</u>	<u>14,108.5</u>	<u>27,403.9</u>	<u>71,222.1</u>

Interest Rate Risk

The Group is mainly exposed to cash flow interest rate risk from long-term loans at variable interest rates. All short-term borrowings are at fixed rate. All of the material long-term loans are at variable rates varying from 1.6%-6.0%. The Directors consider that given the past history of interest rate movements and the economic outlook that it is unlikely that there will be significant increase in interest rates. Should the interest rate increase by 1%, which is the Directors assessment of the highest realistic increase, then the interest charge would increase by RMB1,064.2 million.

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Overview

The Company is principally governed by the general meeting of its shareholders (the “**general meeting**”), the Board of Directors, the Supervisory Committee and senior management. The Articles of Association which will take effect upon the listing of the GDRs were approved at the second extraordinary general meeting for the year 2020 on 11 August 2020.

A brief description of the general meeting, the Board of Directors, the Supervisory Committee and senior management of the Company is set out below.

General Meeting

The general meeting is the governing authority of the Company. General meetings include annual general meetings and extraordinary general meetings. An annual general meeting is required to be called once a year, within six months following the end of the previous fiscal year. An extraordinary general meeting is required to be called within two months from the date of the occurrence of any of the following circumstances:

- the number of Directors is fewer than six;
- the losses of the Company that have not been made up reach one third of its total share capital;
- shareholders that hold, individually or collectively, 10% or more of the shares of the Company request to hold such a meeting;
- the Board of Directors considers it necessary;
- the Supervisory Committee proposes to hold such a meeting; or
- other circumstances as provided by relevant laws, administrative regulations, departmental rules or the Articles of Association.

The general meeting shall have the following functions and powers in accordance with PRC law:

- to decide on the business and investment plans of the Company;
- to elect and replace a Director or Supervisor who is not an employee representative, and decide on the amount and payment method of his or her remuneration;
- to consider and approve the report of the Board;
- to consider and approve the report of the Supervisory Committee;
- to consider and approve the annual financial budgets and the final accounts of the Company;
- to consider and approve the profit distribution plans and the plans for making up losses of the Company;
- to pass resolutions on any increase or decrease of the Company’s registered capital;
- to pass resolutions on the issue of corporate bonds;
- to pass resolutions on the merger, division, dissolution, liquidation, or change in corporate form of the Company;

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- to amend the Articles of Association;
- to pass resolutions on the engagement, dismissal or non-renewal of the appointment of any accounting firm by the Company;
- to consider and approve matters relating to the purchase and/or sales by the Company of material assets within one year with an aggregate value of 30% or more of the Company's audited total assets of the Company as at the end of its most recent financial period;
- to consider and approve material related party transactions (excluding those where the Company provides a guarantee, receives gifts of cash, or is relieved of obligations for no consideration) where the amount of the proposed related party transaction is more than RMB30 million and accounts for 5% or more of the audited net assets attributable to the owners of the Company as at the end of its most recent financial period, which amount shall be calculated on a cumulative basis for any consecutive 12 months if the Company deals with the same related party or deals with different related parties on related same subject matters;
- to consider and approve transactions by the Company or its subsidiaries (excluding those where the Company provides a guarantee, receives gifts of cash, or is relieved of obligations for no consideration) meeting the following criteria:
 - the value of the assets involved in the transaction reaches 50% of the audited total assets of the Company as at the end of its most recent financial period;
 - the price of the transaction reaches 50% of the audited total assets of the Company as at the end of its most recent financial period and exceeds RMB50 million;
 - profit derived from the transaction reaches 50% of the audited net profit of the Company for its most recent financial year and exceeds RMB5 million;
 - operating revenue derived from the target of the transaction during the most recent financial year reaches 50% of the audited operating revenue of the Company for its most recent financial year and exceeds RMB50 million; or
 - net profit derived from the target of the transaction during the most recent financial year reaches 50% of the audited net profit of the Company for its most recent financial year and exceeds RMB5 million;
- to consider and approve the following matters:
 - any guarantees provided after the cumulative amount of external guarantees provided by the Company and its subsidiaries reaches or exceeds 50% of the audited net assets of the Company as at the end of its most recent financial period;
 - any guarantees provided after the amount of the guarantees, calculated by aggregating all guarantees in the past 12 months, reaches or exceeds 30% of the audited total assets of the Company as at the end of its most recent financial period;
 - guarantees provided for the benefit of any obligator whose liability-to-asset ratio exceeds 70%;
 - a single guarantee that exceeds 10% of the audited net assets of the Company as at the end of its most recent financial period;
 - guarantees provided for the benefit of the Company's actual controller, shareholders and their related parties; and

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- guarantees amount that exceeds 50% of the Company's audited net assets as at the end of the most recent financial period and exceeds RMB50 million, calculated by aggregating all guarantees in the past 12 months;
- to consider and approve any change in the use of proceeds from offerings of securities;
- to consider and approve any share incentive scheme;
- to consider and approve any share buy-back by the Company;
- to deliberate on proposals put forward by shareholders representing 3% or more of the Company's voting shares; and
- to examine and approve other matters as required by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the A Shares of the Company are listed, or the Articles of Association to be approved at a general meeting.

Board of Directors

The Board of Directors is responsible for the general management of the Company and is accountable to the general meeting. Board meetings include routine board meetings and extraordinary board meetings. A routine board meeting is required to be called semi-annually. An extraordinary board meeting may be called upon demand.

The Board of Directors has the following functions and powers:

- to convene general meetings and report to general meetings;
- to implement resolutions of general meetings;
- to determine on the Company's business plans and investment plans;
- to formulate the annual financial budgets and final accounting plans of the Company;
- to propose the profit distribution plans and any amendments thereto and the loss make-up plan of the Company;
- to formulate proposals in respect of any increase or reduction of registered capital, the issuance of bonds or other securities and the listing of the Company;
- to formulate plans for material acquisitions, share buy-backs or any merger, division, dissolution or change in corporate form of the Company;
- to consider and approve related party transactions between the Company and any related individuals with a transaction amount of RMB300,000 or more and related party transactions between the Company and any related party with a transaction amount of RMB3 million or more and accounting for 0.5% or more of the Company's latest audited net assets attributable to the owners of the Company as at the end of its most recent financial period, which amount shall be calculated on a cumulative basis for any consecutive 12 months if the Company deals with the same related party, or deals with different related parties on related subject matters, in each case excluding transactions where the Company provides guarantee, receives gifts of cash, or is relieved of obligations for no consideration;

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- to consider and approve transactions by the Company or its subsidiaries (excluding those where the Company provides a guarantee, receives gifts of cash, or is relieved of obligations for no consideration) meeting the following criteria:
 - the value of the assets involved in the transaction reaches 1% but is less than 50% of the audited total assets of the Company as at the end of its most recent financial period;
 - the price of the transaction reaches 1% but is less than 50% of the audited total assets of the Company as at the end of its most recent financial period, or reaches 50% of the audited total assets of the Company as at the end of its most recent financial period but is less than RMB50 million;
 - profit derived from the transaction reaches 1% but is less than 50% of the audited net profit of the Company for its most recent financial year, or reaches 50% of the audited net profit of the Company for its most recent financial period but is less than RMB5 million;
 - operating revenue derived from the target of the transaction during the most recent financial year reaches 1% but is less than 50% of the audited operating revenue of the Company for its most recent financial year, or reaches 50% of the audited operating revenue of the Company for its most recent financial period but is less than RMB50 million; or
 - net profit derived from the target of the transaction during the most recent financial year reaches 1% but is less than 50% of the audited net profit of the Company for its most recent financial year, or reaches 50% of the audited net profit of the Company for its most recent financial period but is less than RMB5 million;
- to consider and approve the provision of guarantees other than those that shall be submitted to the general meeting for approval;
- to decide on the establishment of the internal management structure of the Company;
- to appoint or dismiss the general manager and the secretary to the Board of Directors of the Company and to appoint or dismiss senior managers including vice president(s) and the person in charge of finance matters of the Company in accordance with the nominations by the general manager, and to determine their remunerations, rewards and penalties;
- to set up the basic management regime of the Company;
- to formulate the proposals for any amendment to the Articles of Association;
- to manage information disclosure of the Company;
- to propose to the general meeting the appointment or replacement of the accounting firms which provide auditing services to the Company;
- to receive reports from the general manager and review his or her work;
- to determine the establishment of any special committee and the appointment and removal of its members; and
- to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

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In addition, in the disposal of fixed assets (which shall include the acts of transferring certain assets-related rights and interests, but excluding the acts of using fixed assets as collaterals), where the expected value of the fixed assets to be disposed of, combined with the value derived from the fixed assets already disposed of in the four months immediately preceding the disposal proposal, exceed 33% of the value of the Company's fixed assets as shown in the balance sheet that has been deliberated at the most recent general meeting, the Board of Directors may not, without the prior approval of the general meeting, dispose of or agree to the disposal of such fixed assets.

The Company's Board of Directors currently consists of eight Directors, including three independent Directors. A Director serves a term of three years and may seek re-election upon expiry of the said term. Independent Directors cannot serve more than two terms consecutively.

The membership of the Board of Directors of the Company is as set out below.

Name	Age	Current positions	Since
ZHU Jiwei	50	Chairman of the Board of Directors	2019
LUO Shaoxiang	56	Vice Chairman of the Board of Directors	2016
JIANG Hua	41	Director, General Manager	2019
ZHANG Yuanling	58	Director	2017
ZHAN Pingyuan	47	Director	2019
YU Yingmin	53	Independent Director	2019
SHAO Lvwei	54	Independent Director	2015
ZENG Ming	62	Independent Director	2015

The biographies of the members of the Board of Directors of the Company are set out below. The business address of the office of the Board of Directors is the registered address of the Company: Room 1108, Floor 11, 147 Xizhimen Nanxiao Street, Xicheng District, Beijing, PRC 100034.

Mr. ZHU Jiwei is the Chairman of the Board of Directors of the Company. He holds a bachelor's degree and a title of engineer. He served as assistant general manager of Xiamen Huaxia International Power Development Co., Ltd (厦门华夏国际电力发展有限公司) from March 2004 to September 2005. He served in SDIC Qujing Power Co., Ltd. (国投曲靖发电有限公司) as chief engineer and deputy general manager from September 2005 to November 2007, and as general manager from November 2007 to July 2012. Mr. Zhu previously served as general manager of Xiamen Huaxia International Power Development Co., Ltd. (厦门华夏国际电力发展有限公司) from July 2012 to August 2016. He served as general manager and deputy party secretary of the Company from August 2016 to March 2019. Mr. Zhu has been the party secretary of the Company since March 2019, and a Director of the Company since September 2016 with a current term of office from September 2019 to September 2022. Mr. Zhu has been the Chairman of the Board of Directors since March 2019 with a current term of office from September 2019 to September 2022.

Mr. LUO Shaoxiang is the Vice Chairman of the Board of Directors of the Company. He holds a master's degree and a title of senior engineer. He previously served at SDIC as deputy director and director of the strategy development department from October 2005 to December 2012 and from December 2012 to December 2014, respectively, and as director of the business management department from December 2014 to April 2016. Mr. Luo has served as department director of SDIC since April 2016 and as the director of SDIC Mining Investment Co., Ltd. (国投矿业投资有限公司) since December 2015. He has served as a director of China SDIC Gaoxin Industrial Investment Corp., Ltd. (中国国投高新产业投资有限公司) since March 2020. He has served as Vice Chairman of the Board of Directors of the Company since February 2016 with a current term of office from September 2019 to September 2022.

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Mr. JIANG Hua is a Director and the general manager of the Company. He holds a master's degree and a title of senior engineer. He previously served as deputy manager and manager of the production and operation department of the Company from December 2009 to April 2013 and from April 2013 to October 2013, respectively. He served as department manager of the Company and was seconded to serve as deputy general manager of SDIC Jinneng from October 2013 to May 2016. Mr. Jiang served as assistant general manager and was seconded to serve as general manager of SDIC Qinzhou from May 2016 to November 2016. Mr. Jiang served as deputy general manager of the Company from August 2016 to March 2019. Mr. Jiang has been the deputy party secretary of the Company since March 2019, and a Director and the general manager of the Company since March 2019 both with a current term of office from September 2019 to September 2022.

Mr. ZHANG Yuanling is a Director of the Company. He holds a bachelor's degree and a title of senior engineer. Mr. Zhang previously served as deputy manager of the project management department of the Company from August 2000 to August 2001, general manager of SDIC Gansu Xiaosanxia Power Co., Ltd. (国投甘肃小三峡发电有限公司) from August 2001 to January 2005, deputy general manager of the Company from January 2005 to December 2013, and general manager of SDIC Chuangyi Industry Fund Management Co., Ltd. (国投创益产业基金管理有限公司) from December 2013 to June 2017. He has served as department director of SDIC since June 2017 and director of SDIC Asset Management Co., Ltd. (国投资产管理有限公司) since August 2017. Mr. Zhang has served as a Director of the Company since November 2017 with a current term of office from September 2019 to September 2022.

Mr. ZHAN Pingyuan is a Director of the Company. He holds a doctor's degree and is a senior accountant and a senior international financial manager. Mr. Zhan previously served in various finance and accounting related positions in China International Water & Electric Corp. (中国水利电力对外公司) from June 2006 to August 2011, China Three Gorges Group International Investment Corp. (长江三峡集团国际投资有限公司) from August 2011 to July 2012, China Water & Electric International Investment Co., Ltd. (中水电国际投资有限公司) from July 2012 to April 2015 and China Three Gorges Group International Corp. (三峡国际能源投资集团有限公司) from April 2015 to March 2019. From January 2017 to May 2019, Mr. Zhan also served as a director of China Three Gorges South Asia Investment Limited (中国三峡南亚投资有限公司), China Three Gorges (Brazil) Co., Ltd. (中国三峡(巴西)有限公司), China Three Gorges (Hong Kong) Company Limited (中国三峡(香港)有限公司), and China Three Gorges Hong Kong Investment Company Limited (中国三峡港源投资有限公司). From June 2018 to May 2019, he also served as a director of Three Gorges Overseas Clean Energy Investment Fund Management Company (三峡境外清洁能源投资基金管理公司). Mr. Zhan has been the chief financial officer of China Yangtze Power Co., Ltd. (中国长江电力股份有限公司) (Stock Code: 600900.SZ) since March 2019. He served as a director of Yangtze Andes Holding Co., Limited (长电安第斯投资有限公司) from November 2019 to April 2020. He has served as the chairman of the board of directors and the chief executive officer of Yangtze Power Capital Co., Ltd. (长电资本控股有限责任公司) since November 2019. He has also been a Director of the Company since September 2019 with a current term of office from September 2019 to September 2022.

Mr. YU Yingmin is an independent Director of the Company. He holds a doctor's degree and is a professor of the School of Accountancy of the Central University of Finance and Economics and a member of China Association of Certified Public Accountants. Mr. Yu served as an independent director of Eastone Century Technology Co., Ltd. (宜通世纪科技股份有限公司) (stock code: 300310.SZ) from August 2010 to August 2016, Guangdong CHJ Industry Co., Ltd. (广东潮宏基实业股份有限公司) (stock code: 002345.SZ) from September 2012 to November 2018, Northern United Publishing &

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Media (Group) Company Limited (北方联合出版传媒(集团)股份有限公司) (stock code: 601999.SH) from December 2015 to December 2016, Sinotrans Air Transportation Development Co., Ltd. (中外运空运发展股份有限公司) (a former listed company on SSE under the stock code 600270, delisted due to merger) from August 2017 to November 2018, Sichuan Shuangma Cement Co., Ltd. (四川双马股份有限公司) (stock code: 000935.SZ) from August 2017 to August 2020, and Zhuhai Sailong Pharmaceutical Co., Ltd. (珠海赛隆药业股份有限公司) (stock code: 002898.SZ) from November 2015 to November 2018. Mr. Yu has been an independent director of Genimous Technology Co., Ltd. (智度科技股份有限公司) (stock code: 000676.SZ) since January 2015, Huabao Flavours & Fragrances Co., Ltd. (华宝香精股份有限公司) (stock code: 300741.SZ) since November 2016, and Guangzhou Tech-Long Packaging Machinery Co., Ltd. (广州达意隆包装机械股份有限公司) (stock code: 002209.SZ) since December 2018. Mr. Yu has been an independent Director of the Company since September 2019 with a current term of office from September 2019 to September 2022.

Mr. SHAO Lvwei is an independent Director of the Company. He holds a bachelor's degree. Mr. Shao is currently a partner and director of Jiangsu Xintianlun Law Firm (江苏新天伦律师事务所). He has served as independent director of Jiangsu Yangnong Chemical Co., Ltd. (江苏扬农化工股份有限公司) since April 2016, he has also served as independent director of Jiangsu Aoyang Health Industry Co., Ltd. (江苏澳洋健康产业股份有限公司) since March 2018. Mr. Shao has served as an independent Director of the Company since May 2015 with a current term of office from September 2019 to September 2022.

Mr. ZENG Ming is an independent Director of the Company. He holds a master's degree and is a professor of economics and management of electric power technology and director of research and consulting centre of energy and power economy at the North China Electric Power University. He has served as independent director of Creative Distribution Automation Co., Ltd. (北京科锐配电自动化股份有限公司) from May 2016 to May 2019. He has served as an independent director of Jointo Energy Investment Co., Ltd. Hebei. (河北建投能源投资股份有限公司) since March 2016. From 2016 to April 2019, Mr. Zeng served as the independent director of Nari Technology Co., Ltd. (国电南瑞科技股份有限公司). Mr. Zeng served as director of Suzhou Taigu Power Mangle Co., Ltd. (苏州太谷电力股份有限公司) from January 2017 to January 2020 and director of GCL Intelligent Energy Co., Ltd. (协鑫智慧能源股份有限公司) from August 2017 to June 2019. He has served as director of GCL Energy Technology Co., Ltd. (协鑫能源科技股份有限公司) (stock code: 002015.SZ) since June 2019. He has served as an independent Director of the Company since July 2015 with a current term of office from September 2019 to September 2022.

Supervisory Committee

The Supervisory Committee is responsible for overseeing the Company's general management and is accountable to the general meeting.

The Supervisory Committee has the following functions and powers in accordance with PRC law:

- to review the periodic reports of the Company prepared by the Board and prepare written review opinions thereon;
- to inspect the finances of the Company;
- to monitor the Directors and senior managers in their performance of their duties, and propose the dismissal of Directors and senior managers who have violated laws, administrative regulations, the Articles of Association or the resolutions of the general meetings;

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- to require Directors and senior managers to correct their actions which are harmful to the interests of the Company;
- to propose the convening of extraordinary general meetings, and to convene and preside over the general meetings, if the Board fails to perform its duties to convene and preside over the general meetings in accordance with the PRC Company Law;
- to make proposals to be considered at a general meeting;
- to bring legal actions against Directors and senior managers in accordance with the PRC Company Law;
- to verify such financial materials as financial reports, business reports and profit distribution plans that the Board of Directors intends to submit to the general meeting; if it has any doubt, the Supervisory Committee may, in the name of the Company, appoint certified public accountants or certified public auditors to assist in the review;
- to conduct investigations in relation to any operational abnormality of the Company, and engage accounting firms, law firms or other professional agencies to assist with such investigation at the expense of the Company;
- to oversee the Company and its management personnel's compliance with applicable laws during its operations and management; and
- to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

The Company's Supervisory Committee currently consists of three Supervisors, including the chairman of the Supervisory Committee. The term of office of each Supervisor shall be three years per session. Upon expiry of the term, a Supervisor may be reappointed upon re-election. The Chairman of the Supervisory Committee shall be elected and removed by the Supervisory Committee.

The membership of the Supervisory Committee of the Company is as set out below.

Name	Age	Current positions	Since
QU Lixin	53	Chairman of the Supervisory Committee	2019
ZHANG Haijuan	39	Supervisor	2019
MA Bin	52	Supervisor	2018

The biographies of the members of the Supervisory Committee of the Company are set out below. The business address of the office of the Supervisory Committee is the registered address of the Company: Room 1108, Floor 11, 147 Xizhimen Nanxiao Street, Xicheng District, Beijing, PRC 100034.

Mr. QU Lixin holds a bachelor's degree and a title of senior accountant. He previously served at the Company as assistant general manager and chief financial officer from August 2008 to September 2010, and as deputy general manager from September 2010 to February 2012. He served as deputy general manager of the Company from February 2012 to December 2018. Mr. Qu has been audit commissioner of SDIC since January 2019, the chairman of the supervisory committee of SDIC Capital Co., Ltd. (国投资本股份有限公司) since April 2019, and the supervisor of SDIC Intelligence Co., Ltd. (国投智能科技有限公司) since April 2019. Mr. Qu has been the chairman of the Supervisory Committee of the Company since February 2019 with a current term of office from September 2019 to September 2022.

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Ms. ZHANG Haijuan is a supervisor of the Company. She holds a master's degree. Ms. Zhang successively served as senior auditor and senior tax consultant of the audit department at the Beijing Office of Deloitte Touche Tohmatsu CPA Ltd. (德勤华永会计师事务所有限公司北京分所) from July 2006 to October 2012. She also served as senior audit manager of the audit department from October 2012 to March 2014 and as direct senior business manager of from March 2014 to December 2015 of SDIC. She has been the director of audit team I of the audit department of SDIC since December 2015. She has been a supervisor of SDIC Intelligence Co., Ltd. (国投智能科技有限公司) since September 2018. Ms. Zhang has been a Supervisor of the Company since September 2019 with a current term of office from September 2019 to September 2022.

Mr. MA Bin holds a master's degree and a title of senior accountant of researcher level. He previously served as chief financial officer of Huaibei Guo'an Power Co., Ltd. (淮北国安电力有限公司) from August 2005 to September 2007, general accountant of SDIC Xuancheng from September 2007 to November 2014, and deputy general manager of SDIC Panjiang Electric Power Co., Ltd. (国投盘江发电有限公司) from November 2014 to April 2017. Mr. Ma served as senior business manager of the audit department of the Company from April 2017 to September 2017, and as manager of the audit department of the Company since September 2017. Mr. Ma has been a Supervisor of the Company since August 2018 with a current term of office from September 2019 to September 2022.

Senior Managers

The senior managers, by function, of the Company are as set out below to the extent that not all of them are members of the Board of Directors. All senior managers have a current term of office of three years.

<u>Name</u>	<u>Age</u>	<u>Current positions</u>	<u>Since</u>
JIANG Hua	41	Director, General Manager	2019
ZHOU Changxin	46	Deputy General Manager, Chief Financial Officer	2020
YU Haimiao	46	Deputy General Manager	2020
ZHANG Kaihong	43	Deputy General Manager	2020
YANG Lin	48	Secretary to the Board of Directors	2013

The biographies of the senior managers of the Company are set out below. The business address of the senior management is the registered address of the Company: Room 1108, Floor 11, 147 Xizhimen Nanxiao Street, Xicheng District, Beijing, PRC 100034.

Mr. JIANG Hua is the Director and the general manager of the Company. See “—Board of Directors” for Mr. Jiang's biography.

Mr. ZHOU Changxin holds a doctor's degree and a title of senior accountant. Mr. Zhou served as general accountant of Guangxi Railway Investment Group Co., Ltd. (广西铁路投资集团有限公司) from August 2009 to July 2017. He served as the deputy general manager and general accountant of Guangxi Railway Investment Group Co., Ltd. from July 2014 to November 2017. From June 2014 to June 2017, he also served as chairman of the board of directors and general manager of Guangxi Railway Development Fund Management Co., Ltd. (广西铁路发展基金管理有限公司). He served as general accountant of Guangxi Tourism Development Group Co., Ltd. (广西旅游发展集团有限公司) and China New Era Group Corporation (中国新时代控股集团有限公司) from December 2017 to June 2018 and from June 2018 to March 2020, respectively. Mr. Zhou has been the deputy general manager and chief

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financial officer of the Company since March 2020 with a term of office from March 2020 to September 2022.

Mr. YU Haimiao holds a master's degree and a title of senior engineer. Mr. Yu served as deputy chief engineer of SDIC Jinneng from February 2008 to July 2010. He served as chief engineer of SDIC Jinneng and director of the safe production technology management department of SDIC Jinneng from July 2010 to August 2010. He served as chief engineer of SDIC Jinneng from August 2010 to October 2013. He served as deputy general manager of production of SDIC Jinneng from October 2013 to January 2019. He served as general manager and the party secretary of SDIC Genting Meizhouwan from January 2019 to March 2020. He has been the deputy general manager of the Company since March 2020 with a term of office from March 2020 to September 2022.

Mr. ZHANG Kaihong holds a master's degree and a title of senior engineer. Mr. Zhang served as the manager of the business development department of the Company from June 2014 to September 2016. He served as the manager of the international business department of the Company from September 2016 to December 2016. He served as the general manager assistant of the Company and manager of the international business department of the Company from December 2016 to January 2019. He served as the general manager assistant of the Company from January 2019 to March 2020. He has been the deputy general manager of the Company since March 2020 with a term of office from March 2020 to September 2022.

Mr. YANG Lin holds a master's degree and a title of senior economist. Mr. Yang served as manager of the administration department and project manager of the Company from November 2005 to March 2006 and March 2006 to December 2009, respectively. He served as manager of the human resource department of the Company from December 2009 to March 2013 and has been the secretary to the Board of Directors since March 2013 with a current term of office from March 2020 to September 2022.

Other Directorships

In addition to their directorships of the Company and certain subsidiaries, the Directors, Supervisors and senior managers have been members of the administrative, management or supervisory bodies of the following companies and partnerships within the past five years.

Name	Current Positions	Previous Positions
ZHU Jiwei	—	—
LUO Shaoxiang	- China SDIC Gaoxin Industrial Investment Corp., Ltd. (中国国投高新产业投资有限公司) - SDIC Mining Investment Co., Ltd. (国投矿业投资有限公司)	—
JIANG Hua	—	—
ZHANG Yuanling	SDIC Asset Management Co., Ltd. (国投资产管理有限公司)	SDIC Chuangyi Industry Fund Management Co., Ltd. (国投创益产业基金管理有限公司)
ZHAN Pingyuan	Yangtze Power Capital Co., Ltd. (长电资本控股有限责任公司)	Yangtze Andes Holding Co., Limited (长电安第斯投资有限公司)

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Name	Current Positions	Previous Positions
	● China Yangtze Power Co., Ltd. (中国长江电力股份有限公司)	● China Three Gorges South Asia Investment Limited (中国三峡南亚投资有限公司) ● China Three Gorges (Brazil) Co., Ltd. (中国三峡(巴西)有限公司) ● China Three Gorges (Hong Kong) Company Limited (中国三峡(香港)有限公司) ● China Three Gorges Hong Kong Investment Company Limited (中国三峡港源投资有限公司) ● Three Gorges Overseas Clean Energy Investment Fund Management Company (三峡境外清洁能源投资基金管理公司)
YU Yingmin	● Genimous Technology Co., Ltd. (智度科技股份有限公司) ● Huabao Flavours & Fragrances Co., Ltd. (华宝香精股份有限公司) ● Guangzhou Tech-Long Packaging Machinery Co., Ltd. (广州达意隆包装机械股份有限公司)	● Guangdong CHJ Industry Co., Ltd. (广东潮宏基实业股份有限公司) ● Northern United Publishing & Media (Group) Company Limited (北方联合出版传媒(集团)股份有限公司) ● Sinotrans Air Transportation Development Co., Ltd. (中外运空运发展股份有限公司) ● Zhuhai Sailong Pharmaceutical Co., Ltd. (珠海赛隆药业股份有限公司) ● Sichuan Shuangma Cement Co., Ltd. (四川双马股份有限公司) ● Eastone Century Technology Co., Ltd. (宜通世纪科技有限公司)
SHAO Lvwei	● Jiangsu New Talent Law Firm (江苏新天伦律师事务所) ● Jiangsu Yangnong Chemical Co., Ltd. (江苏扬农化工股份有限公司)	—

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Name	Current Positions	Previous Positions
	● Jiangsu Aoyang Health Industry Co., Ltd. (江苏澳洋健康产业股份有限公司)	
ZENG Ming	● Jointo Energy Investment Co., Ltd. Hebei. (河北建投能源投资股份有限公司) ● GCL Energy Technology Co., Ltd. (协鑫能源科技股份有限公司)	● NARI Technology Co., Ltd. (国电南瑞科技股份有限公司) ● Creative Distribution Automation Co., Ltd. (北京科锐配电自动化股份有限公司) ● Suzhou Taigu Power Mangle Co., Ltd. (苏州太谷电力股份有限公司) ● GCL Intelligent Energy Co., Ltd. (协鑫智慧能源股份有限公司)
QU Lixin	● SDIC Intelligence Co., Ltd. (国投智能科技有限公司) ● SDIC Capital Co., Ltd. (国投资本股份有限公司)	—
ZHANG Haijuan	● SDIC Intelligence Co., Ltd. (国投智能科技有限公司)	—
MA Bin	—	—
ZHOU Changxin	—	● Guangxi Railway Investment Group Co., Ltd. (广西铁路投资集团有限公司) ● Guangxi Railway Development Fund Management Co., Ltd. (广西铁路发展基金管理有限公司)
YU Haimiao	—	—
ZHANG Kaihong	—	—
YANG Lin	● Tongshan CR Power Co., Ltd. (铜山华润电力有限公司) ● Xuzhou CR Power Co., Ltd. (徐州华润电力有限公司) ● Jiangxi Ganneng Co., Ltd. (江西赣能股份有限公司)	—

Conflicts of interest and other matters

There are no potential conflicts of interest between any duties owed by the Directors, Supervisors or senior managers to the Company and their private interests and/or other duties. There are no interests, including conflicting interests that are material to the Offering.

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None of the Directors, Supervisors or senior managers are related to one another for the purposes of the Prospectus Regulation Rules.

As at the date of this Prospectus, none of the Directors, Supervisors or senior managers has in the previous five years:

- had any convictions in relation to fraudulent offences;
- been a member of the administrative, management or supervisory bodies of any company, or been a partner in any partnership, at the time of or preceding any bankruptcy, receivership, liquidation or placement into administration; or
- been subject to official public incrimination or sanction by a statutory or regulatory authority (including a professional body) nor ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

None of the Directors, Supervisors or senior managers of the Company have agreed to any lock-up restrictions on the disposal of any Shares or GDRs that they may hold in the Company.

Corporate Governance

At the date of this Prospectus, the Company is in full compliance with the corporate governance requirements applicable to it as a PRC public company listed on the Shanghai Stock Exchange.

The Company operates within a comprehensive governance framework, which aims to add value to shareholders through the adoption of international best practice. Certain responsibilities of the Board of Directors are delegated to specialised committees to assist the Board with carrying out its functions and to ensure independent oversight of internal control and risk management. The four principal specialised committees (the Development Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee) play an essential role in supporting the Board of Directors in fulfilling its responsibilities and ensuring that the highest standards of corporate governance are maintained throughout the Company. All the specialised committees are accountable to, and submit working reports to, the Board of Directors, which shall consider the opinions of the specialised committees before making any decisions on matters related to the duties of the specialised committees.

Development Strategy Committee

The Development Strategy Committee is mainly responsible for studying and predicting the long-term development strategies of the Company and determining the development strategic plan of the Company. The specific duties of the Development Strategy Committee include: (i) studying the Company's long-term development strategy and giving suggestions on the same; (ii) studying and giving suggestions on the Company's major investment financing plans which are subject to the approval of the Board of Directors as stipulated in the Articles of Association; (iii) studying and giving suggestions on the Company's major capital operations and asset management projects which are subject to the approval of the Board of Directors as stipulated in the Articles of Association; (iv) studying and giving suggestions on other major issues affecting the development of the Company; (v) checking the implementation of the above matters; and (vi) other duties granted by the Board. Meetings of the Development Strategy Committee shall be convened by the chairman of the Board of

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Directors of the Company. The Development Strategy Committee is chaired by Mr. ZHU Jiwei and consists of Mr. ZHU Jiwei, Mr. LUO Shaoxiang and Mr. ZENG Ming.

Audit Committee

The Audit Committee assists the Board of Directors with, amongst other matters: (i) monitoring and evaluating the work of the Company's external auditor; (ii) guiding internal audit work; (iii) reviewing and commenting on the financial statements of the Company; (iv) evaluating the effectiveness of the Company's internal controls; (v) coordinating the communications of management, the internal audit department and relevant departments with the Company's external auditor; (vi) formulating and revising the Company's related party transaction management system and supervising its implementation; (vii) confirming the Company's related parties and reporting to the Board of Directors and the Supervisory Committee; (viii) reviewing the related party transactions required to be reviewed by the Board of Directors, and checking and judging the related party transactions of the Company; and (ix) other matters authorised by the Board of Directors and other matters involving relevant laws and regulations.

The duties of the Audit Committee in monitoring and evaluating the work of the Company's external auditor include the following: (i) assessing the independence and professionalism of the external auditor, especially the impact of providing non-audit services on the external auditor's independence; (ii) making proposals to the Board of Directors in relation to hiring or replacement of the external auditor; (iii) auditing the audit fees and terms of employment of the external auditor; (iv) discussing and communicating with the external auditor on audit scope, audit plan, audit methods and any major issues identified during the audit; and (v) monitoring and evaluating the diligence and accountability of the external auditor.

The duties of the Audit Committee in directing internal audit work include the following: (i) reviewing the annual internal audit work plan of the Company; (ii) supervising the implementation of the internal audit plan of the Company; (iii) reviewing the internal audit report, evaluating the results of the internal audit, and supervising the rectification of any major issues; and (iv) guiding the effective operation of the internal audit department.

The duties of the Audit Committee in reviewing and commenting on the financial statements of the Company include the following: (i) reviewing the Company's financial reports and providing opinions on the authenticity, completeness and accuracy of such financial reports; (ii) focusing on any major accounting and audit issues contained in the Company's financial reports, including, amongst other matters, any major adjustment of accounting errors, major changes in accounting policies and estimates, matters involving important accounting judgements, and matters leading to non-standard unqualified opinion audit reports; (iii) paying particular attention to the possibility of fraud, cheating and material misstatement related to financial reporting; and (iv) supervising the rectification of financial report problems.

The duties of the Audit Committee in assessing the effectiveness of internal controls include the following: (i) evaluating the appropriateness of the internal control system design of the Company; (ii) reviewing the Company's internal control self-evaluation report; (iii) reviewing the Company's internal control audit report issued by the Company's external auditor and communicating with the external auditor on any problems and on improvement methods; and (iv) evaluating the results of the internal control evaluation and audit, and supervising the rectification of any internal control defects.

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The duties of the Audit Committee in coordinating the communications between management, the internal audit department and relevant departments with the Company's external auditor include: (i) coordinating management communication with the Company's external auditor on any major audit issues; and (ii) coordinating the communication between the internal audit department and the Company's external auditor and cooperating with external audit work.

The Audit Committee is chaired by Mr. YU Yingmin and consists of Mr. YU Yingmin, Mr. ZENG Ming and Mr. SHAO Lvwei, all of whom are Independent Directors.

Nomination Committee

The Nomination Committee assists the Board of Directors with, amongst other matters: (i) giving suggestions to the Board of Directors on the size and composition of the Board based on the Company's business activities, asset size and shareholding structure; (ii) reviewing and opining on the election standards and procedures of the Directors and senior managers; (iii) searching broadly for eligible candidates for Directors and management officers; (iv) reviewing and opining on the qualification criteria of candidates for positions as Directors or management officers; (v) reviewing and opining on the other senior management personnel to be appointed by the Board of Directors; and (vi) other matters authorised by the Board of Directors. The Nomination Committee, chaired by Mr. ZENG Ming, consists of Mr. ZENG Ming, Mr. SHAO Lvwei and Mr. ZHANG Yuanling.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee assists the Board of Directors with, amongst other matters: (i) formulating remuneration plans or schemes for Directors and senior management; the remuneration plans or schemes mainly include but are not limited to the performance appraisal standard, procedure and the main appraisal system, the main plan and the system for rewards and penalties, etc.; (ii) reviewing the performance of the Directors and senior managers and conducting annual performance appraisals; (iii) supervising the implementation of the remuneration system for Directors and senior management; and (iv) other matters authorised by the Board of Directors. The Remuneration and Appraisal Committee, chaired by Mr. SHAO Lvwei, consists of Mr. SHAO Lvwei, Mr. YU Yingmin and Mr. ZHANG Yuanling.

Remuneration

The aggregate amount of total pre-tax remuneration and pension, retirement and other similar benefits received from the Company by the then Directors, Supervisors and senior managers as a group for services in all capacities provided to the Company in 2019 was approximately RMB10.7 million. The aggregate amount within this total which was set aside or accrued by the Company to provide pension, retirement or similar benefits to such Directors, Supervisors and senior managers in 2019 was approximately RMB0.9 million.

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The following table sets forth some details of the pre-tax remuneration and pension, retirement and other similar benefits received from the Company by each of the Company's current Directors, Supervisors and senior managers in 2019:

Name	Pre-tax remuneration and pension, retirement and other similar benefits received from the Company in 2019 (RMB in thousands)
ZHU Jiwei	1,918.0
LUO Shaoxiang	N/A ⁽¹⁾
JIANG Hua	1,440.8
ZHAN Pingyuan	N/A ⁽²⁾
ZHANG Yuanling	N/A ⁽¹⁾
YU Yingmin	26.7 ⁽²⁾
SHAO Lvwei	80.0
ZENG Ming	80.0
QU Lixin	846.6 ⁽³⁾
ZHANG Haijuan	N/A ⁽²⁾
MA Bin	709.5
ZHOU Changxin	N/A ⁽⁴⁾
YU Haimiao	N/A ⁽⁴⁾
ZHANG Kaihong	N/A ⁽⁴⁾
YANG Lin	1,380.3

(1) This director/supervisor was nominated by SDIC, and not employed by the Company.

(2) Mr. Zhan, Mr. YU Yingmin and Ms. Zhang became Director or Supervisor of the Company in September 2019.

(3) The remuneration received by Mr. Qu for his position as deputy general manager of the Company in 2018.

(4) Mr. Zhou, Mr. YU Haimiao and Mr. ZHANG Kaikong became Senior Manager of the Company in March 2020.

Employment Contracts with the Directors, Supervisors and Senior Managers

As a general rule, employment contracts in PRC include fixed-term employment contracts and open-ended employment contracts where the Company and the employee have agreed not to stipulate a definite termination date.

Pursuant to the Chinese Labour Contract Law, an employment contract is terminated upon the occurrence of any of the following events: (i) expiration of the employment contract; (ii) the employee has commenced receiving basic pension insurance; (iii) the employee dies, or is declared dead or missing by a People's Court; (iv) the Company is announced as bankrupt according to law; (v) the Company has its business licence revoked, is ordered to be closed or cancelled, or the Company decides to be dissolved; and (vi) the occurrence of other grounds as stated in laws or administrative regulations.

The Company may terminate an employment contract for cause if the employee: (i) proves to be incompetent during the probation period; (ii) grossly violates the internal policies of the Company; (iii) engages in gross misconduct which causes material damage to the Company; (iv) enters into an employment arrangement with another employer that would affect his or her ability to perform his or her duties to the Company, and refuses to terminate such arrangement following the Company's request to do so; (v) engages in fraud or coercion to induce the Company to enter into the employment contract; or (vi) is convicted of a criminal offence.

The Company may terminate the employment contract if it notifies the employee in writing 30 days in advance or after it pays the employee an extra month's compensation, under the following

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circumstances: (i) the employee is unable to undertake full working responsibility in his or her original position or the new position arranged by the Company after medical treatment, due to illness or non work-related injury; or (ii) the employee is not qualified for the work, even after being trained in or adjusted to different positions; or (iii) there has been a significant change in circumstances on which the employment was based, and the employment contract cannot be performed. Employment contracts with the senior managers do not provide severance pay upon termination of employment by the company with or without cause. None of the Directors or Supervisors would receive severance pay upon termination of their term of office.

Where an employer pays training expenses for the special technical training of its employees, the employer may enter an agreement with its employees which specifies their service period. Under the Chinese legal system, a service period is a concept different from the term of an employment contract. Directors, supervisors and senior managers shall pay damages if they voluntarily resign or are dismissed and which results in the service period being terminated in advance.

Interests of Board of Directors, Supervisors and Senior Managers

The table below sets out the interests of the Directors, Supervisors and senior managers in the Company's share capital as at the Latest Practicable Date, unless stated otherwise, and after completion of the Offering and Admission.

Name of Director, Supervisor or senior manager	A Shares as at the Latest Practicable Date		A Shares immediately following completion of the Offering ⁽¹⁾ and Admission	
	Number of A Shares	% of total share capital	Number of A Shares	% of total share capital
JIANG Hua	6,000	0.000088	6,000	0.000086

(1) Assuming 17,985,000 new A Shares (assuming full exercise of the Over-allotment Option) are issued by the Company in connection with the Offering.

Save as disclosed above, none of the Directors, Supervisors or senior managers of the Company holds any interest in the Company's share capital.

None of the Directors, Supervisors or senior managers of the Company holds options in respect of the Company's shares.

As far as the Company is aware, as at the date of this Prospectus, none of the Directors, Supervisors or the senior managers of the Company intend to subscribe in the Offering.

PRINCIPAL SHAREHOLDERS

As at the Latest Practicable Date, the Company had issued a total of 6,786,023,347 A Shares with a par value of RMB1.00 per A Share. No shareholder has different voting rights attached to the A Shares to any other shareholder. The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

As far as the Company is aware, as at the date of this Prospectus, except for the Cornerstone Investor which is a wholly-owned subsidiary of China Yangtze Power Co., Ltd., no major shareholder intends to subscribe in the Offering. Except for the Cornerstone Investor as disclosed in “Plan of Distribution — Cornerstone Investor”, no other person intends to subscribe for more than 5% of the Offering.

The Administrative Measures for the Disclosure of Information of Listed Companies of the PRC require that an annual report of a listed company shall include, among other things, information about the top ten shareholders and shareholders holding 5% or more of the shares.

Shareholders holding 5% or more

The table below sets forth certain information regarding those shareholders of the Company which, as at the Latest Practicable Date and immediately following completion of the Offering and Admission (assuming the Over-allotment Option is exercised in full and 17,985,000 GDRs (including the Over-allotment GDRs) representing 179,850,000 A Shares are sold in the Offering), hold or will hold 5% or more of the A Shares of the Company:

Shareholder	A Shares as at the Latest Practicable Date		A Shares immediately following completion of the Offering ⁽¹⁾ and Admission	
	Number of A Shares	% of total share capital	Number of A Shares	% of total share capital
SDIC	3,337,136,589	49.18	3,337,136,589	47.91
China Yangtze Power Co., Ltd. and a person acting in concert ⁽²⁾⁽³⁾	927,969,510	13.67	1,009,469,100	14.49
Chongyang Group Co., Ltd. and various persons acting in concert ⁽⁴⁾	396,528,819	5.84	396,528,819	5.69

(1) Assuming 179,850,000 new A Shares (including the Over-allotment GDRs) are issued by the Company in connection with the Offering.

(2) China Yangtze Power Co., Ltd.’s subsidiary, China Yangtze Power International (Hongkong) Co., Limited, has agreed to acquire Offer GDRs for an aggregate amount of US\$100 million. See “Plan of Distribution—Cornerstone Investor”.

(3) As at the Latest Practicable Date, China Yangtze Power Co., Ltd. held an equity interest of 13.57% of the A Shares outstanding, and its person acting in concert with China Yangtze Power Co., Ltd. was its capital investment subsidiary, holding an equity interest of 0.10% of the A Shares outstanding.

(4) According to the PRC Takeover Rules, shareholders holding 5% or more of the shares of a listed company include an investor and any persons acting in concert who together hold 5% or more of the outstanding shares in the listed company. As at the Latest Practicable Date, Chongyang Group Co., Ltd. and its persons acting in concert, mainly private equity funds and asset management schemes, together held an equity interest of 5.84% of the A Shares outstanding.

PRINCIPAL SHAREHOLDERS

Top Ten Shareholders

The table below identifies the top ten beneficial owners of the Company's A Shares and the percentage of their respective shareholding (exclusive of A Shares held by persons acting in concert, if any), based on the A Shares outstanding as at 30 June 2020. No shareholder has different voting rights attached to the A Shares to any other shareholder.

<u>Name of shareholder</u>	<u>Percentage</u>
SDIC	49.18
China Yangtze Power Co., Ltd.	12.72
China Securities Finance Co., Ltd.	3.00
Hong Kong Securities Clearing Co., Ltd.	2.56
Shanghai Chongyang Strategic Investment Co., Ltd—Chongyang Strategic Caizhi Fund ⁽¹⁾	1.33
Shanghai Chongyang Strategic Investment Co., Ltd—Chongyang Strategic Juzhi Fund ⁽¹⁾	1.12
Shanghai Chongyang Strategic Investment Co., Ltd—Chongyang Strategic Huizhi Fund ⁽¹⁾	0.81
Shanghai Chongyang Strategic Investment Co., Ltd—Chongyang Strategic Yingzhi Fund ⁽¹⁾	0.80
Mr. GONG Youhua	0.75
National Council for Social Security Fund of the PRC	0.74

(1) These companies were persons acting in concert as at 30 June 2020.

As at the Latest Practicable Date, SDIC is the controlling shareholder of the Company.

Under the Company's Articles of Association and pursuant to the relevant rules of the Shanghai Stock Exchange, shareholders with an equity interest of 3% or above in the Company have the ability to nominate directors. In addition, shareholders with an equity interest of 1% or above in the Company have the ability to nominate independent directors. Four of the Company's eight current Directors were nominated by SDIC. In addition, as at the Latest Practicable Date, SDIC held 49.18% of the Company's Shares. Upon the completion of the Offering, SDIC will hold an aggregate of between 48.02% of the Company's Shares (assuming the Over-allotment Option is not exercised) and 47.91% of the Company's Shares (if the Over-allotment Option is exercised in full). Therefore, SDIC may, by voting its shareholding at general meetings of shareholders, have the ability to influence the Company's major policy decisions. To increase independence of corporate governance, the Company has established the Audit Committee, which, pursuant to relevant regulations issued by the CSRC, is chaired by an independent Director and all of its members are independent Directors. Moreover, the Company has established the Nomination Committee and the Remuneration and Appraisal Committee, each of which is chaired by an independent Director, and a majority of their members are independent Directors. The Company also engages independent auditors to audit the Company's annual financial statements and review its internal financial controls. In addition, the Company has implemented internal rules on related party transactions, pursuant to the relevant rules of the Shanghai Stock Exchange, such as requiring Directors nominated by SDIC to recuse themselves from relevant approval procedures, where SDIC or the SDIC group is the transaction counter-party.

RELATED PARTY TRANSACTIONS

For the purposes of the Historical Financial Information, parties are considered to be related in line with the requirements of IAS 24. IAS 24 “Related Party Transactions” contains a definition of related parties, which are, broadly, parties under common control or one party controlling the other party or capable of exercise of significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

SDIC is the controlling shareholder of the Company. Accordingly, entities directly or indirectly controlled by SDIC outside the Group are regarded as related parties of the Group. As presented in the Annual Historical Financial Information as at and for the years ended 31 December 2017, 2018 and 2019 and the Half Year Historical Financial Information as at and for the six months ended 30 June 2020, the Group entered into transactions with these related parties in the ordinary course of its business, mainly relating to: (i) obtaining borrowings from related parties; (ii) purchases of coal from, and related unloading and storage services rendered by, related parties; and (iii) finance leases. Moreover, the Group provides guarantees to its associates on their debts, which are also considered as related party transactions. These related party transactions were conducted on an arm’s length basis and with normal commercial terms between the relevant parties.

In addition, the ultimate parent company of the Group, and the final controlling party, is the SASAC, which is a special commission of the PRC, directly under the State Council. Accordingly, government-related entities, other than those under the Company and its subsidiaries, directly or indirectly controlled by the central government of the PRC, are regarded as related parties of the Group. As presented in the Annual Historical Financial Information as at and for the years ended 31 December 2017, 2018 and 2019 and the Half Year Historical Financial Information as at and for the six months ended 30 June 2020, the Group entered into transactions with these government-related entities in the ordinary course of its business, mainly relating to: (i) electricity sales to local government-related power grid companies; (ii) bank deposits in, and loans borrowed from, government-related financial institutions; and (iii) purchases of fuel (including coal) and property, plant and equipment from government-related entities. Management considered that the dealings of the Group with such government-related entities have not been significantly or unduly affected by the fact that the Group and those entities are government-related. These related party transactions were conducted on an arm’s length basis and with normal commercial terms between the relevant parties.

For further details, see note 51 to the audited consolidated financial statements in F-pages to this Prospectus as at and for the years ended 31 December 2017, 2018 and 2019. The Group is expected to continue to enter into contracts for related party transactions of the foregoing nature as part of its ordinary business from time to time.

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

General

The Company was founded in the form of a joint stock company with limited liabilities in accordance with the PRC Company Law, the PRC Securities Law and other applicable regulations, and it has conducted business since its incorporation in conformity with its Articles of Association and the aforesaid laws and regulations. In the event that the Offering proceeds and the GDRs are admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange, the Company will also be subject to certain provisions of the London Stock Exchange's Admission and Disclosure Standards, the Listing Rules and the Disclosure Guidance and Transparency Rules, as well as other applicable capital markets regulations.

The PRC Company Law establishes the main rules relating to the registration, operation, merger, spin-off and winding-up of PRC companies. Listed companies on the London Stock Exchange must also comply with additional rules provided, inter alia, by the EU Market Abuse Regulation.

Objectives and Scope of Business

Pursuant to Chapter II of the Articles of Association, the operational objectives of the Company are to develop and operate large and medium-sized electric power projects, explore new energy, high-tech and environmental protection projects, improve the Company's business management, grow the Company's business and build the Company into an international listed power generation company with strong core competitiveness and advanced management

The scope of business of the Company includes investing, operating and managing energy projects mainly on electric power generation; developing and operating new energy projects, new and high-tech technologies; developing and operating projects in environmental protection industry; development and operation of ancillary products and information and advisory services relating to the power industry.

Issued Share Capital

As at the Latest Practicable Date:

- i. the Company had a total share capital of 6,786,023,347 A Shares that amounted to RMB6,786,023,347.00, which is listed on the Shanghai Stock Exchange with the stock name and code as 国投电力 (600886);
- ii. each share of the Company has a par value of RMB1.00, and the shares of the Company have been issued by the Company in registered form;
- iii. there are no shares of the Company held by or on behalf of the Company itself or by the subsidiaries of the Company;
- iv. neither the Company nor any of its subsidiaries has any outstanding convertible securities, exchangeable securities or securities with warrants or any relevant acquisition rights or obligations over the Company's or its subsidiaries' authorised but unissued capital or undertakings to increase its issued share capital;
- v. there are no acquisition rights and or obligations over authorised but unissued capital in existence, nor any undertakings to increase the capital; and
- vi. no capital of any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

Evolution of Changes in the Company's Share Capital

The table below sets out the Company's share capital as at the Latest Practicable Date and as at 30 June 2020 and 30 June 2019, 31 December 2019, 31 December 2018 and 31 December 2017:

<u>Date</u>	<u>Number of A Shares</u>	<u>Share Capital Value</u> (RMB)
31 December 2017	6,786,023,347	6,786,023,347.00
31 December 2018	6,786,023,347	6,786,023,347.00
30 June 2019	6,786,023,347	6,786,023,347.00
31 December 2019	6,786,023,347	6,786,023,347.00
30 June 2020	6,786,023,347	6,786,023,347.00
As at the Latest Practicable Date	6,786,023,347	6,786,023,347.00

Pursuant to special resolutions dated 12 August 2019, the shareholders of the Company approved the issuance of no more than 678,602,334 new Shares by the Company to the Depositary in connection with the Offering.

Rights, Preferences and Restrictions Attaching to Existing Shares

Shareholders of the Company shall enjoy rights and bear obligations according to the class and quantity of their Shares. Holders of the same class of Shares shall enjoy the same rights and bear the same obligations.

Voting rights

A shareholder (including its proxy) shall vote based on the number of its voting Shares, with one Share representing one vote. The Company's Shares which are held by the Company do not carry any voting rights and shall not be counted in the total number of voting Shares represented by shareholders attending a general meeting.

When material issues affecting the interests of minority shareholders are considered at a general meeting, the votes of minority shareholders shall be counted separately. The results of such separate votes shall be disclosed publicly in a timely manner following such general meeting.

When a related-party transaction is considered at a general meeting, related shareholder(s) are not permitted to vote, and the voting Shares held by such shareholder(s) shall not be counted in the total number of Shares with voting rights. The announcement of the resolutions of the general meeting shall fully disclose the voting of non-related shareholders.

Rights to dividends

The Company may distribute dividends in the form of cash, Shares, a combination of cash and Shares or other forms in accordance with laws and administrative regulations. Any proposed distribution of dividends shall be formulated by the Board of Directors of the Company and will be subject to the shareholders' approval.

According to the applicable PRC laws and the Articles of Association, the Company will pay dividends out of its after-tax profit only after it has made the following allocations:

- recovery of accumulated losses, if any;

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

- allocations to the statutory reserve fund equivalent to 10% of its after-tax profit, and, when the statutory reserve fund reaches and is maintained at or above 50% of the Company's registered capital, no further allocations to this statutory reserve fund will be required; and
- allocations, if any, to any optional reserve fund that are approved by the shareholders in a general meeting.

Subject to the aforesaid allocations and restrictions, the remaining after-tax profits of the Company shall be distributed as dividends to the shareholders pursuant to the ratio of their shareholding, unless otherwise provided by the Articles of Association of the Company.

Also, pursuant to its Articles of Association, under the circumstances where the Company records a positive profit for the year and has positive retained earnings, the Company is required to distribute cash dividends to its shareholders unless the Company plans to conduct major investment plan or make major cash expenditure in the next 12 months. Dividends distributed in cash during any three consecutive fiscal years should be in an amount no less than 30% of the average annual distributable profits of the same period.

Major investment plan or major cash expenditure refers to, among other things, the Company's plan to make investments, to purchase assets or equipment in the next 12 months (except those funded by proceeds from offering of securities), and the expenditure for such investment or purchase reaches or exceeds 30% of the Company's audited net assets for its latest financial period in aggregate or exceeds RMB500 million for any single investment or purchase.

In addition, upon the proposal by the Board of Directors and the approval by the general meeting, an interim dividend distribution may be made in the form of cash. The Company may distribute dividends in the form of Shares based on its annual profits and cash flow status.

The Board of Directors of the Company shall consider the nature of the industry, development stage, business model and profitability of the Company, whether the company has major capital expenditure arrangements, and other factors, and propose differentiated cash dividend distributions according to the procedures and situations stipulated in the Articles of Association:

- in the event that the Company is in a mature development stage and has no plan for major capital expenditure, cash dividends shall be at least 80% of the dividends to be distributed;
- in the event that the Company is in a mature development stage and has plans for major capital expenditure, cash dividends shall be at least 40% of the dividends to be distributed;
- in the event that the Company is in a growing development stage and has plans for major capital expenditure, cash dividends shall be at least 20% of the dividends to be distributed.

The development stage which the Company is in at the time of profit distribution shall be determined by the Board of Directors of the Company.

The Company's Board of Directors shall complete a dividend distribution within two months of the date that the general meeting passes the resolution for the proposed dividend distribution.

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

Other rights of shareholders

Besides the aforesaid voting rights and rights to dividends, the shareholders of the Company shall enjoy the following rights:

- to receive dividends and other forms of profit distribution in accordance with the number of Shares held;
- to lawfully request, convene, preside over general meetings, and attend general meetings in person or by proxy;
- to supervise, and make recommendations and inquiries on, the operations of the Company;
- to transfer, gift or pledge their Shares in accordance with laws, administrative regulations, and the Articles of Association;
- to inspect the Articles of Association, the shareholders' register, the Company's bond stubs, the minutes of the general meeting, the resolutions of the Board of Directors, the resolutions of the Supervisory Committee, and the Company's financial and accounting reports;
- upon termination or dissolution of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the quantity of Shares held by them;
- to require the Company to buy back their Shares in the event of objection to resolutions of the general meetings concerning merger or division of the Company; and
- to enjoy other rights provided by laws, administrative regulations, departmental rules or the Articles of Association.

Provisions regarding redemption of Shares

The Company may and only may, in the following circumstances, buy back its issued Shares pursuant to laws, administrative regulations, departmental rules and the Articles of Association:

1. to reduce the registered capital of the Company;
2. to merge with another company that holds the Company's Shares;
3. to grant to employees as employee stock ownership plan or equity incentive plan;
4. from shareholders who object to the resolutions of the general meeting on merger or division of the Company and request the Company to buy back their Shares;
5. to use for the purposes of converting convertible corporate bonds issued by the Company;
6. when it is necessary to protect the Company and the rights and interests of its shareholders; and
7. other circumstance permitted by laws and administrative regulations.

In order for the Company to buy back Shares in the circumstances set out in paragraphs (1) or (2) (above) it must obtain a resolution of the general meeting; in order for the Company to buy back its shares for reason specified in item (3), (5) or (6) (above), the Company shall obtain a resolution of the general meeting or a resolution of the Board of Directors under the authorisation of the general meeting with more than two thirds of the directors present at the Board meeting.

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

In circumstances where the Company has bought back Shares: (a) pursuant to paragraph (1) (above), the Company shall cancel the relevant Shares within ten days from the date of the purchase; (b) pursuant to paragraphs (2) or (4) (above), the Company shall transfer or cancel the relevant Shares within six months from the date of purchase; (c) pursuant to paragraphs (3), (5) or (6) (above), the Company shall hold no more than 10% of the outstanding Shares from the Company and shall transfer or cancel the relevant Shares within three years from the date of purchase.

The Company may buy back its issued Shares by any of the following ways:

- buying back through public transaction on stock exchanges;
- buying back through tender offers;
- buying back by agreement without involving a stock exchange; and
- other forms approved by CSRC.

However, where the Company buys back Shares in the circumstances set out in paragraphs (3), (5), or (6) (above), the Company shall do so through public transactions.

Restrictions on free transferability of Shares

Subject to the following restrictions and save as otherwise specified by the state laws, administrative regulations, and relevant provisions, Shares of the Company may be transferred freely and without any liens:

- the Company shall not accept its own Shares as the subject matter of a pledge;
- the Directors, Supervisors and senior management officers of the Company shall report to the Company their shareholdings and any changes thereto and shall not transfer more than 25% of the Shares they hold per annum during their terms of office; the Shares they hold in the Company shall not be transferred within one year from the date that the Shares of the Company are listed or within the six-month period following any termination of their service/employment with the Company; and
- if the Company's Directors, Supervisors, senior management officers, and shareholders holding 5% or more of the Shares of the Company sell Shares within six months after buying the same or buy Shares within six months after selling the same, the earnings arising therefrom shall belong to the Company and the Board shall recover such earnings. However, this six-month restriction shall not apply to any sale of Shares by a securities firm holding 5% or more of the Company's Shares as a result of it having underwritten and purchased Shares not sold pursuant to an offering.

Rules relating to mandatory takeover bids and/or squeeze-out and sell-out in relation to Shares

Pursuant to the Measures for the Administration of Acquisition of Listed Companies (上市公司收购管理办法) promulgated by the CSRC and last amended in March 2020 (the “**PRC Takeover Rules**”), any person (the “**offeror**”) who holds, controls or beneficially owns 30% or more of the shares in a company listed in the PRC (including the Company) and who wishes to further acquire additional shares in the listed company must (unless a waiver is granted by the CSRC or an

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

exemption is available) do so through a tender offer to all other shareholders of the listed company to purchase:

- all or a specified percentage of their shares in the listed company, if the offeror is a direct shareholder of the listed company; or
- all their shares, if the offeror indirectly controls or holds the beneficial ownership of its existing shares through investments, agreements or other arrangements.

The offeror must notify the target company, publish a takeover alert, and prepare and publish a tender offer report.

Pursuant to the PRC Takeover Rules, shares proposed to be purchased through a tender offer must be no less than 5% of the outstanding shares of the listed company. The offeror must treat all shareholders of the listed company equally, and the offer price must be no less than the highest price the offeror has paid for the acquisition of the shares in the same listed company during the six months prior to its publication of the takeover alert. Unless there is a competing tender offer to acquire the same listed company, the offer period must be no less than 30 days and no more than 60 days. During the offer period specified in the tender offer report, the offeror may not cancel the tender offer, sell any shares in the listed company, or purchase any shares in the listed company through any other means. Any competing tender offer to acquire the same listed company must be made prior to the 15th day prior to the end of the offer period. Unless there is a competing tender offer to acquire the same listed company, the offeror may not change the terms of the tender offer during the last 15 days of the offer period.

If an offeror cancels the proposed tender after the publication of a takeover alert and prior to the publication of the tender offer report, such offeror may not acquire the same listed company within the 12 months upon the publication of the takeover alert.

Any shareholder may indicate acceptance of the offer during the offer period, which may be withdrawn up to the third trading day prior to the end of the offer period. The shareholder who has indicated its acceptance of the tender offer may not transfer its shares unless such indication is withdrawn.

There are other laws and regulations regulating certain aspects of takeovers, including the laws and regulations on insider dealing, disclosure of inside information and disclosure of interest in shares.

So far as the Company is aware, there has been no public takeover bid by third parties in respect of the Company's Shares that occurred during the year ended 31 December 2018 nor in the period from 1 January 2019 to the date of this Prospectus.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

*The following terms and conditions (the “**Conditions**”), subject to completion and amendment and excepting sentences in italics, will apply to the global depositary receipts (the “**GDRs**”) and will be endorsed on each global depositary receipt certificate (the “**GDR Certificates**”).*

The GDRs are issued in respect of the A shares, having a nominal value of RMB1.00 each (the “**Shares**”), of SDIC Power Holdings CO., LTD (the “**Company**”), pursuant to and subject to the Deposit Agreement dated 16 October 2020 between the Company and Citibank, N.A., as depositary (the “**Depositary**”) (the “**Deposit Agreement**”). Each GDR represents the right to receive, subject to the terms of the Deposit Agreement and the Conditions, ten Shares on deposit under the terms of the Deposit Agreement.

Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed Industrial and Commercial Bank of China Limited as custodian to receive and hold in an account of the Depositary the Shares from time to time deposited under the Deposit Agreement (the “**Deposited Shares**”), and to receive and hold for the account and to the order of the Depositary all rights, securities, property and cash deposited with or via the Custodian which are attributable to the Deposited Shares (such rights, securities, property and cash together with the Deposited Shares, the “**Deposited Property**”). The Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee in proportion to the number of Shares in respect of which the GDRs held by them are issued. In these Conditions references to the “**Depositary**” are to Citibank, N.A. and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the “**Custodian**” are to Industrial and Commercial Bank of China Limited or any other custodian which may from time to time be appointed under the Deposit Agreement and references to the “**Office**” mean, in relation to the Custodian, the principal office of the Custodian in the PRC (currently at No. 55 Fuxingmennei Street, Xicheng District, Beijing, P.R.C., Post Code: 100140).

References in these Conditions to the “**Holder**” of any GDR shall mean the person registered as the holder of any GDR on the books of the Depositary maintained for such purpose. References in these Conditions to “**Beneficial Owner**” of any GDR shall mean any person who is the beneficial owner of GDRs as determined in accordance with Rule 13d-3 and Rule 13d-5 under the Exchange Act. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the GDR Certificate in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the principal office of the Depositary. Holders and Beneficial Owners are deemed, by virtue of being a Holder or Beneficial Owner, to have notice of, and be subject to, all of the applicable provisions of the Deposit Agreement and the Conditions. Terms used in the Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement.

The Depositary shall hold Deposited Property for the benefit of the Holders as bare trustee in proportion to the number of Shares in respect of which the GDRs held by them are issued and the Holders will accordingly be tenants in common of such Deposited Property to the extent of the Deposited Property corresponding to the GDRs in respect of which they are the Holders. For the avoidance of doubt, in acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property as bare trustee as aforesaid, does not assume any relationship of trust for or with the Holders or the Beneficial Owners or any other person. Any right or power of the Depositary in respect of Deposited Property is reserved by the Depositary under its declaration of trust contained in this paragraph and is not given by way of grant by any Holder or Beneficial Owner.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

Holders and Beneficial Owners of GDRs are not parties to the Deposit Agreement and thus, under English Law, have no contractual rights against, or obligations to, the Company or Depositary. However, the Deed Poll executed by the Company in favour of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce certain specified provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the “Depositary” in respect of that number of Deposited Shares to which the GDRs of which it is the Holder relate.

Holders and Beneficial Owners are deemed, by virtue of being a Holder or Beneficial Owner and owning, acquiring or holding, as the case may be, a GDR, to have notice of and be subject to all applicable provisions of the Deposit Agreement and the Conditions. The Depositary is under no duty to enforce any of the provisions of the Deposit Agreement or the Conditions on behalf of any Holder or Beneficial Owner of a GDR or any other person.

*GDRs will initially take the form of global GDRs evidenced by a Master GDR Certificate (the “**Master GDR Certificate**”) registered in the name of Citivic Nominees Limited as nominee for Citibank Europe plc, as common depositary (the “**Common Depositary**”), and will initially be held by the Common Depositary for Euroclear Bank SA/NV, as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream**”) and for the account of accountholders in Euroclear or Clearstream (“**Euroclear Participants**” and “**Clearstream Participants**”, respectively), as the case may be.*

The Master GDR Certificate will be exchangeable for a GDR Certificate in definitive registered form in the limited circumstances as described below.

If at any time Euroclear or Clearstream, as the case may be, ceases to make its respective book-entry settlement systems available for the GDRs, the Company and the Depositary will attempt to make other arrangements for book-entry settlement. If alternative book-entry settlement arrangements cannot be made, the Depositary will make available GDR Certificates in definitive registered form.

Under the terms of the GDRs, each purchaser of GDRs is deemed to have represented and agreed, among other things, that the GDRs have not been and will not be registered under the Securities Act and may be offered, sold, pledged or otherwise transferred only in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. Each GDR will contain a legend to the foregoing effect.

For a description of the restrictions on the transfer of the GDRs see “Selling Restrictions and Transfer Restrictions — Transfer Restrictions” and “Plan of Distribution”.

1. Deposit of Shares

- A. The Depositary may, in accordance with the terms of the Deposit Agreement, but subject to the Conditions, and upon delivery of (x) a duly executed or electronically submitted order (in a form approved by the Depositary) and (y) a duly executed or electronically submitted deposit certification substantially in the form attached to the Deposit Agreement by or on behalf of any investor who is to become the Beneficial Owner of the GDRs (other than in the case of a deposit of Shares by the Company or an Affiliate of the Company which shall be subject to Clause 7.1.4 of the Deposit

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

Agreement), from time to time issue and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all respects and, subject to the terms of the Deposit Agreement, the Conditions and applicable law, the Depositary shall accept for deposit any further Shares in connection therewith, so that such further GDRs shall form a single series with the already outstanding GDRs. References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs.

The deposit certificate to be provided pursuant to the Deposit Agreement certifies, among other things, that the person providing such certificate is not an “affiliate” of the Company, has acquired, or has agreed to acquire and will have acquired, the Shares to be deposited in an “offshore transaction” (as defined in Regulation S) and will comply with the restrictions on transfer applicable to GDRs set forth under “Selling Restrictions and Transfer Restrictions”.

- B. Subject to the terms and conditions of the Deposit Agreement and applicable law, upon (i) physical delivery to the Custodian of Shares, or book-entry transfer of Shares to an account in the name of the Depositary at the CSDC, (ii) physical or electronic delivery to the Depositary of the applicable deposit certification unless the deposit of Shares is made by the Company or an Affiliate of the Company in which case such deposit will be subject to Section 7.1.4 of the Deposit Agreement, and (iii) payment of necessary taxes, governmental charges (including transfer taxes) and other charges as set forth in the Deposit Agreement and fees of the Depositary as set forth in Clause 10.1 of the Deposit Agreement and Condition 19, the Depositary will (i) adjust its records for the number of GDRs issued in respect of the Shares so deposited, (ii) notify the Common Depositary to increase the number of GDRs evidenced by a Master GDR Certificate, and (iii) make delivery of the GDRs so issued to the applicable Euroclear Participant or Clearstream Participant specified in applicable order received for such purpose.
- C. Subject to the limitations set forth in the Deposit Agreement and applicable law, the Depositary may (but is not required to) issue GDRs prior to the delivery to it of Shares in respect of which such GDRs are to be issued against evidence to receive rights from the Company (or any agent of the Company involved for the Company in the maintenance or ownership or transactions records for the Shares) in the form of a written blanket or specific guarantee of ownership furnished by the Company (or any agent of the Company involved for the Company in the maintenance or ownership or transactions records for the Shares).
- D. Any further GDRs issued pursuant to Condition 1(A) which (i) represent Shares which have rights (whether dividend rights or otherwise) which are different from the rights attaching to the Shares represented by the outstanding GDRs, or (ii) are otherwise not fungible (or are to be treated as not fungible) with the outstanding GDRs, will, subject to Clause 3.15 of the Deposit Agreement be represented by a separate master partial entitlement GDR certificate (each a “**Master Partial Entitlement GDR Certificate**”). Upon becoming fungible with outstanding GDRs, such further GDRs shall be evidenced by a Master GDR Certificate (by increasing the total number of GDRs evidenced by the relevant Master GDR Certificate or by the number of such further GDRs, as applicable).
- E. Subject to the further terms and provisions of the Deposit Agreement, Citibank, N.A., its agents and affiliates, on their own behalf, may own and deal in any class of securities

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of the Company and its affiliates and in GDRs. In its capacity as Depositary, the Depositary shall not lend Shares or GDRs.

- F. Any person delivering Shares for deposit under the Deposit Agreement and Condition 1 and any Holder or Beneficial Owner may be required and will be deemed to accept, by virtue of being a Holder or a Beneficial Owner, that, from time to time, it will be required to furnish the Depositary or the Custodian with such proof, certificates and representations and warranties as to matters of fact, including without limitation the citizenship and residence of the depositor, taxpayer status, payment of all applicable taxes or governmental charges, exchange control approvals, legal or beneficial ownership of GDRs and Deposited Property, compliance with all applicable laws, the terms of the Deposit Agreement, the Conditions and the provisions of, or governing, the Deposited Property and the identity and genuineness of any signature on any of the supporting instruments or other documents, and with such further documents and information as the Depositary may deem necessary or appropriate for the administration or implementation of the Deposit Agreement and the Conditions. The Depositary, the Registrar or the Custodian may withhold acceptance of Shares for deposit, withhold delivery or registration of issuance or transfer of all or part of any GDR Certificate, withhold adjustment of the Master GDR Certificate to reflect increases in Shares represented thereby or withhold the distribution or sale of any dividend or distribution of rights or of the net proceeds of the sale thereof or the delivery of any Deposited Property, until such proof or other information is filed or such certifications are executed, or such representations are made or such other documentation or information is provided in each case to the satisfaction of the Depositary, the Registrar or the Custodian.
- G. Notwithstanding anything else contained in the Deposit Agreement or the Conditions, the Depositary shall not be required to accept for deposit or maintain on deposit in its account maintained by the Custodian (a) any fractional Shares or fractional Deposited Property, or (b) any number of Shares or Deposited Property which, upon application of the ratio of GDRs to Shares or Deposited Property, as the case may be, would give rise to fractional GDRs. No Share shall be accepted for deposit unless accompanied by evidence, if any is required by the Depositary or the Custodian, that is reasonably satisfactory to the Depositary or the Custodian that all conditions for such deposit have been satisfied by the person depositing such Shares under the laws and regulations of the PRC and any necessary approval has been granted by any applicable governmental body in the PRC (if any), including, without limitation, if applicable, any regulator of currency exchange.
- H. Each person depositing Shares under the Deposit Agreement and the Conditions shall be deemed thereby to represent and warrant that (i) such Shares (and the certificates therefor) are duly authorised, validly issued, fully paid, nonassessable and legally obtained by such person, (ii) all pre-emptive (and similar) rights with respect to such Shares have been validly waived or exercised, (iii) the person making such deposit is duly authorised so to do, (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, (v) the Shares presented for deposit have not been stripped of any rights or entitlements, and (vi) the Shares are not, and the GDRs will not be, “restricted securities” (as defined in Rule 144(a)(3) under the Securities Act). Such representations and warranties shall

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survive the deposit and withdrawal of Shares and the issuance and cancellation of GDRs in respect thereof and the transfer of such GDRs. If any such representations or warranties are false in any way, the Company and the Depositary shall be authorised, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

Each person depositing Shares, taking delivery of or transferring GDRs or any beneficial interest therein, or surrendering GDRs or any beneficial interest therein and withdrawing Shares under the Deposit Agreement and the Conditions shall be deemed thereby to acknowledge that the GDRs and the Shares represented thereby have not been and will not be registered under the Securities Act, and may not be offered, sold, pledged or otherwise transferred except in accordance with the restrictions on transfer set forth in the applicable Securities Act Legend, and such person shall be deemed thereby to represent and warrant that such deposit, transfer or surrender or withdrawal complies with the foregoing restrictions. Such representations and warranties shall survive any such deposit, taking delivery of, transfer, surrender or withdrawal of the Shares or the GDRs or any beneficial interest therein.

2. Withdrawal of Deposited Property

- A. Subject to the terms and provisions of the Deposit Agreement, the Conditions the procedures of the CSDC and applicable law, any Holder may request withdrawal of the Deposited Property attributable to any GDR upon production of such evidence that such person is the Holder of, and entitled to, the relative GDR as the Depositary may reasonably require at the principal office of the Depositary accompanied by:
- (i) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn or evidence of the electronic transfer thereof to be delivered to or upon the order in writing of, the person or persons designated in such order;
 - (ii) the payment of such fees, taxes, duties, charges and expenses as may be required under the Conditions or the Deposit Agreement including, but not limited to the fees of the Depositary set forth in Clause 10.1 of the Deposit Agreement and Condition 19; and
 - (iii) (x) surrender of a GDR Certificate at the Principal New York Office or Principal London Office, if the Euroclear or Clearstream book-entry settlement system is not then available for GDRs, or (y) receipt by the Depositary at the Principal New York Office of instructions from Euroclear or Clearstream, or a Euroclear Participant or Clearstream Participant or their respective nominees, on behalf of any Beneficial Owner together with a corresponding credit to the Depositary's account at Euroclear or Clearstream for the GDRs so surrendered, if the book-entry settlement system is then available for GDRs, in either case for the purpose of withdrawal of the Deposited Property represented thereby.
- B. Withdrawals of Deposited Shares may be subject to such transfer restrictions or certifications, as the Company or the Depositary may from time to time determine to be necessary for compliance with applicable laws.
- C. Upon production of such documentation and the making of such payment as aforesaid in accordance with paragraph (A) of this Condition 2, the Depositary will direct the

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Custodian, within a reasonable time after receiving such direction from such Holder, to deliver at its office, to, or to the order in writing of, the person(s) designated in the accompanying order:

- (i) a certificate for, or other appropriate instrument of title to, or evidence of book-entry transfer of, the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and
- (ii) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof as aforesaid or evidence of the electronic transfer of such other Deposited Property;

provided that the Depositary:

- (x) may make delivery of (a) any cash dividends or cash distributions or (b) any proceeds from the sale of any distributions of Shares or rights which are held by the Depositary in respect of the Deposited Property represented by the GDRs surrendered for cancellation and withdrawal; and
- (y) at the request, risk and expense of any Holder surrendering a GDR for cancellation and withdrawal, will direct the Custodian to forward any cash or other property (other than securities) held by the Custodian in respect of the Deposited Property represented by such GDRs to the Depositary,

in each case at the Principal New York Office or the Principal London Office (if permitted by applicable law from time to time).

- D. Delivery by the Depositary and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.
- E. If any GDR surrendered and cancelled represents fractional entitlements in Deposited Shares, the Depositary shall cause the appropriate whole number of Deposited Shares to be withdrawn and delivered in accordance with the terms of the Deposit Agreement and this Condition 2 and shall, at the discretion of the Depositary, either (i) issue and deliver to the person surrendering such GDR a new GDR representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Share represented by the GDR surrendered and remit proceeds of such sale (net of (a) fees and charges of, and expenses incurred by, the Depositary, and (b) taxes withheld) to the person surrendering the GDR.

3. Suspension of Issue of GDRs and of Withdrawal of Deposited Property

The issuance and delivery of GDRs against deposits of Shares generally or deposits of particular Shares may be suspended or withheld, or the registration of transfer of GDR Certificates in particular instances may be refused, or the registration of transfers generally may be suspended or refused, during any period when the transfer books of the Depositary, the

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Company, a registrar of GDRs or any registrar of Shares are closed, or if any such action is deemed necessary or advisable by the Company or the Depositary in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the GDRs or Shares are listed, an applicable court order, or under any provision of the Deposit Agreement, the Conditions, or the provisions of or governing the Deposited Property, or any meeting of shareholders of the Company or for any other reason. The Depositary may restrict the transfer of Deposited Shares where the Company notifies the Depositary in writing that such transfer would result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Articles of Association or would otherwise violate any applicable laws.

Notwithstanding any provision of the Deposit Agreement, the Conditions or any GDR Certificate to the contrary, Holders and Beneficial Owners are entitled to surrender outstanding GDRs to withdraw the Deposited Shares at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any laws or governmental regulations or an applicable court order relating to the GDRs or to the withdrawal of the Deposited Shares.

4. Transfer and Ownership

- A. GDRs are to be issued in registered form. Title to the GDRs passes upon registration in the records of the Depositary. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in a violation of applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, any certificate issued in respect of it) and no person will be liable for so treating the Holder.

The Depositary will maintain Holder records, including a register of Holders, at its principal office in New York and shall ensure that no register of Holders is maintained in the United Kingdom.

For a description of the restrictions on the transfer of the GDRs see "Selling Restrictions and Transfer Restrictions — Transfer Restrictions".

- B. Notwithstanding any other provision of the Deposit Agreement or the Conditions, each Holder and Beneficial Owner, by virtue of their ownership of any GDR or any Deposited Property, shall be deemed thereby to agree to comply with requests from the Company or the Depositary from time to time pursuant to PRC law and any stock exchange on which the Shares are, or may be registered, traded or listed, or the Articles of Association, which are made to provide information, inter alia, as to the capacity in which such Holder or former Holder, Beneficial Owner or former Beneficial Owner holds or held, owns or owned a beneficial ownership interest in GDRs (and Deposited Property, as the case may be) and regarding the identity of any other person interested in such GDRs (and Deposited Property), the nature of such interest and various related matters, whether or not they are Holders and/or Beneficial Owners at the time of such request.

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- C. Applicable laws and regulations may require holders and beneficial owners of Shares, including the Holders and Beneficial Owners of GDRs, to satisfy reporting requirements or obtain regulatory approvals in certain circumstances. Holders and Beneficial Owners of GDRs are solely responsible for complying with such reporting requirements and obtaining such approvals. By virtue of their ownership of any GDR or any Deposited Property, each Holder and Beneficial Owner shall be deemed thereby to agree to file such reports and obtain such approvals to the extent and in the form required by applicable laws and regulations as in effect from time to time. None of the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

5. Cash Distributions

Whenever the Depositary receives, or receives confirmation from the Custodian of the receipt from the Company of, any cash dividend or other cash distribution on or in respect of the Deposited Shares or receipt of proceeds from the sale of any Shares, rights, securities or other entitlements under the terms of the Deposit Agreement or the Conditions, the Depositary shall, if at the time of receipt thereof any amounts received in Foreign Currency can in the judgment of the Depositary (pursuant to Condition 11) be converted on a practicable basis into Dollars transferable to the U.S., promptly convert, or cause to be converted, such dividends, distribution or proceeds into Dollars in the terms described in Condition 11 and will promptly distribute the amount thus received (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the Holders entitled thereto. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent, and any balance not so distributable shall be held by the Depositary (without liability for interest thereon) and shall be added to and become part of the next sum received by the Depositary for distribution to Holders of GDRs then outstanding at the time of the next distribution. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Property an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders in respect of the GDRs representing such Deposited Property shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Evidence of payment thereof by the Company shall be forwarded by the Company to the Depositary upon request.

6. Distributions of Shares

If any distribution upon any Deposited Property consists of a dividend in, or free distribution of, Shares, the Company shall cause such Shares to be deposited via the Custodian and, if applicable, registered in the name of the Depositary, the Custodian or any of their nominees, as the case may be. Upon receipt of confirmation of such deposit from the Custodian, the Depositary shall establish the GDR Record Date upon the terms described in Condition 10 and shall, subject to the terms of the Deposit Agreement and the Conditions, either (i) distribute to the Holders as at the GDR Record Date in proportion to the number of GDRs held as at the GDR Record Date, additional GDRs, which represent the aggregate number of Shares received as such dividend or free distribution, subject to the other terms of the Deposit Agreement and

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Conditions and net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes, by either (x) if GDRs are not available in book-entry form, issuing additional GDR Certificates for an aggregate number of GDRs representing the number of Shares received as such dividend or free distribution, or (y) if GDRs are available in book-entry form, reflecting on the records of the Depositary such increase in the aggregate number of GDRs representing such Shares and give notice to the Common Depositary of the related increase in the number of GDRs evidenced by the Master GDR Certificate, or (ii) if additional GDRs are not so distributed, each GDR issued and outstanding after the GDR Record Date shall, to the extent permissible by law, thenceforth also represent rights and interests in the additional Shares distributed upon the Deposited Property represented thereby, net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes. In lieu of delivering fractional GDRs, the Depositary shall sell the number of Shares represented by the aggregate of such fractions and distribute the net proceeds of such sale upon the terms described in Condition 5. In the event that the Depositary determines that any distribution in Shares would violate applicable law, is not operationally practicable, is subject to any tax or other governmental charges which the Depositary is obligated to withhold, or if the Company, in the fulfilment of its obligations under Clause 7.1.4 of the Deposit Agreement, has furnished an opinion of U.S. counsel determining that the distribution to Holders of the Shares and the GDRs representing such Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), the Depositary may dispose of all or a portion of such Shares in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale, after deduction of (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes, to Holders entitled thereto upon the terms described in Condition 5. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement and the Conditions.

7. Distributions Other than Cash or Shares

Whenever the Depositary receives from the Company property other than cash, Shares or rights to purchase additional Shares and receives a notice from the Company indicating that the Company wishes such distribution to be made available to Holders of GDRs, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.1 of the Deposit Agreement, the Depositary shall distribute the property so received to the Holders of record as at the GDR Record Date set in accordance with Condition 10, in proportion to the number of GDRs held by them respectively and in such manner as the Depositary may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution. If (i) the Company does not request the Depositary to make such distribution to Holders or requests not to make such distribution to Holders, (ii) the Depositary does not receive documentation within the terms of Clause 7.1.4 of the Deposit Agreement, or (iii) the Depositary determines (in accordance with Clause 5.1 of the Deposit Agreement) that all or a portion of such distribution is not lawful or is not reasonably

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practicable, the Depositary shall sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem practicable and shall (x) cause the proceeds of such sale, if any, to be converted into Dollars in accordance with Condition 11, and (y) distribute the proceeds of such conversion received by the Depositary (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes) to the Holders as at the GDR Record Date upon the terms of Condition 5. If the Depositary is unable to sell such property, the Depositary may dispose of such property in any way it deems reasonably practicable under the circumstances.

8. Rights Issues

- A. Whenever the Company intends to distribute to the holders of the Deposited Property rights to subscribe for additional Shares, and provides a notice to the Depositary indicating that the Company wishes such rights to be made available to Holders of GDRs, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.1 of the Deposit Agreement, the Depositary shall (x) establish a GDR Record Date (upon the terms described in Condition 10), (y) establish procedures to distribute such rights (by means of warrants or otherwise) and/or to enable the Holders to exercise the rights (upon payment of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes), and (z) issue and deliver GDRs upon the valid exercise of such rights. The Company shall assist the Depositary to the extent necessary and reasonably practicable in establishing such procedures.

Nothing herein shall obligate the Depositary to make available to the Holders a method to exercise such rights to subscribe for Shares (rather than for GDRs).

- B. In the event that (i) the Depositary fails to receive satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement or determines that it is not lawful or not reasonably practicable to make the rights available to Holders or (ii) the Company requests that the rights not be made available to Holders of GDRs or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity, at such place and upon such terms (including public and private sale) as it may deem practicable. The Company shall assist the Depositary to the extent necessary and reasonably practicable to determine such legality and practicability. If the Depositary sells such rights, the Depositary shall, upon such sale, (x) cause the proceeds of such sale, if any, to be converted into Dollars upon the terms described in Condition 11, and (y) distribute the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes) upon the terms set forth in Condition 5.

If the Depositary is unable to make any rights available to Holders upon the terms described in the Deposit Agreement or to arrange for the sale of the rights upon the terms described above, the Depositary shall allow such rights to lapse.

The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or practicable to make such rights available to Holders in general or any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with any

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sale or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

- C. Notwithstanding anything to the contrary in the Deposit Agreement or this Condition 8, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders unless and until a registration statement under the Securities Act covering such offering is in effect. In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of rights an amount on account of taxes or other governmental charges, the amount distributed to the Holders of GDRs representing such Deposited Property shall be reduced accordingly. In the event that the Depositary determines that any distribution of Deposited Property or rights to subscribe therefor is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such Deposited Property or rights to subscribe therefor in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges. There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to exercise such rights on the same terms and conditions as the holders of Deposited Property or to exercise such rights. Nothing in the Deposit Agreement or this Condition 8 shall obligate the Company to file any registration statement in respect of any rights or Deposited Property or other securities to be acquired upon the exercise of such rights.

9. Redemption

If the Company intends to exercise any right of redemption in respect of any of the Deposited Property, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.2 of the Deposit Agreement, the Depositary shall send to each Holder a notice in accordance with Condition 25 setting forth the intended exercise by the Company of the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Property in respect of which redemption rights are being exercised against payment of the applicable redemption price. Upon receipt of confirmation from the Custodian that the redemption has taken place and that funds representing the redemption price have been received, the Depositary shall convert, transfer, and distribute the proceeds (net of applicable (a) fees and charges of, and the expenses incurred by, the Depositary, and (b) taxes), retire GDRs and cancel GDRs upon delivery of such GDRs by Holders thereof and on the terms set forth in the applicable Conditions. If less than all outstanding Deposited Property is redeemed, the GDRs to be retired will be selected by lot or on a pro rata basis, as may be determined by the Depositary. The redemption price per GDR shall be the per share amount received by the Depositary upon the redemption of the Deposited Shares represented by GDRs (subject to the terms of the Deposit Agreement and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Shares represented by each GDR redeemed.

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10. GDR Record Dates

Whenever the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited Property entitled to receive any distribution (whether in cash, Shares, rights or other distribution), or whenever, for any reason, the Depositary causes a change in the number of Deposited Shares that are represented by each GDR, or whenever the Depositary shall receive notice of any meeting of, or solicitation of consents or proxies of, holders of Shares or other Deposited Property, or whenever the Depositary finds it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary shall fix a record date (the “**GDR Record Date**”) for the determination of the Holders of GDRs who shall be entitled to receive such dividend or distribution, to give instructions for the exercise of voting rights at any such meeting, or to give or withhold such consent, or to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Deposited Shares represented by each GDR. The Depositary shall make reasonable efforts to establish the GDR Record Date as closely as practicable to the applicable record date for the Deposited Property (if any) set by the Company in the PRC. Subject to applicable law and the provisions of the Deposit Agreement and Conditions, only the Holders of GDRs at the close of business in New York on such GDR Record Date shall be entitled to receive such distribution, to give such voting instructions, to receive such notice or solicitation, or otherwise take action. If the GDR Record Date is different from the applicable record date for the Shares set by the Company in the PRC, the Depositary shall suspend generally the issuance and delivery of GDRs against deposits of Shares and the registration of transfers of GDRs during the period in between the GDR Record Date and the record date for the Shares.

11. Conversion of Foreign Currency

Whenever the Depositary or the Custodian shall receive any Foreign Currency by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the Foreign Currency so received can in the judgement of the Depositary be converted on a practicable basis into Dollars transferable to the United States and distributed to the Holders entitled thereto, the Depositary shall convert or cause to be converted by sale or in any other manner that it may determine, the Foreign Currency so received into Dollars and shall distribute such Dollars (net of applicable fees, any reasonable and customary expenses incurred on behalf of Holders in complying with currency exchange control or other governmental requirements) in accordance with the terms of the applicable Conditions. If the Depositary shall have distributed warrants or other instruments that entitle the holders thereof to such Dollars, the Depositary shall distribute such Dollars to the holders of such warrants and/or instruments upon surrender thereof for cancellation, in either case without liability for interest thereon. Such distribution shall be made upon an averaged or other practicable basis without regard to any distinctions among Holders on account of any application of exchange restrictions or otherwise. If such conversion or distribution generally or with regard to a particular Holder can be effected only with the approval or licence of any government or agency thereof, the Depositary shall have the authority, with the assistance of the Company to the extent necessary and reasonably practicable, to file such application, for such approval or licence, if any, as it may consider desirable. In no event, however, shall the Depositary be obligated to make such a filing. If at any time the Depositary shall determine that in its judgement the conversion of any currency

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other than Dollars and the transfer and distribution of proceeds of such conversion received by the Depositary is not practicable or lawful, or if any approval or licence of any government or agency thereof which is required for such conversion, transfer or distribution is denied or, in the opinion of the Depositary, is not obtainable at a reasonable cost, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may in its discretion (i) make such conversion and distribution in Dollars to the Holders for whom such conversion, transfer and distribution is lawful and practicable, (ii) distribute the Foreign Currency (or an appropriate document evidencing the right to receive such Foreign Currency) to Holders for whom this is lawful and practicable, and (iii) hold (or cause the Custodian to hold) such Foreign Currency (without liability for interest thereon) for the respective accounts of the Holders entitled to receive the same.

12. Distribution of any Payments

Any distribution of cash under Condition 5, 6, 7, 8, 9, 13 or 14 will be made by the Depositary to those Holders who are Holders of record on the GDR Record Date established by the Depositary in accordance with Condition 10 for that purpose and, distributions will be made in Dollars subject to Condition 11 by cheque drawn upon a bank in New York City, electronic transfer or, in the case of the relevant Master GDR Certificate, according to usual practice between the Depositary and Euroclear and Clearstream, as the case may be. The Depositary may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law in respect of such GDR or the related Deposited Property.

13. Capital Reorganisation

Upon any change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of Deposited Property, or upon any recapitalisation, reorganisation, merger or consolidation or sale of assets affecting the Company or to which it is a party, any securities which shall be received by the Depositary or the Custodian in exchange for, or in conversion, replacement or otherwise in respect of, such Deposited Property shall, to the extent permitted by law, be treated as new Deposited Property under the Deposit Agreement and the Conditions, and the GDRs shall, subject to the terms of the Deposit Agreement, the Conditions and applicable law, evidence GDRs representing the right to receive such replacement securities. The Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement (including, without limitation, with respect to (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) taxes) and the Conditions, and subject to the receipt by the Depositary of an opinion of counsel reasonably satisfactory to the Depositary (obtained at the expense of the Company) that such distributions are not in violation of any applicable laws or regulations, execute and deliver additional GDRs or make appropriate adjustments in its records, as in the case of a stock dividend on the Shares, or call for the surrender of outstanding GDRs to be exchanged for new GDRs, in either case, as well as in the event of newly deposited Shares, with necessary modifications to the form of GDR attached to the Deposit Agreement specifically describing such new Deposited Property or corporate change. Notwithstanding the foregoing, in the event that any security so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall if the Company requests, subject to

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the receipt by the Depositary of an opinion of counsel reasonably satisfactory to the Depositary (obtained at the expense of the Company) that such action is not in violation of any applicable laws or regulations, sell such securities at public or private sale, at such place or places and upon such terms as it may deem proper, and may allocate the net proceeds of such sales (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary, and (b) taxes) for the account of the Holders otherwise entitled to such securities upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Condition 5. The Depositary shall not be responsible for (i) any failure to determine that it is lawful or practicable to make such securities available to Holders in general or to any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such securities.

14. Elective Distributions

Wherever the Company intends to distribute a dividend payable at the election of the holders of Shares in cash or in additional Shares and provides a notice to the Depositary indicating that the Company wishes such elective distribution to be made available to Holders of GDRs, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.1 of the Deposit Agreement, the Depositary shall make such elective distribution available to Holders. If the Depositary fails to receive satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement or determines that it is not lawful or not reasonably practicable to make the elective distribution available to Holders of GDRs, or if the Company requests that such elective distribution not be made available to Holders of GDRs, the Depositary shall, to the extent permitted by law, distribute to the Holders, on the basis of the same determination as is made in the PRC in respect of the Shares for which no election is made, either (x) cash upon the terms described in Condition 5, or (y) additional GDRs representing such additional Shares upon the terms described in Condition 6. If the above conditions are satisfied, the Depositary shall establish a GDR Record Date in accordance with Condition 10 and establish procedures to enable Holders to elect the receipt of the proposed dividend in cash or in additional GDRs. The Company shall assist the Depositary in establishing such procedures to the extent necessary and reasonably practicable. If a Holder elects to receive the proposed dividend (x) in cash, the dividend shall be distributed upon the terms described in Condition 5, or (y) in GDRs, the dividend shall be distributed upon the terms described in Condition 6. Nothing in the Deposit Agreement or this Condition 14 shall obligate the Depositary to make available to Holders a method to receive the elective dividend in Shares (rather than GDRs). There can be no assurance that Holders and Beneficial Owners generally, or any Holder or Beneficial Owner in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of the Deposited Property.

15. Taxation and Applicable Laws

A. Payments to Holders of dividends or other distributions made to Holders on or in respect of the Deposited Property will be subject to deduction of PRC and other withholding taxes, if any, at the applicable rates, and notwithstanding any other provision of the Deposit Agreement or the Conditions, the Depositary and the Custodian will be entitled, subject to applicable law, to deduct from any cash dividend or other

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cash distribution which either of them receives from the Company such amount as is necessary in order to provide for any tax, charge, fee or other amount that is, or could become, payable by or on behalf of the Depositary to fiscal or other governmental authority on account of receiving such cash dividend or other cash distribution.

The Holder or Beneficial Owner of any GDR or any Deposited Property shall be deemed thereby to accept (by virtue of his ownership or deposit, as the case may be) that, in the event that any tax or other governmental charge shall become payable with respect to any GDR, Deposited Property or GDR Certificate, such tax or other governmental charge shall be payable by the Holder and Beneficial Owner to the Depositary. The Custodian may refuse the deposit of Shares and the Depositary may refuse to issue or deliver GDRs, to register the transfer, split-up or combination of GDR Certificates and the withdrawal of Deposited Property until payment in full of such tax, charge, penalty or interest is received. The Depositary may, for the account of the Holder or Beneficial Owner, discharge the same out of the proceeds of sale, subject to PRC law and regulations, of an appropriate number of Deposited Shares or other Deposited Property with the Holder and Beneficial Owner remaining liable for any deficiency and being entitled to distribution of any surplus. Any such request shall be made by giving notice pursuant to Condition 25.

By virtue of its ownership of any GDR or Deposited Property, each Holder and Beneficial Owner shall be deemed to agree to indemnify the Depositary, the Company, the Custodian, and any of their agents, officers, employees and Affiliates for, and to hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for such Holder or Beneficial Owner. The obligations of Holders and Beneficial Owners under this Condition 15A shall survive any transfer of GDRs, any cancellation of GDRs and withdrawal of Deposited Shares, and the termination of the Deposit Agreement.

- B. If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in the PRC in order for the Depositary to receive from the Company Shares to be deposited under the Conditions or in order for Shares, other securities or other property to be distributed under Condition 5, 6, 7, 13 or 14 or to be subscribed under Condition 8, the Depositary shall request that the Company apply for or assist in the application for, as the case may be, such authorisation, consent, registration or permit or file such report on behalf of the Holders within the time required under such law. In this connection, the Company has undertaken in the Deposit Agreement to take such action as may be required and to the extent reasonably practicable to obtain on file or assist in obtaining or filing the same. The Depositary shall not distribute GDRs, Shares, other securities or other property with respect to which such authorisation, consent or permit or such report has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorisation, consent or permit or to file any such report.

16. Voting Rights

- A. Holders of GDRs will have voting rights with respect to the Deposited Shares. The Company has agreed to notify the Depositary of any meeting of holders of Shares of the

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Company at which holders of Shares or other Deposited Property are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited Property and the Depositary will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 16.

As soon as practicable after receipt from the Company of any such notice, the Depositary will fix the GDR Record Date in respect of such meeting or solicitation of consent or proxy in accordance with Condition 10. The Depositary shall, if requested by the Company in writing in a timely manner in accordance with Clause 5.3 of the Deposit Agreement and at the Company's expense and provided no U.S., English or PRC legal prohibitions exist, distribute to Holders as at the GDR Record Date: (a) such notice of meeting or solicitation of consent or proxy as well as any other material provided by the Company to the Depositary in connection therewith, (b) a statement that the Holders at the close of business in New York on the GDR Record Date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Conditions, the Articles of Association and the provisions of or governing the Deposited Property (which provisions, if any, shall be summarised in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Property represented by such Holder's GDRs, and (c) a brief statement as to the manner in which such voting instructions may be given.

- B. Voting instructions may be given to the Depositary only in respect of a number of GDRs representing an integral number of Shares or other Deposited Property. Subject to applicable law, the provisions of the Deposit Agreement, the Conditions, the Articles of Association and the provisions of the Deposited Property, if the Depositary has received voting instructions from a Holder as at the GDR Record Date to vote the Deposited Property on or before the date specified by the Depositary, the Depositary shall endeavour, in so far as is practicable and permitted by PRC law and practice, to vote or cause the Custodian to vote the Shares and/or other Deposited Property represented by such Holder's GDRs for which timely and valid voting instructions have been received in the manner so instructed by such Holders.

Holders of GDRs will not be able to instruct the Depositary to introduce proposals for the agenda of meetings of holders of Shares of the Company; request that a meeting of holders of Shares of the Company be called; or nominate candidates for the Board of Directors or certain other of the Company's governance bodies.

- C. Neither the Depositary nor the Custodian shall, under any circumstances exercise any discretion as to voting and neither the Depositary nor the Custodian shall vote, attempt to exercise the right to vote, or in any way make use of the Shares or other Deposited Property represented by GDRs except pursuant to and in accordance with such instructions from Holders. If the Depositary timely receives voting instructions from a Holder which fail to specify the manner in which the Depositary is to vote the Deposited Property represented by such Holder's GDRs, the Depositary will deem such Holder (unless otherwise specified in the notice distributed to Holders) to have instructed the Depositary to vote in favour of the items set forth in such voting instructions. Notwithstanding anything else contained herein, the Depositary shall, if so requested in writing by the Company, represent all Deposited Property (whether or not voting instructions have been received in respect of such Deposited Property from

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Holders as at the GDR Record Date) for the sole purpose of establishing quorum at a meeting of shareholders.

- D. There can be no assurance that Holders generally or any Holder in particular will receive the notice described above with sufficient time to enable the Holder to return voting instructions to the Depositary in a timely manner.

By continuing to hold GDRs, all Holders and Beneficial Owners shall be deemed to have agreed to the provisions of this Condition 16 as it may be amended from time to time in order to comply with applicable PRC law.

- E. Notwithstanding anything else contained in the Deposit Agreement or the Conditions, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or proxies, of holders of Deposited Property if the taking of such action would violate U.S., English or PRC laws. The Company agrees to take any and all actions reasonably necessary to enable Holders and Beneficial Owners to exercise the voting rights accruing to the Deposited Property and to deliver to the Depositary an opinion of U.S., English and/or PRC counsel (obtained at the expense of the Company), if reasonably requested by the Depositary, addressing any actions requested to be taken.

17. Liability

- A. Neither the Depositary nor the Company shall be obligated to do or perform any act which is inconsistent with the provisions of the Deposit Agreement or the Conditions or shall incur any liability (i) if the Depositary or the Company shall be prevented or forbidden from, or delayed in, doing any act or thing required by the terms of the Deposit Agreement or the Conditions, by reason of any provision of any present or future law or regulation of the U.S., England, the PRC or any other country, or of any relevant governmental or regulatory authority or stock exchange, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or on account of potential criminal or civil penalties or restraint, or by reason of any provision, present or future, of the Articles of Association or any provision of or governing any Deposited Property or by reason of any other circumstances beyond their control (including, without limitation, acts of God or war, nationalisation, expropriation, currency restrictions, work stoppage, strikes, civil unrest, acts of terrorism, revolutions, rebellions, explosions and computer failure), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement, the Conditions or in the Articles of Association or provisions of or governing Deposited Property, (iii) for any action or inaction in reliance upon the advice or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorised representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, but only insofar as the terms of this subsection (iii) are not prohibited by applicable law, (iv) for the inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Shares but is not, under the terms of the Deposit Agreement or the Conditions, made available to Holders of GDRs or (v) for any consequential or punitive damages for any breach of the terms of the Deposit Agreement or the Conditions.

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- B. In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or the Beneficial Owners.
- C. The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented by the proper party or parties (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).
- D. No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement or the Conditions.
- E. Without limitation of the foregoing, neither the Depositary, nor the Company, nor any of their respective controlling persons or agents, shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or in respect of the GDRs, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required (and no Custodian shall be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary).
- F. The Depositary has no obligation under the Deposit Agreement to take steps to monitor, supervise or enforce the observance and performance by the Company of its obligations under the Deposit Agreement or the Conditions.
- G. Neither the Depositary, the Custodian nor any of their agents, officers, directors or employees shall be liable (except by reason of its own negligence, bad faith or willful default or that of its agents, officers, directors or employees) to the Company or any Holder or owner of a GDR, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs purporting to be such and subsequently found to be forged or not authentic.
- H. The Depositary and each of its agents (and any holding, subsidiary or associated company of the Depositary) may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates or in relation to the Deposited Property (including, without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank or in any other capacity, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and any sales of property) without accounting to Holders or any other person for any profit arising therefrom.
- I. The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Conditions 6, 7, 8, 13 or 14 or any such conversion as is referred to in Condition 8 in

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accordance with the Depositary's normal practices and procedures, but shall have no liability (in the absence of its own negligence, bad faith or willful default or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be legally permissible or otherwise possible.

- J. The Depositary shall, subject to all applicable laws, have no responsibility whatsoever to the Company, any Holder, Beneficial Owner or person with an interest in a GDR as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.
- K. In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement or the Conditions, the Depositary shall not, except as otherwise expressly provided in Condition 24, be obliged to have regard to the consequence thereof for the Holders, Beneficial Owners, a person with an interest in a GDR or any other person.
- L. Notwithstanding anything else contained in the Deposit Agreement or the Conditions, the Depositary may refrain from doing anything which could or might, in its reasonable opinion, render it liable to any person and the Depositary may do anything which is, in its reasonable opinion, necessary to comply with any law, directive or regulation.
- M. The Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable PRC law. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any deposit of Shares against issue of GDRs if notified by the Company, or if the Depositary becomes aware of the fact that such transfer or issue would be in violation of the limitations set forth above or any other applicable laws.
- N. The Depositary may call for, and shall be at liberty to accept as sufficient, evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company, by the Board of Directors of the Company or by a person duly authorised by the Board of Directors of the Company, or such other certificate from persons which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate.
- O. The Depositary and its agents shall not be liable for any failure to carry out any instructions to vote any of the Deposited Property, or for the manner in which any vote is cast or the effect of any vote (other than where such failure or action is a result of its own negligence, bad faith or willful default or is not in accordance with the terms of the Deposit Agreement and the Conditions). The Depositary shall not incur any liability (save in the case of its own negligence, bad faith or willful default) for any failure to determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the Deposited Property, for the validity or worth of the Deposited Property, for the creditworthiness of any third party, for any tax

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consequences that may result from the ownership of GDRs, Shares or Deposited Property, for allowing any rights to lapse upon the terms of the Deposit Agreement and the Conditions, for the failure or timeliness of any notice from the Company.

- P. No provision of the Deposit Agreement or the Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and security against such risk of liability is not assured.
- Q. The Depositary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether a lawyer or other person, including obtaining an opinion of legal advisers in form and substance reasonably satisfactory to it, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money. Save for the failure on the part of the Depositary to exercise reasonable care in the selection or retention of any such agent, the Depositary will not be liable to anyone for any misconduct or omission by any such agent so employed by it or be bound to supervise the proceedings or acts of any such agent.
- R. None of the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to satisfy reporting requirements or obtain regulatory approvals under applicable laws and regulations which shall be the sole responsibility of the Holders and Beneficial Owners as described in Condition 4C.
- S. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence, bad faith or willful default while it acted as Depositary.
- T. The Depositary shall not be liable for any acts or omissions made by a predecessor depositary whether in connection with an act or omission of the Depositary or in connection with any matter arising wholly prior to the appointment of the Depositary or after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence, bad faith or willful default while it acted as Depositary.

18. Issue and Delivery of Replacement GDRs and Exchange of GDRs

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or in replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of destruction, loss or theft) at the Principal New York Office.

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19. GDR Fees and Charges

A. The following GDR fees are payable under the terms of the Deposit Agreement:

- (i) Issuance Fee: by any person for whom the GDRs are issued (i.e., an issuance upon a deposit of Shares, upon a change in the GDR(s)-to-Share(s) ratio, or for any other reason (excluding issuances as a result of distributions described in paragraph (iv) below), a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) issued under the terms of the Deposit Agreement and the Conditions;
- (ii) Cancellation Fee: by any person for whom GDRs are being cancelled (e.g., a cancellation of GDRs for delivery of Deposited Property, upon a change in the GDR(s)-to-Share(s) ratio, or for any other reason), a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) cancelled;
- (iii) Cash Distribution Fee: by any Holder of GDRs, a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) held for the distribution of cash dividends or other cash distributions (e.g., upon the sale of rights and other entitlements);
- (iv) Stock Distribution /Rights Exercise Fees: by any Holder of GDRs, a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) held for the distribution of GDRs pursuant to (a) stock dividends or other free stock distributions or (b) an exercise of rights to purchase additional GDRs;
- (v) Other Distribution Fee: by any Holder of GDRs, a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) held for the distribution of securities other than GDRs or rights to purchase additional GDRs (e.g., spin-off shares); and
- (vi) Depository Services Fee: by any Holder of GDRs, a fee not in excess of U.S.\$5.00 per 100 GDRs (or fraction thereof) held on the applicable record date(s) established by the Depositary.

Certain of the GDR fees and charges (such as the Depository Services Fee) may become payable shortly after the closing of an offering of the GDRs.

In addition, the Company, Holders, Beneficial Owners, persons depositing Shares or withdrawing Deposited Property in connection with GDR issuances and cancellations and persons for whom GDRs are issued or cancelled shall be responsible for the following GDR charges under the terms of the Deposit Agreement:

- (i) taxes (including applicable interest and penalties) and other governmental charges;
- (ii) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Property on the share register and applicable to transfers of Shares or other Deposited Property to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;
- (iii) such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing Shares or withdrawing Deposited Property or of the Holders and Beneficial Owners of GDRs;

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- (iv) the expenses and charges incurred by the Depositary in the conversion of foreign currency;
 - (v) such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, Deposited Property, GDRs and GDR Certificates; and
 - (vi) the fees and expenses incurred by the Depositary, the Custodian or any nominee in connection with the servicing or delivery of Deposited Property.
- B. Any other charges and expenses of the Depositary under the Deposit Agreement and the Conditions will be paid by the Company upon agreement between the Depositary and the Company. All GDR fees and charges may, at any time and from time to time, be changed by agreement between the Depositary and Company but, in the case of GDR fees and charges payable by Holders and Beneficial Owners, only in the manner contemplated by Condition 24. The Depositary shall provide, without charge, a copy of its latest GDR fee schedule to anyone upon request.
- C. GDR fees and charges payable for (i) the issuance of GDRs and (ii) the cancellation of GDRs will be payable by the person for whom the GDRs are so issued by the Depositary (in the case of GDR issuances) and by the person for whom GDRs are being cancelled (in the case of GDR cancellations). In the case of GDRs issued by the Depositary into Euroclear or Clearstream, the GDR issuance and cancellation fees and charges will be payable by the Euroclear Participant(s) or Clearstream Participant(s) receiving the GDRs from the Depositary or the Euroclear Participant(s) or Clearstream Participant(s) holding the GDRs being cancelled, as the case may be, on behalf of the Beneficial Owner(s) and will be charged by the Euroclear Participant(s) or Clearstream Participant(s) to the account(s) of the applicable Beneficial Owner(s) in accordance with the procedures and practices of the Euroclear Participant(s) or Clearstream Participant(s) as in effect at the time. GDR fees and charges in respect of distributions and the Depositary services fee are payable by Holders as at the applicable GDR Record Date established by the Depositary. In the case of distributions of cash, the amount of the applicable GDR fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the Depositary services fee, the applicable Holders as at the GDR Record Date established by the Depositary will be invoiced for the amount of the GDR fees and charges, and such GDR fees and charges may be deducted from distributions made to Holders. For GDRs held through Euroclear or Clearstream, the GDR fees and charges for distributions other than cash and the Depositary services fee may be deducted from distributions made through Euroclear or Clearstream, as the case may be, and may be charged to the Euroclear Participants or Clearstream Participants in accordance with the procedures and practices prescribed by Euroclear or Clearstream from time to time and the Euroclear Participants or Clearstream Participants in turn charge the amount of such GDR fees and charges to the Beneficial Owners for whom they hold GDRs.
- D. The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the GDR programme established pursuant to the Deposit Agreement, by making available a portion of the GDR fees charged in respect of the GDR programme or otherwise, upon such terms and conditions as the Company and the Depositary may agree from time to time. The Company shall pay to the Depositary such fees and charges and reimburse the Depositary for such out of pocket expenses as the

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

Depository and the Company may agree from time to time. Responsibility for payment of such fees, charges and reimbursements may from time to time be changed by agreement between the Company and the Depository. Unless otherwise agreed, the Depository shall present its statement for such fees, charges and reimbursements to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depository.

20. Listing

The Company has undertaken in the Deposit Agreement to use its reasonable endeavours to obtain and thereafter maintain, so long as any GDR is outstanding, admission of trading for GDRs on the London Stock Exchange's main market for listed securities and a listing of the Shares on the Shanghai Stock Exchange. For that purpose the Company will pay all fees and sign and deliver all undertakings required by the London Stock Exchange and the Shanghai Stock Exchange in connection therewith.

21. The Custodian

The Depository has agreed with the Custodian that the Custodian will receive and hold all Deposited Property in an account of the Depository or for the account and to the order of the Depository in accordance with the applicable terms of the Deposit Agreement. The Custodian shall be responsible solely to the Depository. Upon receiving notice of the resignation of the Custodian, the Depository shall promptly appoint a successor Custodian, which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement. Whenever the Depository, in its sole discretion, determines that it is in the best interest of the Holders to do so, it may terminate the appointment of the Custodian and, in the event of the termination of the appointment of the Custodian, the Depository shall promptly appoint a successor Custodian, which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement. The Depository shall notify Holders of such change as soon as is practically possible following such change taking effect in accordance with Condition 25.

Citibank, N.A. may at any time act as Custodian of the Deposited Shares pursuant to the Deposit Agreement, in which case any reference to Custodian shall mean Citibank, N.A. solely in its capacity as Custodian pursuant to the Deposit Agreement. Notwithstanding anything contained in the Deposit Agreement or the Conditions, the Depository shall not be obligated to give notice to the Company, any Holders of GDRs or any other Custodian of its acting as Custodian pursuant to the Deposit Agreement.

22. Resignation and Termination of Appointment of the Depository

A. The Depository may at any time resign as Depository hereunder by written notice of resignation delivered to the Company, which resignation shall be effective on the earlier to occur of (i) the 90th day after delivery thereof to the Company, after which the Depository shall be entitled to take the termination actions contemplated in Condition 23(A), and (ii) the appointment by the Company of a successor depository and the acceptance by such successor depository of such appointment.

The Depository may at any time be removed by the Company by written notice of removal delivered to the Depository, which removal shall be effective on the later to occur of (i) the 90th day after delivery thereof to the Company, after which the

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

Depository shall be entitled to take the termination actions contemplated in Condition 23(A), and (ii) the appointment by the Company of a successor depository and the acceptance by such successor depository of such appointment.

- B. The Company has undertaken in the Deposit Agreement to use its reasonable endeavours to procure the appointment of a successor depository following the receipt of a notice of resignation from the Depository or the giving of a notice of the termination of the appointment of the Depository. Upon any such appointment and acceptance, notice thereof shall be duly given by the successor depository to the Holders in accordance with Condition 25.
- C. Any corporation into or with which the Depository may be merged or consolidated shall be the successor of the Depository without the execution or filing of any document or any further act.

23. Termination of Deposit Agreement

- A. The Company may at any time terminate the Deposit Agreement. Upon written direction of the Company, the Depository shall provide notice of such termination to the Holders of all GDR Certificates then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination.

If ninety (90) days shall have expired after (i) the Depository shall have delivered to the Company a written notice of its election to resign pursuant to Clause 11.1 of the Deposit Agreement and Condition 22(A) or (ii) the Company shall have delivered to the Depository a written notice of the removal of the Depository pursuant to Clause 11.1 of the Deposit Agreement and Condition 22(A) and, in either case, a successor depository shall not have been appointed and accepted its appointment as provided in Clause 11.1 of the Deposit Agreement and Condition 22(B), the Depository may terminate the Deposit Agreement by providing notice of such termination to the Holders of all GDR Certificates then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination.

The date fixed for termination of the Deposit Agreement in any termination notice distributed by the Depository to the Holders of GDRs is referred to as the “**Termination Date**”. Until the Termination Date, the Depository shall continue to perform all of its obligations under the Deposit Agreement and the Conditions, and the Holders and Beneficial Owners will be entitled to all of their rights under the Deposit Agreement and the Conditions.

- B. If any GDRs shall remain outstanding after the Termination Date, the Registrar and the Depository shall not, after the Termination Date, have any obligation to perform any further acts under the Deposit Agreement or the Conditions, except that the Depository shall, subject, in each case, to the terms and conditions of the Deposit Agreement and the Conditions, continue to (i) collect dividends and other distributions pertaining to Deposited Property, (ii) sell securities and other property received in respect of Deposited Property, (iii) deliver Deposited Property, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any securities or other property, in exchange for GDRs surrendered to the Depository (after deducting or charging, as the case may be, in each case, the fees and charges of, and

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Clause 10.1 of the Deposit Agreement and Condition 19), and (iv) take such actions as may be required under applicable law in connection with its role as Depositary under the Deposit Agreement.

At any time after the Termination Date, the Depositary may sell the Deposited Property then held under the Deposit Agreement and shall after such sale hold un-invested the net proceeds of such sale, together with any other cash then held by it under the Deposit Agreement, in an un-segregated account and without liability for interest, for the pro-rata benefit of the Holders whose GDRs have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement and the Conditions except (i) to account for such net proceeds and other cash (after deducting or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Clause 10.1 of the Deposit Agreement and Condition 19), and (ii) as may be required at law in connection with the termination of the Deposit Agreement. After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement and the Conditions, except for its obligations to the Depositary under Clause 10 of the Deposit Agreement and Condition 19. The obligations under the terms of the Deposit Agreement and the Conditions of Holders and Beneficial Owners of GDRs outstanding as at the Termination Date shall survive the Termination Date and shall be discharged only when the applicable GDRs are presented by their Holders to the Depositary for cancellation under the terms of the Deposit Agreement and the Conditions (except as specifically provided therein).

- C. Notwithstanding anything contained in the Deposit Agreement or any GDR, in connection with the termination of the Deposit Agreement, the Depositary may, independently and without the need for any action by the Company, make available to Holders of GDRs a means to withdraw the Deposited Shares represented by their GDRs and to direct the deposit of such Deposited Shares into an unsponsored global depositary receipts programme established by the Depositary, upon such terms and conditions as the Depositary may deem reasonably appropriate, subject however, in each case, to satisfaction of the requirements by the unsponsored global depositary receipts programme under the Securities Act, and to receipt by the Depositary of payment of the applicable fees and charges of, and reimbursement of the applicable expenses incurred by, the Depositary.

24. Amendment of Deposit Agreement and Conditions

All and any of the provisions of the Deposit Agreement and these Conditions may at any time and from time to time be amended by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of the Deposit Agreement and these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary and any amendment (except as aforesaid) which shall increase or impose fees or charges payable by Holders or which shall otherwise, in the opinion of the Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders of the

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

outstanding GDRs until the expiry of thirty (30) days after such notice shall have been given. Every Holder or Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold GDRs or any beneficial interest therein to consent to and approve such amendment or supplement and to be bound by the terms of the Deposit Agreement and the Conditions as amended and supplemented thereby.

In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Clause 3 of the Deposit Agreement and Condition 2, the Deposited Property attributable to the relevant GDR except in order to comply with mandatory provisions of applicable law.

The parties hereto agree that substantial rights of Holders and Beneficial Owners shall not be deemed materially prejudiced by any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for the GDRs or Shares to be settled in electronic-book entry form and (ii) do not impose or increase any fees or charges to be borne by Holders or Beneficial Owners.

Notwithstanding anything in the Deposit Agreement or the Conditions to the contrary, if any governmental body should adopt new laws, rules or regulations which would require an amendment or supplement of the Deposit Agreement or the Conditions to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement, and the Conditions at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement and the Conditions in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance with such laws, rules or regulations.

25. Notices

Any and all notices to be given to any Holder shall be deemed to have been duly given if (a) personally delivered or sent by mail, air courier or facsimile transmission, confirmed by letter, addressed to such Holder at the address of such Holder as it appears on the books of the Depositary or, if such Holder shall have filed with the Depositary a request that notices intended for such Holder be mailed to some other address, at the address specified in such request, or (b) if a Holder shall have designated such means of notification as an acceptable means of notification under the terms of the Deposit Agreement and the Conditions, by means of electronic messaging addressed for delivery to the e-mail address designated by the Holder for such purpose.

Notice to Holders shall be deemed to be notice to Beneficial Owners for all purposes of the Deposit Agreement and the Conditions. Failure to notify a Holder or any defect in the notification to a Holder shall not affect the sufficiency of notification to other Holders or to the Beneficial Owners of GDRs held by such other Holders.

Delivery of a notice sent by mail, air courier or facsimile transmission shall be deemed to be effective at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a facsimile transmission) is deposited, postage prepaid, in a post office letter box or delivered to an air courier service, without regard for the actual receipt or time of actual receipt thereof by a Holder. The Depositary or the Company may, however, act upon any facsimile transmission received by it from any Holder, the Custodian, the Depositary or the

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Company, notwithstanding that such facsimile transmission shall not be subsequently confirmed by letter.

Delivery of a notice by means of electronic messaging shall be deemed to be effective at the time of the initiation of the transmission by the sender (as shown on the sender's records), notwithstanding that the intended recipient retrieves the message at a later date, fails to retrieve such message, or fails to receive such notice on account of its failure to maintain the designated e-mail address, its failure to designate a substitute e-mail address or for any other reason.

26. Copies of Company Notices

On or before the day when the Company first gives notice, by publication, or otherwise, to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, the Company has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary a copy of such notice and any other material in English but otherwise in the form given or to be given to holders of Shares or other Deposited Property.

In addition, the Company will transmit to the Depositary English-language versions of the other notices, reports and communications which are generally made available by the Company to holders of Shares or other Deposited Property. The Depositary will, at the expense of the Company, make available a copy of any such notices, reports or communications issued by the Company and delivered to the Depositary for inspection by the Holders and Beneficial Owners at the Principal New York Office and the Principal London Office, at the office of the Custodian and at any other designated transfer office. The Depositary shall arrange, at the request of the Company and at the Company's expense, for the distribution of copies thereof to all Holders on a basis similar to that for holders of Shares or other Deposited Property or on such other basis as the Company may advise the Depositary.

27. Moneys Held by the Depositary

The Depositary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any holder or any other person for any interest thereon, except as otherwise agreed.

28. Severability

If any one or more of the provisions contained in the Deposit Agreement or in the Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

29. Governing Law

A. The Deposit Agreement, the Conditions, the Deed Poll and the GDRs, and any non-contractual obligations arising out of or in connection with them, are governed by and construed in accordance with English law, except that the required certifications from the persons making deposits or withdrawals of Shares pursuant to the Deposit

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

Agreement are governed by and shall be construed in accordance with the laws of the State of New York. For the avoidance of doubt, the rights and obligations attaching to the Deposited Shares will be governed by PRC law.

- B. Any claim, dispute or difference of whatever nature arising under, out of or in connection with the Deposit Agreement, the Conditions or the GDRs and the legal relationship established thereby (including any claim, dispute or difference regarding the existence, termination or validity of the Deposit Agreement, the Conditions or the GDRs or any non-contractual obligations arising out of or in connection with the Deposit Agreement, the Conditions or the GDRs), shall be referred to, and finally resolved by, binding arbitration in accordance with the rules of the London Court of International Arbitration (the “LCIA”) which rules shall be deemed incorporated into this condition 29(B).

The seat (legal place) of the arbitration shall be London, England and the language of the arbitration shall be English.

The arbitral tribunal shall consist of three arbitrators. The claimant(s), irrespective of number, shall constitute one ‘side’ which shall nominate one arbitrator; the respondent(s), irrespective of number, shall constitute one ‘side’ which shall nominate the second arbitrator; and a third arbitrator, who shall serve as Chairman, shall be appointed by the LCIA tribunal.

The jurisdiction of the courts under Sections 45 and 69 of the Arbitration Act 1996 is expressly excluded.

The arbitrators shall have no power or authority to award damages not measured by the prevailing party’s actual damages.

The arbitrators’ award shall be final and binding upon the parties and their respective successors, heirs, executors and assigns.

Each of (a) the Company; (b) the Depositary; and (c) the Holders and the Beneficial Owners (who are deemed, by virtue of being a Holder or Beneficial Owner and owning, acquiring or holding, as the case may be, a GDR, to have notice of and be subject to all applicable provisions of the Deposit Agreement and the Conditions):

- (i) irrevocably consents to the consolidation of two or more arbitrations commenced pursuant to this Condition 29(B) pursuant to the LCIA rules (or as otherwise permitted), and to be joined, and to the joinder of any other persons, to such consolidated arbitration(s);
- (ii) agrees not to challenge the terms and enforceability of this Condition 29(B), including, but not limited to, any challenge based on lack of mutuality, and hereby irrevocably waives any such challenge;
- (iii) irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it or they may now or hereafter have to the proceedings brought in the arbitration proceedings specified in this Condition 29(B), and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in the arbitration proceedings that any proceedings brought in the arbitration proceedings specified in this Condition 29(B) has been brought in an inconvenient forum;

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

(iv) irrevocably and unconditionally waives, to the fullest extent permitted by law, and agrees not to plead or claim, any right of sovereign or other immunity from proceedings brought in the arbitration proceedings specified in this Condition 29(B) with respect to any matter arising out of, or in connection with the Deposit Agreement, the Conditions, the Deed Poll or the GDRs or any right of sovereign or other immunity in respect of its property for the purposes of the enforcement of any arbitral award given in such arbitration proceedings; and

(v) hereby ‘opts out’ of Article 9B of the LCIA rules.

30. Contracts (Rights of Third Parties) Act 1999

A person who is not a party to the Deposit Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Act**”) of the United Kingdom to enforce any term of the Deposit Agreement but this does not affect any right or remedy granted under the Deed Poll or which otherwise exists or is available apart from the Act.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

DEPOSITARY

Citibank, N.A.
388 Greenwich Street
New York, New York 10013
United States of America

CUSTODIAN

Industrial and Commercial Bank of China Limited
No. 55 Fuxingmennei Street
Xicheng District, Beijing
P.R.C. Post Code: 100140

and/or such other Depositary and/or such other Custodian or Custodians and/or principal offices as may from time to time be duly appointed and notified to the Holders.

SUMMARY OF THE PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS WHILST IN MASTER FORM

The GDRs will initially be evidenced by a single Master GDR Certificate in registered form. The Master GDR Certificate will be registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc as common depositary for Euroclear and Clearstream on the date the GDRs are issued.

The Master GDR Certificate contains provisions which apply to the GDRs whilst they are in master form. Words and expressions given a defined meaning in the Conditions shall have the same meanings in this section unless otherwise provided in this section.

Exchange

The Master GDR Certificate will only be exchanged for certificates in definitive registered form representing GDRs in the circumstances described in paragraphs (i), (ii) or (iii) below in whole but not in part and until exchanged in full subject to the Conditions and the Deposit Agreement. The Depositary will irrevocably undertake in the Master GDR Certificate to deliver certificates in definitive registered form representing GDRs in exchange for the Master GDR Certificate to the Holders within 60 calendar days in the event that:

- (i) Euroclear or Clearstream advises the Company in writing that it is unwilling or unable to continue as clearing or settlement system and a successor clearing or settlement system is not appointed within 90 calendar days; or
- (ii) Euroclear or Clearstream is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces its intention permanently to cease business or does in fact do so, and, in each case, no alternative clearing system satisfactory to the Depositary is available within 45 calendar days; or
- (iii) the Depositary has determined that, on the occasion of the next payment in respect of the Master GDR Certificate, the Depositary would be required to make any deduction or withholding from any payment in respect of the Master GDR Certificate which would not be required were the GDRs represented by certificates in definitive registered form, provided that the Depositary shall have no obligation to so determine or to attempt to so determine.

Any exchange shall be at the expense of the relevant Holder.

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through Euroclear or Clearstream. Upon any exchange of a part of the Master GDR Certificate for certificates in definitive registered form, or any distribution of GDRs pursuant to the Conditions 4, 5, 6, 7 or 9 or any reduction in the number of GDRs represented thereby following any withdrawal of Deposited Property pursuant to Condition 2, or any increase in the number of GDRs following the deposit of Shares pursuant to Condition 1, the relevant details shall be entered by the Depositary on the register maintained by the Depositary whereupon the number of GDRs represented by the Master GDR Certificate shall be reduced or increased (as the case may be) for all purposes by the amount so exchanged and entered on the register. If the number of GDRs represented by the Master GDR Certificate is reduced to zero, the Master GDR Certificate shall continue in existence until the obligations of the Company under the Deposit Agreement and the Conditions and the obligations of the Depositary pursuant to the Deposit Agreement and the Conditions have terminated.

SUMMARY OF THE PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS WHILST IN MASTER FORM

Payments, Distributions and Voting Rights

Payments of cash dividends and other amounts (including cash distributions) will be made by the Depositary through Euroclear and Clearstream on behalf of persons entitled thereto upon receipt of funds therefore from the Company. Any free distribution or rights issue of Shares to the Depositary on behalf of the Holders will result in the records maintained by the Depositary being adjusted to reflect the enlarged number of GDRs represented by the Master GDR Certificate.

Holders of GDRs will have voting rights as set out in the Conditions.

Surrender of GDRs

Any requirement in the Conditions relating to the surrender of a GDR to the Depositary shall be satisfied by the production by Euroclear or Clearstream on behalf of a person entitled to an interest therein of such evidence of entitlement of such person as the Depositary may reasonably require, which is expected to be a certificate or other documents issued by Euroclear or Clearstream, as appropriate. The delivery or production of any such evidence shall be sufficient evidence in favour of the Depositary, any Agent and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all money or other property payable or distributable in respect of the Deposited Property represented by such GDRs and to issue voting instructions.

Notices

For as long as the Master GDR Certificate is registered in the name of a nominee for a common depositary holding on behalf of Euroclear and Clearstream, notices to Holders may be given by the Depositary by delivery of the relevant notice to Euroclear and Clearstream for communication to persons entitled thereto in substitution for delivery of notices in accordance with Condition 25.

Governing Law

The Master GDR Certificate, and any non-contractual obligations arising out of or in connection with the Master GDR Certificate, shall be governed by and construed in accordance with English law.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

The Depositary

The Depositary is Citibank, N.A., a national banking association organised under the laws of the United States. The Depositary is an indirect wholly-owned subsidiary of Citigroup, Inc., a Delaware corporation. The Depositary is primarily regulated by the United States Office of the Comptroller of the Currency. See “Information Relating to the Depositary”. There are no bank or other guarantees attached to the GDRs which are intended to underwrite the Depositary’s obligations.

Rights of Holders of GDRs

Relationship of Holders of GDRs with the Depositary: The rights of Holders against the Depositary are governed by the Conditions and the Deposit Agreement, which are governed by English law. The Depositary and the Company are parties to the Deposit Agreement. Holders of GDRs have contractual rights in relation to cash and other Deposited Property (including Deposited Shares, which are Shares of the Company represented by GDRs) deposited with the Depositary under Clause 3 of the Deposit Agreement, and otherwise under the Deposit Agreement by virtue of the Deed Poll. The Depositary will hold the Deposited Shares and other non-cash assets as bare trustee for the Holders; however, the Depositary does not otherwise assume any relationship of trust for or with the Holders or the beneficial owners of the GDRs or any other person. Any cash held by the Depositary for Holders will be held by the Depositary as banker.

Voting: With respect to voting of Deposited Shares and other Deposited Property represented by GDRs, the Conditions and the Deposit Agreement provide that, upon receipt of notice from the Company of any meeting at which the holders of Shares or other Deposited Property are entitled to vote, or of a solicitation of consent or proxy from holders of Shares or Deposited Property, the Depositary shall, providing that no relevant legal prohibitions exist, send to any person who is a Holder on the record date established by the Depositary for that purpose (which shall be as close as possible to the corresponding record date set by the Company) such notice of meeting or solicitation of consent or proxy, along with a brief statement on the manner in which such Holders may provide the Depositary with voting instructions for matters to be considered. The Deposit Agreement provides that the Depositary will endeavour to exercise or cause to be exercised the voting rights with respect to Deposited Shares in accordance with instructions from Holders. As at the date of this Prospectus, the Company confirms that there are no restrictions under applicable law, the Articles of Association or the provisions of the Deposited Shares that would prohibit or restrict the Depositary from voting any of the Deposited Shares in accordance with instructions from Holders, except for those generally applicable to all shareholders of the Company.

Delivery of Deposited Shares: Pursuant to the Shanghai-London Stock Connect scheme, GDR holders will not be permitted to redeem their GDRs and hold the Deposited Shares underlying such GDRs in an on-shore account (such as a QFII or RQFII account) or have the underlying Deposited Shares held on their behalf by a Designated Broker. If GDR holders wish to hold A Shares they must purchase them separately either from the funds received from a sale of GDRs (whether a sale of GDRs on the London Stock Exchange (or another legitimate trading venue) or a redemption of GDRs and sale of the underlying A Shares on the Shanghai Stock Exchange through a Designated Broker) or from funds unconnected with their holding of GDRs. GDR holders or former GDR holders that are non-PRC investors may only hold A Shares if they are QFIIs or RQFIIs or are otherwise able to hold A Shares through another exemption.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

Rights of the Company

The Company has broad rights to remove the Depositary under the terms of the Deposit Agreement, but no specific rights under the Deposit Agreement which are triggered in the event of the insolvency of the Depositary.

Insolvency of the Depositary

Applicable insolvency law: If the Depositary becomes insolvent, the insolvency proceedings will be governed by U.S. laws applicable to the insolvency of banks.

Effect of applicable insolvency law in relation to cash: The Conditions state that any cash held by the Depositary for Holders is held by the Depositary as banker. Under current U.S. and English law, it is expected that any cash held for Holders by the Depositary as banker under the Conditions would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim in the event of the Depositary's insolvency for such cash that would be also be available to general creditors of the Depositary.

Effect of applicable insolvency law in relation to non-cash assets: The Deposit Agreement states that the Deposited Shares and other non-cash assets which are held by the Depositary for Holders are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current U.S. and English law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the Conditions would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary's receiver or conservator to deliver such Depositary Shares and other non-cash assets that would be unavailable to general creditors of the Depositary.

Default of the Depositary

If the Depositary fails to pay cash or deliver non-cash assets to Holders in the circumstances required by the Conditions or the Deposit Agreement or otherwise engages in a default for which it would be liable under the terms of the Conditions or the Deposit Agreement, the Depositary will be in breach of its contractual obligations under the Conditions. In such case, Holders will have a claim under English law against the Depositary for the Depositary's breach of its contractual obligations under the Deposit Agreement.

The Custodian

The Custodian is Industrial and Commercial Bank of China Limited, a joint stock limited company incorporated in the PRC with limited liability.

Relationship of Holders of GDRs with the Custodian: The Custodian and the Depositary are parties to a custody agreement, which is governed by Hong Kong law. The Holders do not have any contractual relationship with, or rights enforceable against, the Custodian. The Depositary will hold the Deposited Shares in electronic form in an account with CSDC. The CSDC account will be in the name of the Depositary and the Deposited Shares will be registered in the Company's share register in the name of the Depositary and deposited in the GDR facilities.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

Default of the Custodian

Failure to deliver cash: Any cash dividend payments from the Company (which are expected to be denominated in Renminbi) will initially be received by the Depositary in a custody account held with the Custodian in the Depositary's name. Subject to applicable PRC regulations, amounts received from the Company by the Depositary into its account with the Custodian will then be converted into US dollars by the Custodian in accordance with the Conditions and the US dollars will be wired to the Depositary's account in New York. After deduction of any fees and expenses of the Depositary, the US dollars will then be credited to the appropriate accounts of the Holders. If the Custodian fails to deliver cash to the Depositary as required under the custody agreement or otherwise engages in a default for which it would be liable under the terms of the custody agreement, the Custodian will be in breach of its contractual obligations under the custody agreement. In such case, the Depositary would have a claim under Hong Kong law against the Custodian for the Custodian's breach of its contractual obligations under the custody agreement. The Depositary can also remove the Custodian and appoint a successor custodian and may exercise such rights if it deems necessary. Under the Deposit Agreement, the Depositary is permitted to act as a custodian, and may choose to act in this capacity for policy, regulatory, or business reasons; however, it is currently uncertain if or when the Depositary will be licensed to act as a custodian in the PRC.

Failure to deliver non-cash assets: If the Custodian fails to deliver Deposited Shares or other non-cash assets held for the Depositary as required by the custody agreement or otherwise defaults under the terms of the custody agreement, the Custodian will be in breach of its contractual obligations to the Depositary. In such case, the Depositary will have a claim under Hong Kong law against the Custodian for the Custodian's breach of its contractual obligations under the custody agreement. The Depositary can also remove the Custodian and may appoint a substitute or additional custodians and exercise such rights if it deems necessary.

The Depositary's obligations: The Depositary has no obligation to pursue a claim for breach of obligations against the Custodian on behalf of Holders. The Depositary is not responsible for and shall incur no liability in connection with or arising from default by the Custodian due to any act or omission to act on the part of the Custodian.

Insolvency of the Custodian

Applicable law: If the Custodian becomes insolvent, the insolvency proceedings will be governed by applicable PRC law.

Effect of applicable insolvency law in relation to cash: On an insolvency of the Custodian, cash held by the Custodian in a custody account for the Depositary would not constitute assets of the Custodian and the Depositary would have ownership rights relating to such cash. As a result, the Depositary would have the right to claim the cash in the custody account in full, without being subject to insolvency proceedings.

Effect of applicable insolvency law in relation to non-cash assets: All of the Deposited Shares will be registered in the name of the Depositary and be held by the Depositary in an account under its own name with the CSDC. In the event that the Custodian becomes insolvent, as legal title to the Deposited Shares will be held by the Depositary and the Deposited Shares will not be under the possession or control of the Custodian, the Deposited Shares will not constitute part of the Custodian's assets subject to the insolvency proceeding.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

The Depositary's obligations: The Depositary has no obligation to pursue a claim in the Custodian's insolvency on behalf of the Holders. The Depositary has no responsibility for, and will incur no liability in connection with or arising from, the insolvency of any custodian. In the event of the insolvency of the Custodian, the Holders have no direct recourse to the Custodian under the Deposit Agreement, though the Depositary can remove the Custodian and appoint a substitute or additional custodian(s) and may exercise such rights if it deems necessary.

PERSONS HOLDING TITLE TO GDRS OR BENEFICIAL INTERESTS THEREIN ARE REMINDED THAT THE ABOVE DOES NOT CONSTITUTE LEGAL ADVICE AND IN THE EVENT OF ANY DOUBT REGARDING THE EFFECT OF THE DEFAULT OR INSOLVENCY OF THE DEPOSITARY OR THE CUSTODIAN, SUCH PERSONS SHOULD CONSULT THEIR OWN ADVISERS IN MAKING A DETERMINATION.

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The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Offer GDRs and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective subscribers for the Offer GDRs should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Offer GDRs and as to the tax consequences of the receipt of dividends in connection with the Offer GDRs and of the sale of the Offer GDRs under the tax laws of those countries. This summary is based on the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

The tax legislation of the investor's jurisdiction and of the PRC may have an impact on the income received from the Offer GDRs.

PRC Tax Considerations

Taxation of Dividends

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (《中华人民共和国个人所得税法》) (the “**IIT Law**”) enacted by the Standing Committee of the fifth National People's Congress on 10 September 1980 and last amended on 31 August 2018 and fully effective on 1 January 2019 and the Implementation Rules of Individual Income Tax Law of the People's Republic of China (《中华人民共和国个人所得税法实施条例》) last amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are generally subject to a PRC withholding tax at a flat rate of 20%. For foreign individual investors, the receipt of dividends from a PRC company is normally subject to a personal income tax of 20% unless specifically exempted by the competent tax authority of the State Council or reduced in accordance with an applicable tax treaty.

Enterprises

According to the Enterprise Income Tax Law of the People's Republic of China (《中华人民共和国企业所得税法》) enacted by the Standing Committee of the fifth National People's Congress on 16 March 2007 and last amended and effective on 29 December 2018 (the “**EIT Law**”) and the Provision for Implementation of Enterprise Income Tax Law of the People's Republic of China (《中华人民共和国企业所得税法实施条例》) promulgated by the State Council on 6 December 2007 and last amended on 23 April 2019, non-resident enterprises shall be subject to 10% enterprise tax for income from the PRC provided that the non-resident enterprises do not have establishment in the PRC, or that the income has no connection with the establishment of the non-resident enterprises in the PRC. Such withholding tax may be reduced pursuant to an applicable treaty on avoidance of double taxation.

Tax Treaties

Investors who reside in countries which have entered into treaties on avoidance of double taxation with the PRC may be entitled to a reduction of withholding tax on dividends to investors by PRC companies. The PRC currently has such tax treaties with a number of countries, including but not limited to, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, United Kingdom and the United States.

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Taxation of Capital Gains

Individual Investors

In accordance with the IIT Law and its implementation rules, PRC resident individuals are subject to individual income tax at the rate of 20% on gains realised from the transfer of equity interests in PRC resident enterprises. Under the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《关于个人转让股票所得继续暂免征收个人所得税的通知》) jointly issued by the MOF and State Administration of Taxation on 30 March 1998, from 1 January 1997, income of individuals realised from transfer of shares in listed enterprises are exempted from individual income tax. Although the State Administration of Taxation has not stated whether it will continue to exempt individual income tax on income of individuals from transfer of listed shares in the IIT Law and its implementation rules. On 31 December 2009, the MOF, State Administration of Taxation and CSRC jointly issued the Circular on Related Issues on Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《关于个人转让上市公司限售股所得征收个人所得税有关问题的通知》) which states that individuals' income from transfer of listed shares on certain domestic exchanges (including the Shanghai Stock Exchange) shall continue to be exempted from individual income tax, except for the shares subject to sales restriction (as specified in the Circular and its supplementary notice (《关于个人转让上市公司限售股所得征收个人所得税有关问题的补充通知》) issued on 10 November 2010). As at the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares or deposit receipts of PRC resident enterprises listed on overseas stock exchanges. In practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares or deposit receipts of PRC resident enterprises listed on overseas stock exchanges.

Enterprises

In accordance with the EIT Law and its implementation rules, a non-PRC resident enterprise is generally subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposition of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. Such tax may be reduced or eliminated under applicable tax treaties or arrangements.

Other Chinese Tax Considerations

PRC Stamp Duty

Pursuant to the Provisional Regulations of the People's Republic of China on Stamp Duty (《中华人民共和国印花税法暂行条例》) which was promulgated by the State Council on 6 August 1988 and recently amended on 8 January 2011 and became effective on the same date (the “**Provisional Regulations**”), PRC stamp duty on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of GDRs by non-PRC investors outside the PRC. According to the Provisional Regulations, PRC stamp duty shall only be applicable to documents executed or received in the PRC which have legal binding effect in the PRC and are governed by the PRC laws.

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Estate Tax

According to the existing laws of the PRC, non-PRC residents are not subject to estate tax for the holding of GDRs.

UK Tax Considerations

The following is a general summary of certain UK tax considerations relating to the ownership and disposal of the Offer GDRs. The comments below are of a general nature and are based on current UK law and published practice of Her Majesty's Revenue & Customs ("HMRC") as of the date of this Prospectus, each of which is subject to change, possibly with retroactive effect. The summary only covers certain UK tax consequences for the absolute beneficial owners of the Offer GDRs (and any dividends paid in respect of them) who:

- are resident solely in the UK for tax purposes (and, in the case of individuals, domiciled in the UK for tax purposes only and to whom "split year" treatment does not apply); and
- do not have a permanent establishment or fixed base outside the UK with which the holding of the Offer GDRs (and the payment of dividends in respect of the Offer GDRs) is connected.

Such absolute beneficial owners of the Offer GDRs are referred to in this discussion as "**UK holders**".

In addition, the summary only addresses UK tax consequences for UK holders who hold the Offer GDRs as capital assets. It does not address the UK tax consequences that may be relevant to certain other categories of holders, for example, brokers, dealers or traders in shares, securities or currencies. It also does not address the UK tax consequences for holders that are banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organisations, persons holding the Offer GDRs as part of hedging or conversion transactions or persons connected with the Group.

Further, the summary assumes that:

- the UK holder of the GDRs is, for UK tax purposes, absolutely beneficially entitled to the underlying A Shares and to the dividends on those A Shares;
- the UK holder did not acquire and will not be deemed to have acquired his/her Offer GDRs by virtue of an office or employment;
- the A Shares will not be held by, and the Offer GDRs will not be issued by, a depositary (or nominee or agent for a depositary) incorporated in the UK;
- the UK holder does not control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, 5 per cent. or more of the A Shares and/or voting power or rights to profit or capital of the Company;
- the only payments received under the Offer GDRs are dividends with respect to the underlying A Shares and which are treated as dividends for UK tax purposes and the only payments received in respect of the A Shares are dividends;
- the Offer GDRs are not held under a pension arrangement or in an ISA or lifetime ISA;

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- neither the A Shares nor the Offer GDRs are registered in a register kept in the UK and they will not become so registered; and
- neither the A Shares nor the Offer GDRs are paired with shares issued by a body corporate incorporated in the UK, and they will not become so paired.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder. You should satisfy yourself as to the overall tax consequences, including, specifically, the consequences under UK law and HMRC practice, of acquisition, ownership and disposition of the Offer GDRs in your own particular circumstances, by consulting your own tax advisers.

Taxation of Dividends

Withholding tax

Dividend payments in respect of the Offer GDRs may be made without withholding or deduction for or on account of United Kingdom income tax. As discussed in “—*PRC Tax Considerations—Taxation of Dividends*”, amounts in respect of such dividends will be subject to PRC withholding taxes.

Currency of Dividends

UK holders of the Offer GDRs should note that their liability to UK tax in respect of dividends paid by the Company will be determined by reference to the amount of the dividend in the currency in which it is paid, which may not be the same as the US dollars amount received by such holders from the Depositary in respect of such dividend.

UK Resident Individuals

Dividends received by a UK resident individual for UK tax purposes will generally be subject to UK income tax on the amount of any dividend paid on the Offer GDRs (before deduction of PRC withholding taxes (if any), the “Gross Dividend Amount”). Credit may be given for PRC tax withheld, subject to the UK tax rules regarding calculation and availability of such credit. UK resident individual holders of the Offer GDRs should generally be entitled to a tax-free dividend nil rate band of £2,000 (for tax year 2020/21) on the total amount of dividend income received by the individual in the tax year. Amounts received in excess of this allowance are subject to UK income tax at the relevant dividend rates. For 2020/21, the rate of UK income tax which is chargeable on dividends received by (i) additional rate taxpayers is 38.1 per cent., (ii) higher rate taxpayers is 32.5 per cent., and (iii) basic rate taxpayers is 7.5 per cent. An individual’s dividend income is treated as the top slice of their total income which is chargeable to UK income tax.

Corporation Tax

Holders of the Offer GDRs which are companies within the charge to UK corporation tax (by reason of being resident in the UK for tax purposes or carrying on a trade through a permanent establishment in the UK to which the Offer GDRs are attributable) should generally be entitled (subject to the fulfilment of certain conditions and anti-avoidance rules) to exemption from UK corporation tax in respect of dividend payments. If the conditions for exemption are not satisfied, or a Holder of the

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Offer GDRs elects for a dividend to be taxable, UK corporation tax will be chargeable on the Gross Dividend Amount. If potential investors are in any doubt as to their position, they should consult their own professional tax advisers.

Credit for PRC Tax

Credit may be given for PRC tax withheld from dividends, subject to general rules regarding the calculation and availability of such credit, including a requirement to take all reasonable steps to minimise the amount of PRC tax on such dividends, including claiming any available allowances and reliefs. Where a dividend paid by the Company is treated as exempt from UK corporation tax, a UK resident company will not be entitled to claim relief by way of credit in the United Kingdom in respect of any PRC tax paid by such holder, either directly or by deduction, in respect of that dividend.

United Kingdom information reporting

Any persons in the United Kingdom through whom payments derived from the Offer GDRs are made or who receive (or would be entitled to receive) such payments relating to the Offer GDRs on behalf of others may be required to provide information in relation to the payment to HMRC pursuant to certain domestic and international reporting and transparency regimes. The information that is disclosed may include (but is not limited to) information relating to the beneficial owners of the Offer GDRs or the persons for whom such securities are held, details of the persons to whom payments derived from the Offer GDRs are or may be paid and information and documents in connection with transactions relating to the Offer GDRs. These provisions will apply whether or not the payments that derive from the Offer GDRs have been subject to withholding or deduction for or on account of UK tax and whether or not the holder is resident in the United Kingdom for UK tax purposes. In certain circumstances, HMRC may communicate this information to the tax authorities of certain other jurisdictions.

Disposals of the Offer GDRs

For the purposes of UK taxation on chargeable gains, the disposal or deemed disposal of the Offer GDRs by a UK resident individual holder may, depending on his or her individual circumstances, give rise to a chargeable gain or to an allowable loss for the purpose of UK capital gains tax. The principal factors that will determine the capital gains tax position on a disposal of Offer GDRs are the extent to which the holder realises any other capital gains in the tax year in which the disposal is made, the extent to which the holder has incurred capital losses in that or any earlier tax year and the level of the annual allowance of tax-free gains in that tax year (the “**Annual Exemption**”). The Annual Exemption for 2020/21 is £12,300. Upon the disposal or deemed disposal of the Offer GDRs and after all allowable deductions, a UK resident individual holder of the Offer GDRs’ taxable chargeable gains would, for the 2020/21 tax year, be taxed at (i) 10 per cent. if the aggregate of the taxable chargeable gains and other taxable income for the year of the relevant holder does not exceed the basic rate income tax limit; or (ii) 20 per cent., where the aggregate of the taxable chargeable gains and other taxable income for the year of the relevant holder does exceed the basic rate income tax limit.

An individual holder of the Offer GDRs who ceases to be resident in the United Kingdom for a period of five years or less and who disposes of his or her Offer GDRs during that period of temporary non-residence may be liable to UK capital gains tax on a chargeable gain accruing on such disposal on his or her return to the United Kingdom (subject to available exemptions and reliefs).

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An individual holder of the Offer GDRs who is not resident in the UK for UK tax purposes and who does not return to the United Kingdom within five tax years of disposal of the Offer GDRs will not normally be liable for UK tax on gains realised on the disposal of such Offer GDRs unless, at the time of disposal, such holder carries on a trade, profession or vocation in the UK through a branch or agency to which the Offer GDRs are attributable.

A disposal of the Offer GDRs by a corporate holder which is resident in the UK for the purposes of UK tax, may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax.

Stamp Duty and Stamp Duty Reserve Tax

No liability to stamp duty or stamp duty reserve tax (“SDRT”) should generally arise on the issue of the Offer GDRs or their delivery into Euroclear or Clearstream, Luxembourg (as applicable).

No UK stamp duty or SDRT will be payable on any transfer of the Offer GDRs after they have been issued into Euroclear or Clearstream, Luxembourg (as applicable), where such transfer is effected in electronic book-entry form in accordance with the procedures of Euroclear or Clearstream, Luxembourg (as applicable).

Where such transfer is not effected paperlessly in such electronic book-entry form, the transfer on sale of Offer GDRs (or an agreement to transfer an equitable interest only in Offer GDRs) may give rise to a liability to UK stamp duty at a rate of 0.5 per cent. of the amount or value of the consideration given for the sale or agreement to transfer. However, providing no document effecting a transfer of, or containing an agreement to transfer an equitable interest only in, the Offer GDRs is either (i) executed in the United Kingdom or (ii) relates to any property situated, or to any matter or thing done or to be done, in the United Kingdom (the term “matter or thing” is very wide and may include the involvement of a UK bank account in payment mechanics), then no UK stamp duty should be payable on such a document. No UK SDRT should be payable in respect of any agreement to transfer the Offer GDRs.

Inheritance Tax

The A Shares will be assets situated outside the UK for the purposes of UK inheritance tax provided that the A Shares are not registered on any register kept in the UK. The Offer GDRs will be assets situated outside the UK for the purposes of UK inheritance tax provided the A Shares (and any other property represented by the Offer GDRs) are situated outside the UK, the Offer GDRs are not registered on any register kept in the UK and the Depositary remains a non-UK incorporated company acting from an office outside the UK.

Subject to certain exemptions and reliefs, a gift of the Offer GDRs by, or on the death of, an individual UK investor who is domiciled or deemed to be domiciled in the UK for UK inheritance tax purposes may give rise to a liability to UK inheritance tax. Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For UK inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit in respect of the assets gifted. Special rules apply in relation to close companies and to trustees of settlements who acquire, dispose of or hold Offer GDRs, potentially bringing them within the charge to UK inheritance tax.

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Where an investor is neither domiciled nor deemed to be domiciled (under certain rules relating to long residence or previous domicile) in the UK, neither a gift of the Offer GDRs by the investor nor the death of such investor will give rise to a liability to UK inheritance tax provided that the Offer GDRs are, and remain, assets situated outside the UK for the purposes of UK inheritance tax as described above.

PLAN OF DISTRIBUTION

The Offering consists of an offering by the Company of 17,985,000 GDRs representing A Shares with one GDR representing an interest in ten A Shares) (including up to 1,635,000 Over-allotment GDRs). The Offering comprises an offering of Offer GDRs outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S.

Under the terms of, and subject to, the conditions contained in the Underwriting Agreement dated 16 October 2020 entered into amongst the Company and the Underwriters, the Underwriters have severally agreed to procure subscribers for, or failing which, to themselves subscribe for, at the Offer Price, the Offer GDRs in certain agreed proportions.

See “Use of Proceeds” for a description of the expenses paid by the Company pursuant to the Offering.

All Offer GDRs sold in the Offering will be sold at the Offer Price. The Offer Price has been determined by agreement between the Company and the Joint Global Co-ordinators following the book-building process. A number of factors have been considered in determining the Offer Price and the bases of allocation under the Offering, including the level and nature of demand for the Offer GDRs and the objective of encouraging the development of an orderly after-market in the Offer GDRs.

Application will be made: (i) to the FCA, as competent authority under the Prospectus Regulation, for a listing of up to 17,985,000 GDRs representing A Shares, and, consisting of the 16,350,000 GDRs to be issued on or around 22 October 2020 (the “**Closing Date**”), up to 1,635,000 additional GDRs to be issued pursuant to the Over-allotment Option (if exercised) and additional GDRs to be issued from time to time against the deposit of A Shares (to the extent permitted by applicable laws and regulations) with the Depositary, to be admitted to the standard segment of the Official List maintained by the FCA; and (ii) to the London Stock Exchange, for such GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange. Prior to the Offering, the A Shares are listed on the Shanghai Stock Exchange, but there has been no public market for the GDRs. Closing and settlement and admission to the Official List of the FCA and to unconditional trading on the London Stock Exchange’s Main Market are expected to take place at 9:00 a.m. on or around 22 October 2020. Conditional trading in the GDRs on the London Stock Exchange through the IOB commenced on a “when issued” basis at 9:00 a.m. on 19 October 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

The Company will update the information provided in this Prospectus by means of a supplement to this Prospectus if a significant new factor that may affect the evaluation by prospective investors in the Offering arises prior to Admission or if it is noted that this Prospectus contains any material mistake or material inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this Prospectus is published prior to Admission, investors shall have the right to withdraw their subscriptions and/or purchases made prior to the publication of such supplement. Such withdrawal must be done within the time limits set out in the supplement (if any) (which shall not be shorter than two clear business days after publication of such supplement).

PLAN OF DISTRIBUTION

Underwriting Agreement and Over-allotment Option

The Underwriting Agreement and related arrangements contain the following provisions, amongst others:

- In connection with the Offering, subject to Admission occurring, the Company has agreed to pay the Underwriters:
 - (i) a base commission of 1.140% of the gross proceeds of the Offering (including the Over-allotment Option if exercised) to the Joint Global Co-ordinators;
 - (ii) an incentive commission of 0.285% of the gross proceeds of the Offering (including the Over-allotment Option if exercised), to be allocated among the Underwriters at the Company's sole and absolute discretion. Such incentive commission will be paid by no later than 60 days from the Closing Date; and
 - (iii) a discretionary commission of up to 0.475% of the gross proceeds of the Offering (including the Over-allotment Option if exercised), to be allocated among the Underwriters in such proportions as the Company in its sole and absolute discretion may determine. The Company will determine within 60 days after the Closing Date whether any such discretionary commission is to be paid to any Underwriter(s), and if so, shall also be paid within such time period.
- The Company has agreed to reimburse each Joint Global Co-ordinator for all expenses incurred by the Company in connection with the Offering which were paid by the Joint Global Co-ordinators on the Company's behalf and approved by the Company in advance, as well as for the fees, expenses and disbursements of the Joint Global Co-ordinator's legal counsel, subject to certain limitations.
- The obligations of the parties to the Underwriting Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include, amongst others, the accuracy of the representations and warranties contained in the Underwriting Agreement and the application for admission to the Official List of the FCA and to trading on the London Stock Exchange having been approved on or prior to the closing of the Offering. The Joint Global Co-ordinators may terminate the Underwriting Agreement prior to the closing of the Offering in certain specified circumstances that are typical for an agreement of this nature. These include the occurrence of certain material changes in the Group's condition, including its financial condition, business affairs and business prospects, and certain changes in financial, political or economic conditions (as set out more fully in the Underwriting Agreement). If any of the above-mentioned conditions are not satisfied (or waived, where capable of being waived) by, or the Underwriting Agreement is terminated prior to, the closing of the Offering, then the Offering will lapse.
- The Company has given certain customary representations and warranties to the Underwriters, including in relation to the business, the accounting records and the legal compliance of the Company, in relation to the GDRs and in relation to the contents of this Prospectus.
- The Company has given customary indemnities to the Underwriters in connection with the Offering.

PLAN OF DISTRIBUTION

- If an Underwriter defaults, the Underwriting Agreement provides that in certain circumstances, the purchase commitments of the non-defaulting Underwriter(s) may be increased or the Underwriting Agreement may be terminated.

Lock-up Provisions

The Company has agreed that neither it nor any member of the Group will, during a period from 16 October 2020 to and including 180 days from the date of Admission, without the prior written consent of the Joint Global Co-ordinators (on behalf of themselves and the other Underwriters):

- (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any A Shares, any GDRs or other shares of the Company, or any securities convertible into or exercisable or exchangeable for A Shares, GDRs or other shares of the Company or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; or
- (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any A Shares, any GDRs or other shares of the Company,

(whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares, GDRs or other securities, in cash or otherwise); or
- (iii) publicly announce such an intention to effect any such transaction.

Save that the lock-up arrangements described above shall not apply to (i) the issue of A Shares pursuant to the Offering or the Over-allotment Option, or the sale of GDRs pursuant to the Offering or the Over-allotment Option, (ii) the issue of any A Shares or GDRs or the purchase and sale of any Shares or GDRs or the grant of any option, right, warrant or contract to purchase A Shares or GDRs, in each case in connection with any employee or management stock option scheme or (iii) the issue of any A Shares or the sale of GDRs pursuant to the Cornerstone Investment Agreement.

Cornerstone Investor

The Company has entered into a cornerstone investment agreement dated 7 September 2020 (the “**Cornerstone Investment Agreement**”) with China Yangtze Power International (Hongkong) Co., Limited (the “**Cornerstone Investor**”), which is a wholly-owned subsidiary of China Yangtze Power Co., Ltd. (which is the Company’s second largest shareholder as at the Latest Practicable Date) Pursuant to the Cornerstone Investment Agreement, the Cornerstone Investor has agreed to acquire 8,149,959 GDRs, being the number of Offer GDRs (rounded down to the nearest whole GDR) that may be purchased at the Offer Price for an aggregate amount of US\$100 million.

The obligations of the Cornerstone Investor to acquire the Offer GDRs under the Cornerstone Investment Agreement are conditional on certain conditions being satisfied or waived. The Cornerstone Investment Agreement contains certain customary representations, warranties and undertakings from the Cornerstone Investor and the Company, including a lock-up undertaking pursuant to which the Cornerstone Investor has agreed that, without the prior written consent of the Company, it will not, and will cause its affiliates not to, at any time during the period of six months from the Closing Date, dispose of any GDRs except to a wholly-owned subsidiary.

PLAN OF DISTRIBUTION

The GDRs to be acquired by the Cornerstone Investor will rank *pari passu* with the GDRs sold in the Offering. No special rights have been granted by the Cornerstone Investment Agreement to the Cornerstone Investor as part of its commitment to purchase GDRs.

In order to facilitate any stabilisation action by the Stabilising Manager (as described in “Plan of Distribution—Stabilisation” below), the Cornerstone Investor has also agreed to defer settlement of all or a portion of the Offer GDRs which it will acquire pursuant to the Cornerstone Investor Agreement until following the end of the Stabilisation Period.

Stabilisation

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail in the open market. Deferred settlement arrangements have been made with the Cornerstone Investor in order to allow the Stabilising Manager to over-allot GDRs to facilitate any stabilisation action by the Stabilising Manager (for details see “Plan of Distribution—Cornerstone Investor” above). However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on the date of announcement of the Offer Price and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter. Any stabilisation action must be undertaken in accordance with applicable laws and regulations. Save as required by law or regulation, the Stabilising Manager does not intend to disclose the extent of any over-allotments made and/or stabilisation transactions concluded in relation to the Offering.

In connection with the Offering, the Stabilising Manager may, for stabilisation purposes, over-allot GDRs up to a maximum of 1,635,000 additional GDRs, being 10% of the total number of GDRs sold in the Offering excluding the Over-allotment GDRs. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of GDRs effected by it during the Stabilisation Period, the Stabilising Manager will enter into over-allotment arrangements pursuant to which the Stabilising Manager may purchase or procure purchasers for additional GDRs up to a maximum of 1,635,000 Over-allotment GDRs, being 10% of the total number of GDRs sold in the Offering at the Offer Price. The over-allotment arrangements will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after the date of announcement of the Offer Price. Any Over-allotment GDRs made available pursuant to the over-allotment arrangements, including for all dividends and other distributions declared, made or paid on the GDRs, will be purchased on the same terms and conditions as the GDRs being issued or sold in the Offering and will form a single class for all purposes with the other GDRs.

The Stabilising Manager may effect stabilisation transactions on any securities market, over-the-counter market, stock exchange or otherwise.

Other Relationships

The Joint Bookrunners and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Company, for which they received customary fees, and they and their respective affiliates may provide such services for the Company and its respective affiliates in the future. As a result, the Joint Bookrunners and their respective affiliates may have a commercial interest in continuing to provide services to the Company and its respective affiliates that may be material to the Offering.

PLAN OF DISTRIBUTION

In connection with the Offering, the Joint Bookrunners and/or any of their respective affiliates acting as an investor for its or their own account(s) may subscribe for Offer GDRs and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Offer GDRs being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Joint Bookrunners and/or any of their respective affiliates acting as an investor for its or their own account(s). In addition, certain of the Joint Bookrunners or their affiliates may enter into financing or hedging arrangements (including swaps) with investors (including, without limitation, in connection with the cornerstone arrangements described in “Plan of Distribution — Cornerstone Investor”) in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of GDRs. Neither the Joint Bookrunners nor the Company intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Trading GDRs

Application will be made for the GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange, through its IOB. In addition to buying or selling GDRs through the IOB, under the Shanghai-London Stock Connect scheme, a GDR holder will be able to: (i) buy GDRs by requesting a Designated Broker to buy A Shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A Shares; and (ii) sell GDRs by requesting a Designated Broker to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange. Designated Brokers will be London Stock Exchange members designated by the Shanghai Stock Exchange who hold accounts with Shanghai Stock Exchange members enabling them to create or redeem GDRs by buying or selling the underlying A Shares on the Shanghai Stock Exchange (subject to quotas imposed by relevant regulators, as described below) and providing relevant instructions to the Depositary.

In order to buy GDRs, an investor may either: (i) buy GDRs on the London Stock Exchange or another legitimate trading venue in the normal manner; or (ii) instruct (either directly or through their normal broker) a Designated Broker to buy A Shares on the Shanghai Stock Exchange and then instruct the Depositary to create GDRs representing such A Shares.

In order to sell GDRs, an investor may either: (i) sell GDRs on the London Stock Exchange or another legitimate trading venue in the normal manner; or (ii) instruct (either directly or through their normal broker) a Designated Broker to redeem the GDRs and sell the underlying A Shares on the Shanghai Stock Exchange.

A Designated Broker may also buy or sell (and hold an inventory of) A Shares as principal in order to facilitate the purchase and redemption of GDRs cross-border.

This mechanism is intended to provide fungibility between the GDRs and the A Shares by enabling investors or their brokers to place buy and sell orders with the designated brokers who are able to seek the best price for the security from either market.

The Shanghai Stock Exchange has approved twelve brokers to act as Designated Brokers in the United Kingdom. The list of Designated Brokers is available on the website of the Shanghai Stock

PLAN OF DISTRIBUTION

Exchange and on the website of the London Stock Exchange. The PBOC and the SAFE published the Administrative Measures on Cross-border Funds under Depositary Receipts (For Trial Implementation) (存托凭证跨境资金管理办法 (试行)) in May 2019, which requires the Designated Brokers to file certain documents and register with the SAFE. Pursuant to their SAFE registration, each Designated Broker will be subject to restrictions relating to, amongst other things, the types of securities such Designated Broker can deal in (such as the A shares underlying GDRs, money market funds and treasury bills, and other securities as specifically approved by CSRC), as well as daily inventory-related quotas on the maximum number and value of cash and securities held by such Designated Broker and foreign exchange-related quotas on the cumulative net inflow of funds into the PRC in connection with the redemption and creation of GDRs executed by such Designated Broker (which are not expected to give rise to any material risk to GDR holders). The Joint Announcement jointly published by the CSRC and FCA on 17 June 2019 provides that the cross-border currency flow under the Shanghai-London Stock Connect scheme is managed under a general quota, where the currency flow under west-bound GDR listings shall not exceed RMB300 billion. The Joint Announcement also provides that the daily inventory-related quota for each designated broker is RMB500 million. Pursuant to the Q&A on the Calculation of the Upper Limit of Overseas Securities Institutions' Domestic Balance under Shanghai-London Stock Connect (关于沪伦通业务中境外证券经营机构在境内市场资产余额上限计算范围的问答) published by the Shanghai Stock Exchange on 17 October 2019, the calculation of such quota shall exclude any underlying A shares held by a Designated Broker for the purposes of redemption under the Shanghai-London Stock Connect scheme.

Investors should note that settlement of dealings in GDRs on the IOB will take place on a standard two-trading-day rolling basis. Settlement of purchases of GDRs through a Designated Broker will also take place on a two-trading-day rolling basis. However, settlement of redemption of GDRs through a Designated Broker (where the Designated Broker sells the underlying A Shares on the Shanghai Stock Exchange) may take place on either a two-trading-day rolling basis or a three-trading-day rolling basis, depending on whether the relevant Designated Broker holds any inventory of A Shares at such time. This delay is due to the requirement in China for trades to be pre-delivered and the time it takes to redeem GDRs. Therefore, investors redeeming GDRs may be subject to one trading-day market risk in China where the relevant designated broker does not hold any inventory of A Shares. At times such period may be further prolonged by public holidays in relevant jurisdictions.

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

SELLING RESTRICTIONS

The distribution of this Prospectus and the Offering in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set forth in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the GDRs, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the GDRs may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the GDRs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer, subscription and sale of the GDRs offered in the Offering, including those in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or buy any of the GDRs offered in the Offering to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Australia

This Prospectus:

- does not constitute a disclosure document under part 6D.2 of the Corporations Act of the Commonwealth of Australia (“**Corporations Act**”);
- has not been, and will not be, lodged with the Australian Securities and Investments Commission (“**ASIC**”) as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors (“**Exempt Investors**”) available under section 708 of the Corporations Act.

The GDRs may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the GDRs may be issued, and no draft or definitive prospectus, advertisement or other offering material relating to any GDRs may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the GDRs, the investor is deemed to have represented that it is an Exempt Investor.

As any offer of GDRs under this Prospectus will be made without disclosure in Australia under Part 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Part 6D.2 if none

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

of the exemptions in section 708 applies to that resale. By applying for the GDRs, the investor is deemed to have undertaken that it will not, for a period of 12 months from the date of issue of the GDRs, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

This Prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this Prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

China

Each Underwriter has represented and agreed that the GDRs are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the People's Republic of China, including the PRC Securities Law.

Dubai International Financial Centre

Each Underwriter has represented and agreed that it has not offered and will not offer the GDRs to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules Module of the DFSA Rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

European Economic Area and United Kingdom

In relation to each member state of the EEA and the United Kingdom (each a "**Relevant State**"), no GDRs have been offered or will be offered pursuant to the Offering to the public in that Relevant State prior to the publication of a prospectus in relation to the GDRs which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of GDRs may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of GDRs shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation or of a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

For the purposes of this provision, the expression an “offer to the public” in relation to any GDRs in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any GDRs to be offered so as to enable an investor to decide to purchase any GDRs, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In the case of any GDRs being offered to a financial intermediary as that term is used in the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the GDRs acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any GDRs to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. The Company, the Underwriters and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the prior consent of the Joint Global Coordinators, be permitted to acquire GDRs in the Offering.

Hong Kong

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice. Please note that (1) the GDRs may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) (“SFO”) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance of Hong Kong (Cap. 622) (“CO”) or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO, and (2) no person shall issue, or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the GDRs which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.

Japan

The GDRs offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Underwriter has represented, warranted and agreed that the GDRs which it subscribes will be subscribed by it as principal and that, in connection with the offering made hereby, it will not, directly or indirectly, offer or sell any GDRs in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

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Qatar

This Prospectus does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The GDRs have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the GDRs shall not constitute a public offer of securities in the State of Qatar.

Singapore

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the GDRs may not be circulated or distributed, nor may the GDRs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the GDRs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the GDRs pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

The GDRs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the GDRs or the Offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer, the Company or the GDRs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of the GDRs will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of GDRs has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The equity investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the GDRs.

Taiwan

The GDRs have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the GDRs in Taiwan.

United Arab Emirates

Each Underwriter has represented and agreed that the GDRs have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

United Kingdom

Each Underwriter has represented, warranted and agreed that:

- (i) it has only communicated and caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any GDRs in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the GDRs in, from or otherwise involving the United Kingdom.

United States

This Prospectus is not a public offering (within the meaning of the Securities Act) of securities in the United States. The GDRs have not been and will not be registered under the Securities Act or

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States unless pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. All offers and sales of the GDRs outside the United States will be made in offshore transactions in reliance on Regulation S under the Securities Act.

TRANSFER RESTRICTIONS

Each purchaser of the Offer GDRs will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. the purchaser is, at the time of the offer to it of Offer GDRs and at the time the buy order originated, outside the United States for the purposes of Rule 903 under the Securities Act.
2. the purchaser is aware that the Offer GDRs have not been and will not be registered under the Securities Act and are being offered outside the United States in reliance on Regulation S.
3. any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions shall not be recognised by the Company in respect of the Offer GDRs.
4. the purchaser understands that the Offer GDRs and the Master GDR Certificate will bear a legend substantially to the following effect:

THIS GDR CERTIFICATE, THE GDRS EVIDENCED HEREBY AND THE A SHARES OF SDIC POWER HOLDINGS CO., LTD REPRESENTED THEREBY (THE “**SHARES**”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS GDR CERTIFICATE, THE GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY, ACKNOWLEDGE THAT SUCH GDR CERTIFICATE, THE GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY AND THE DEPOSITARY THAT THIS GDR CERTIFICATE, THE GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES.

5. the Company, the Underwriters and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

CLEARING AND SETTLEMENT

Clearing and Settlement of Offer GDRs

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Offer GDRs and cross-market transfers of the Offer GDRs associated with secondary market trading.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including joint bookrunners, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective clients may settle trades with each other. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the Offer GDRs held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Depositary, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Registration and Form

Book-entry interests in the Offer GDRs held through Euroclear and Clearstream, Luxembourg will be represented by the Master GDR Certificate registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear and Clearstream, Luxembourg. As necessary, the Depositary will adjust the amounts of Offer GDRs on the relevant register to reflect the amounts of Offer GDRs held through Euroclear and Clearstream, Luxembourg, respectively. Beneficial ownership in the Offer GDRs will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Offer GDRs in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Offer GDRs, will be responsible for establishing and maintaining accounts for their participants and clients having interests in the book-entry interests in the Offer GDRs. The Depositary will be responsible for maintaining a record of the aggregate holdings of Offer GDRs registered in the name of the common depositary for Euroclear and Clearstream, Luxembourg. The Depositary will be responsible for ensuring that payments received by it from the Company for holders holding through Euroclear or Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

CLEARING AND SETTLEMENT

The Company will not impose any fees in respect of the Offer GDRs; however, holders of book-entry interests in the Offer GDRs may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream, Luxembourg and certain fees and expenses payable to the Depositary in accordance with the terms of the Deposit Agreement. See “Terms and Conditions of the Global Depositary Receipts.”

Global Clearance and Settlement Procedures

Initial Settlement

The Offer GDRs will be in global form evidenced by a Master GDR Certificate. Purchasers electing to hold book-entry interests in Offer GDRs through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to depositary receipts.

Secondary Market Trading

For a description of the transfer restrictions relating to the Offer GDRs, see “Selling Restrictions and Transfer Restrictions — Transfer Restrictions”.

Trading between Euroclear and Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Offer GDRs held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Offer GDRs through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear or Clearstream, Luxembourg and will be settled using the normal procedures applicable to depositary receipts.

General

Although the foregoing sets forth the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Offer GDRs among participants of Euroclear and Clearstream, Luxembourg none of Euroclear and Clearstream, Luxembourg are under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Depositary, the Custodian or their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

Settlement of the Offer GDRs

Payment for the Offer GDRs is expected to be made in US Dollars in same-day funds through the facilities of Euroclear and Clearstream, Luxembourg. Book-entry interests in the Offer GDRs held through Euroclear and Clearstream, Luxembourg will be represented by the Master GDR Certificate registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear and Clearstream, Luxembourg. Except in limited circumstances described herein, investors may hold beneficial interests in the Offer GDRs evidenced by the Master GDR Certificate only through Euroclear or Clearstream, Luxembourg, as applicable.

Transfers within Euroclear and Clearstream Luxembourg will be in accordance with the usual rules and operating procedures of the relevant system.

INFORMATION RELATING TO THE DEPOSITARY

Citibank, N.A. (“**Citibank**”) has been appointed as Depositary pursuant to the Deposit Agreement. Citibank is an indirect wholly owned subsidiary of Citigroup Inc., a Delaware corporation. Citibank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world.

Citibank was originally organised on 16 June 1812, and is now a national banking association organised under the National Bank Act of 1864 of the United States of America. Citibank is primarily regulated by the United States Office of the Comptroller of the Currency. Its principal executive office is at 388 Greenwich Street, New York, NY 10013, United States of America. Citibank’s Consolidated Balance Sheets are set forth in Citigroup’s most recent Annual Report (audited balance sheet) and Quarterly Report (unaudited), each on file on Form 10-K and Form 10-Q, respectively, with the United States Securities and Exchange Commission. Citibank’s Articles of Association and By-laws, each as currently in effect, together with Citigroup’s Annual Report on Form 10-K and Quarterly Report on Form 10-Q are available for inspection at the Depositary Receipt office of Citibank, 388 Greenwich Street, New York, New York 10013.

INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS

BDO China Shu Lun Pan Certified Public Accountants LLP, independent auditors, has a business licence issued by State Administration for Industry and Commerce of the People's Republic of China, and recorded by the MOF and the Chinese Institute of Certified Public Accountants, and has audited the consolidated financial statements of the Group as at and for the three years ended 31 December 2017, 31 December 2018 and 31 December 2019.

BDO LLP has given and not withdrawn its written consent to the inclusion of its accountant's report on page F-2 of this Prospectus and its review report on page F-104 of this Prospectus and has authorised the contents of its reports for the purposes of paragraph 5.3.5R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 (the **"Delegated Regulation"**). Written consent for the purposes of the Prospectus Regulation Rules and the Delegated Regulation is different from a consent filed with the Securities and Exchange Commission of the United States under Section 7 of the Securities Act. As the Offer GDRs have not and will not be registered under the Securities Act, BDO LLP has not filed a consent under Section 7 of the Securities Act. BDO LLP has no material interest in the Company.

For the purposes of paragraph 5.3.5R(2)(f) of the Prospectus Regulation Rules, BDO LLP accepts responsibility for its accountant's report on page F-2 of this Prospectus and its review report on page F-104 of this Prospectus as part of this Prospectus and declares that, to the best of its knowledge, the information contained in its accountant's report on page F-2 of this Prospectus and its review report on page F-104 of this Prospectus is in accordance with the facts and that such parts of this Prospectus make no omission likely to affect their import. This declaration is included in this Prospectus in compliance with item 1.2 of Annex 1 of the Delegated Regulation.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company with respect to English law by Clifford Chance LLP, with respect to US law by Clifford Chance and with respect to PRC law by Fangda Partners.

Certain legal matters in connection with the Offering will be passed upon for the Underwriters with respect to English law by Linklaters LLP, with respect to US law by Linklaters and with respect to PRC law by JunHe LLP.

GENERAL INFORMATION

1. Responsibility

The Company accepts responsibility for the information contained in this Prospectus. To the best of the Company's knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

2. Listing and Trading

It is expected that the GDRs will be admitted, subject only to the issue of the Master GDR Certificate, to listing on the standard segment of the Official List maintained by the FCA on or around 22 October 2020. Application will be made for the Offer GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the London Stock Exchange's Main Market. Conditional trading in the GDRs on the London Stock Exchange through the IOB commenced on a "when issued" basis on 19 October 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

Transactions in Offer GDRs will normally be effected for delivery on the second trading-day after the day of the transaction.

3. Authorisations

The Company has obtained all consents, approvals and authorisations in the PRC in connection with the admission of the GDRs to listing on the standard segment of the Official List and to trading on the Shanghai-London Stock Connect segment of the London Stock Exchange's Main Market required to be obtained prior to the date of this Prospectus.

4. Documents Available for Inspection

The following documents will be available for inspection free of charge at www.sdicpower.com and during normal business hours in China on any weekday, at the registered office of the Company, for a period of one year from the date of publication of this Prospectus:

- this Prospectus;
- the Articles of Association of the Company;
- each of the accountant's report on page F-2 of this Prospectus and the review report on page F-104 of this Prospectus prepared, in each case, by BDO LLP; and
- the Frost & Sullivan Report.

The Company's registered office is located at Room 1108, Floor 11, 147 Xizhimen Nanxiao Street, Xicheng District, Beijing, PRC. Telephone: +86 10 8800 6378.

5. Legal Entity Identifier

The legal entity identifier of the Company is 300300LQJ91PHBNFC721.

6. Website

The Company's website address is www.sdicpower.com. The information on the Company's website does not form part of this Prospectus.

GENERAL INFORMATION

7. Security Codes

GDR ISIN: US78397C2098

GDR Common Code: 208999907

GDR CUSIP: 78397C 209

GDR SEDOL: BL4PSR0

GDR trading symbol: “SDIC”

A Shares ISIN: CNE000000JM2

Shanghai Stock Exchange stock code: 600886

8. Depositary and Agent

Holders of GDRs may contact Citibank, N.A., as Depositary for the GDRs with questions relating to the transfer of GDRs on the books of the Depositary, which shall be maintained at its principal executive office at 388 Greenwich Street, 6th Floor North, New York, New York 10013, United States of America.

If definitive certificates are issued in exchange for the Master GDR Certificate, the Company will appoint an agent in the United Kingdom.

9. Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past a significant effect on the Company’s and/or the Group’s financial position or profitability.

10. Significant Change

There has been no significant change in the financial position or financial performance of the Group since 30 June 2020, being the end of the last financial period for which financial information has been published.

11. Working Capital Statement

In the opinion of the Company, taking into account the facilities available to the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

GENERAL INFORMATION

12. Subsidiaries

The Company is a parent company of a corporate group that comprises other companies. Further detail on the Company's significant subsidiaries as at the Latest Practicable Date is provided below.

<u>Name of subsidiary (full name)</u>	<u>Country of Incorporation/Residence</u>	<u>Percentage Ownership (%)</u>
SDIC New Energy Investment Co., Ltd.	China	64.9
Tianjin SDIC Jinneng Electric Power Co., Ltd.	China	64.0
SDIC Qinzhou Electric Power Co., Ltd.	China	61.0
SDIC Gansu Xiaosanxia Power Co., Ltd.	China	60.5
Xiamen Huaxia International Power Development Co., Ltd.	China	56.0
SDIC Panjiang Electric Power Co., Ltd.	China	55.0
Yalong River Hydropower Development Company, Ltd.	China	52.0
SDIC Genting Meizhouwan Electric Power Co., Ltd.	China	51.0
SDIC Yunnan Dachashan Hydropower Co., Ltd.	China	50.0
Yunnan Metallurgical New Energy Co., Ltd.	China	100.0
Jaderock Investment Singapore Pte. Ltd.	Singapore	100.0
Redrock Investment Limited	UK	100.0

13. Material Contracts

Save as set out below, in the two years immediately preceding the date of this Prospectus, other than contracts entered into in the ordinary course of business, there have not been any material contracts to which the Company or any member of the Group are a party or which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Prospectus.

Underwriting Agreement

On 16 October 2020, the Company and the Joint Bookrunners entered into the Underwriting Agreement. For more information, see "Plan of Distribution—Underwriting Agreement and Over-allotment Option".

Deposit Agreement

On 16 October 2020, the Company and the Depositary entered into the Deposit Agreement for the establishment and maintenance of a GDR facility and the GDRs issued pursuant thereto and pursuant to which the Company also executed a Deed Poll in favour of Holders in the form attached to the Deposit Agreement. For more information, see "Terms and Conditions of the Global Depositary Receipts".

Cornerstone Investment Agreement

On 7 September 2020, the Company and the Cornerstone Investor entered into the Cornerstone Investment Agreement. For more information, see "Plan of Distribution—Cornerstone Investor".

Equity Transfer Agreements

On 11 November 2019, the Company entered into an equity transfer agreement with Guangxi investment Group Co., Ltd. (广西投资集团有限公司) in respect of its entire equity interest in SDIC Beibuwan at a transfer price of RMB591.0 million.

On 27 December 2019, the Company entered into equity transfer agreements with China National Coal Group Corp. (中国中煤能源集团有限公司) in respect of its entire equity interests in SDIC Yili, SDIC Xuancheng, Jingyuan Second Power, Huaibei Guo'an Power and GEPIC Zhangye at an aggregate transfer price of approximately RMB1,809.1 million.

GENERAL INFORMATION

14. Securities

The Company has not issued any partly paid shares nor any convertible securities, exchangeable securities or securities with warrants. The Company does not hold any shares in treasury. There are no shares in the Company's issued share capital that do not represent capital.

15. Takeover Bids

No public takeover bids by third parties in respect of the Company's capital have occurred during the last financial year or as at the date of this Prospectus.

16. Expenses

The total costs and expenses relating to the Offering, including the FCA and LSE listing fees, underwriting commissions and professional fees and expenses, are estimated to amount to between approximately US\$10.1 million (assuming no exercise of the Over-allotment Option) and US\$10.6 million (assuming the Over-allotment Option is exercised in full) and are payable by the Company. Investors will not be charged any expenses by the Company. Pursuant to the terms and conditions of the GDRs, the Depositary will be entitled to charge certain fees to the holders of the GDRs.

17. Frost & Sullivan Report

Frost & Sullivan has given and has not withdrawn its written consent to the inclusion in this Prospectus of information extracted from the Frost & Sullivan Report it prepared at the request of the Company, as sourced to Frost & Sullivan in the "Industry Overview" section. Frost & Sullivan has authorised the content of such information for the purposes of this Prospectus. Frost & Sullivan accepts responsibility for such information, and such information is, to the best of the knowledge of Frost & Sullivan, in accordance with the facts and contains no omission likely to affect its import. Frost & Sullivan has no material interest in the Company.

DEFINITIONS AND GLOSSARY

The following set outs certain defined terms, technical and other power related terms that are used throughout this Prospectus:

“A share(s)”	shares of any company that are traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange in Renminbi
“A Shares”	domestic shares of the Company, with a par value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi and are listed for trading on the Shanghai Stock Exchange
“Admission”	admission to listing on the standard segment of the Official List of the FCA and to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange
“Annual Historical Financial Information”	the Group’s audited consolidated annual financial statements as at and for the years ended 31 December 2017, 31 December 2018 and 31 December 2019
“attributable installed capacity”	calculated by multiplying the Group’s equity interest (whether or not such interest is a controlling interest) in the power generation projects by their installed capacity, usually denominated in MW
“Auditor”	BDO China Shu Lun Pan Certified Accountants LLP
“average installed capacity”	the aggregate daily consolidated installed capacity in a specified period and divided by the number of days in the period
“average utilisation hours”	the consolidated gross power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW)
“benchmark pricing”	a pricing strategy in which the price is calculated periodically based on the average operating costs of power stations of different categories
“Board”	the Board of Directors
“Board” or “Board of Directors”	the board of directors of the Company
“CAGR”	compound annual growth rate
“capacity”	if used alone, is an abbreviated form of installed capacity for operating projects, expected installed capacity for projects under construction or pipeline projects (as the case may be), usually denominated in MW

DEFINITIONS AND GLOSSARY

“capacity under construction”	the additional installed capacity for projects under construction, usually denominated in MW
“CfD”	Contracts for Difference, the UK government’s mechanism for supporting low-carbon electricity generation
“China” or “PRC”	the People’s Republic of China, and for the sole purpose of this Prospectus and by reference to region, excluding Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong Special Administrative Region of the PRC
“CICC”	China International Capital Corporation (UK) Limited
“clean energy”	energy, that when generated, causes little or no harm to the environment.
“Clearstream”	Clearstream Banking, société anonyme
“Closing Date”	on or around 22 October 2020
“CLSA”	CLSA Limited
“Company Adviser”	Huatai Financial Holdings (Hong Kong) Limited
“Company” or “SDIC Power”	SDIC Power Holdings CO., LTD a joint stock company incorporated in the People’s Republic of China with limited liability under the corporate name 国投电力控股股份有限公司 (SDIC Power Holdings CO., LTD), converted from its predecessor SDIC Huajing Power Holdings Co., Ltd. (国投华靖电力控股股份有限公司) on 28 February 2012, the A Shares of which have been listed on the Shanghai Stock Exchange since 2002 (Stock Code: 600886) after SDIC injected certain power generating assets to a then listed company pursuant to an asset swap agreement. Unless the context otherwise requires, it includes its predecessor
“consolidated installed capacity”	the aggregate amount of installed capacity of the Group’s operating power generation projects that it fully consolidates in its consolidated financial statements, excluding discontinued operations
“Cornerstone Investment Agreement”	the cornerstone investment agreement entered into by the Company and the Cornerstone Investor on 7 September 2020
“Cornerstone Investor”	China Yangtze Power International (Hongkong) Co., Limited
“CSDC”	China Securities Depository and Clearing Corporation Limited (中国证券登记结算有限公司)
“CSRC”	the China Securities Regulatory Commission (中国证券监督管理委员会)

DEFINITIONS AND GLOSSARY

“Custodian”	Industrial and Commercial Bank of China Limited
“Delegated Regulation”	Commission Delegated Regulation (EU) 2019/980
“Deposit Agreement”	the deposit agreement entered into by the Company and the Depositary on 16 October 2020 in connection with the issuance of the GDRs represented by the Master GDR Certificate
“Depositary”	Citibank, N.A.
“Designated Broker”	an LSE member that has been “designated” by the Shanghai Stock Exchange as a “designated broker”
“Dingbian Angli”	Dingbian Angli Photovoltaic Technology Co., Ltd. (定边县昂立光伏科技有限公司), a company incorporated in the PRC and a subsidiary of the Company
“Director(s)”	director(s) of the Company
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of FSMA
“dispatch”	the process of apportioning the total demand of the grid through the issuance of dispatch instructions to the scheduled generating units and the generating units providing ancillary services in order to achieve the operational requirements of balancing demand with generation that will ensure the security of the grid
“DR Provisions”	“Provisions on the Supervision and Administration of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and London Stock Exchange” (for implementation) (关于上海证券交易所与伦敦证券交易所互联互通存托凭证业务的监管规定 (试行)) published by the CSRC on 12 October 2018
“DRC(s)”	provincial arms of the NDRC
“EEA”	the European Economic Area
“EIT”	the enterprise income tax of the PRC
“Ertan Hydropower”	Ertan Hydropower Development Company Limited (二滩水电开发有限责任公司), the predecessor of Yalong River Hydropower
“Euroclear”	the Euroclear Bank S.A./N.V.
“Exchange Act”	the US Securities Exchange Act of 1934, as amended

DEFINITIONS AND GLOSSARY

“expected installed capacity”	the total capacity of the Group’s power generation projects under construction or its pipeline projects, usually denominated in MW
“FCA”	the United Kingdom Financial Conduct Authority
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
“Frost & Sullivan Report”	a report prepared by Frost & Sullivan at the request of the Group for the purposes of this Prospectus, dated 4 August 2020, on the Group and the markets in which it operates
“FSMA”	the Financial Services and Markets Act 2000, as amended
“Fujian Pacific”	Fujian Pacific Electric Co., Ltd. (福建太平洋电力有限公司), a company incorporated in the PRC and a subsidiary of the Company
“GBP”	pound sterling, the lawful currency of the UK
“GDP”	gross domestic product (except as otherwise specified, all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)
“GDR”	a global depositary receipt which represents A Shares
“GEPIC Zhangye”	GEPIC Zhangye Power Generation Co., Ltd. (甘肃电投张掖发电有限责任公司), a company incorporated in the PRC and a disposed associate of the Company
“Goldman Sachs”	Goldman Sachs International
“gross generation” or “gross electricity generated”	for a specified period, the total amount of electricity produced by a power generating project during that period
“Group”	the Company and its consolidated subsidiaries
“GW”	gigawatt, a unit of power. 1 GW = 1,000 MW
“GWh”	gigawatt-hour, a unit of energy. 1 GWh = 1 million kWh
“Half Year Historical Financial Information”	the Group’s consolidated condensed interim financial statements as at and for the six months ended 30 June 2020 (together with comparative financial information for the six months ended 30 June 2019) prepared in accordance with IAS 34 as issued by the IASB
“Hengneng Solar Power”	Xiangshui Hengneng Solar Power Generation Co., Ltd. (响水恒能太阳能发电有限公司), a company incorporated in the PRC and a subsidiary of the Company

DEFINITIONS AND GLOSSARY

“Historical Financial Information”	the Annual Historical Financial Information and the Half Year Historical Financial Information
“HMRC”	Her Majesty’s Revenue & Customs
“Holder”	holders of GDRs
“HSBC”	HSBC Bank plc
“Huaibei Guo’an Power”	Huaibei Guo’an Power Co., Ltd. (淮北国安电力有限公司), a company incorporated in the PRC and a disposed associate of the Company
“Huaxia Power”	Xiamen Huaxia International Power Development Co., Ltd. (厦门华夏国际电力发展有限公司), a company incorporated in the PRC and a subsidiary of the Company
“Huzhou Xianghui”	Huzhou Xianghui photovoltaic power generation Co., Ltd. (湖州祥晖光伏发电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“IASB”	International Accounting Standards Board
“IFRS”	International Financial Reporting Standards issued by the IASB
“installed capacity”	the rated output of power generation projects that have started to produce electricity, usually denominated in MW
“IOB”	the International Order Book of the London Stock Exchange
“Jaderock Investment”	Jaderock Investment Singapore Pte. Ltd., a company incorporated in Singapore and a subsidiary of the Company
“Jin-Guan Hydropower Project Group”	a group of hydropower projects consisting of Jinping I, Jinping II and Guandi hydropower projects.
“Jingyuan Second Power”	Jingyuan Second Power Co., Ltd. (靖远第二发电有限公司), a company incorporated in the PRC and a disposed subsidiary of the Company
“Joint Bookrunners”	Goldman Sachs, UBS, HSBC, CICC and CLSA
“Joint Global Co-ordinators”	Goldman Sachs, UBS and HSBC
“kg”	kilogram, a unit of weight. 1 kg = 1,000 g
“km”	kilometre, a unit of length. 1 km = 1,000 m
“kV”	kilovolt, a unit of voltage. 1 kV = 1,000 volts

DEFINITIONS AND GLOSSARY

“kW”	kilowatt, a unit of power. 1 kW = 1,000 watts
“kWh”	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
“Latest Practicable Date”	16 October 2020
“Listing Rules”	the Listing Rules made by the FCA under Part VI of the FSMA
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“m”	metre(s)
“m³”	cubic metre(s)
“major subsidiaries”	Yalong River Hydropower, SDIC Dachaoshan, SDIC Xiaosanxia, SDIC Jinneng, SDIC Qinzhou, SDIC Genting Meizhouwan, Huaxia Power, SDIC Panjiang, SDIC New Energy, Yunnan Metallurgical New Energy, Jaderock Investment and Redrock Investment, as at the Latest Practicable Date
“Master GDR Certificate”	Master Global Depositary Receipt Certificate
“MEE”	Ministry of Ecology and Environment of the PRC (中华人民共和国生态环境部), formerly known as Ministry of Environmental Protection of the PRC (中华人民共和国环境保护部) (“MEP”)
“MLR”	Ministry of Land and Resources of the PRC (中华人民共和国国土资源部)
“MNR”	Ministry of Natural Resources of the PRC (中华人民共和国自然资源部), formerly known as Ministry of Land and Resources of the PRC (中华人民共和国国土资源部) (“MLR”)
“MOF”	Ministry of Finance of the PRC (中华人民共和国财政部)
“MOFCOM”	Ministry of Commerce of the PRC (中华人民共和国商务部)
“MW”	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power generation project is generally expressed in MW
“MWh”	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh

DEFINITIONS AND GLOSSARY

“NDRC”	the National Development and Reform Commission of the PRC (中华人民共和国国家发展和改革委员会)
“NEA”	the National Energy Administration (中华人民共和国国家能源局)
“net generation” or “net electricity generated”	net energy delivered by a seller to the agreed delivery point, usually denominated in GWh or TWh
“net standard coal consumption rate”	a measure of standard coal usage in generating power calculated by dividing the weight of standard coal consumed by the quantity of electricity produced, usually denominated in kg per kWh
“Newsy China”	Newsy (China) Environment & Tech. Co., Ltd. (新源 (中国) 环境科技有限责任公司), a company incorporated in the PRC and a subsidiary of the Company
“Offer GDRs”	17,985,000 GDRs representing A Shares (including the Over-allotment GDRs)
“Offer Price”	US\$12.27
“Offering”	the offering of Offer GDRs outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S
“Official List”	the official list maintained by the FCA
“offtake”	net generation taken
“on-grid tariff”	the wholesale price at which power companies sell the power they generate to grids
“Order”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
“Over-allotment GDRs”	up to 1,635,000 Offer GDRs subject to the Over-allotment Option
“Over-allotment Option”	the option granted by the Company to the Stabilising Manager, exercisable within 30 calendar days after the announcement of the Offer Price, to purchase up to an additional 10% of the aggregate number of Offer GDRs (excluding any Over-allotment GDRs)
“PBOC”	the People’s Bank of China (中国人民银行)

DEFINITIONS AND GLOSSARY

“pipeline projects”	power generation projects that the Group identified and reserved for future development
“PPA”	a power purchase agreement entered into between a power producer and a power grid company or an end user
“PRC Company Law”	the Company Law of the People’s Republic of China (中华人民共和国公司法), as amended and adopted by the Standing Committee of the Tenth National People’s Congress on 27 October 2005 and effective on 1 January 2006, as amended, supplemented or otherwise modified from time to time, which was further amended on 28 December 2013 and became effective on 1 March 2014
“PRC” or “China”	the People’s Republic of China
“Prospectus Regulation”	Regulation (EU) 2017/1129 as amended from time to time
“Prospectus Regulation Rules”	the Prospectus Regulation Rules made by the FCA under Part VI of the FSMA
“QFII”	qualified foreign institutional investors
“Qualified Investors”	qualified investors within the meaning of the Prospectus Regulation
“Redrock Investment”	Redrock Investment Limited, a company incorporated in the UK and a subsidiary of the Company
“Regulated Market”	the regulated market of the London Stock Exchange
“regulating capabilities”	the ability of a reservoir to regulate water flow in the river primarily based on capacity of reservoir storage and the water flow in the river. Quarter, annual or multi-year regulating reservoir refers to a reservoir that can store water for a season, a year or more than a year, respectively
“regulating storage”	the ability of a reservoir to regulate water flow in the river primarily based on capacity of reservoir storage and the water flow in the river, usually dominated in m ³ . Seasonal, annual or multi-year regulating reservoir refers to a reservoir that can store water for a season, a year or more than a year, respectively
“Regulation S”	Regulation S under the Securities Act
“renewable energy”	any energy resource that is naturally regenerated over a short time scale and derived directly from the sun (such as thermal, photochemical, and photoelectric), indirectly from the sun (such as wind, and photosynthetic energy stored in biomass), or from other natural movements and mechanisms of the environment (such as geothermal, hydro power and tidal energy). Renewable energy does not include energy resources derived from fossil fuels, waste products from fossil sources, or waste products from inorganic sources.

DEFINITIONS AND GLOSSARY

“Reporting Accountant”	BDO LLP
“RMB” or “Renminbi”	the lawful currency of the PRC
“ROC”	Renewables Obligations Certificate
“RQFII”	RMB qualified foreign institutional investors
“SAFE”	the State Administration of Foreign Exchange (中华人民共和国国家外汇管理局)
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council (国务院国有资产监督管理委员会)
“SDIC”	State Development & Investment Corp., Ltd. (国家开发投资集团有限公司), the controlling shareholder of the Company
“SDIC Baiyin”	SDIC Baiyin Wind Power Co., Ltd. (国投白银风电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Beibuwan”	SDIC Beibuwan Electric Power Co., Ltd. (国投北部湾发电有限公司), a company incorporated in the PRC and a disposed subsidiary of the Company
“SDIC Chuxiong”	SDIC Chuxiong Wind Power Co., Ltd. (国投楚雄风电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Dachaoshan”	SDIC Yunnan Dachaoshan Hydropower Co., Ltd. (国投云南大朝山水电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Dali”	SDIC Dali Solar Power Co., Ltd. (国投大理光伏发电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Dunhuang”	SDIC Dunhuang Solar Power Co., Ltd. (国投敦煌光伏发电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Genting Meizhouwan”	SDIC Genting Meizhou Wan Electric Power Co., Ltd. (国投云顶湄洲湾电力有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Golmud”	SDIC Golmud Solar Power Co., Ltd. (国投格尔木光伏发电有限公司), a company incorporated in the PRC and a subsidiary of the Company

DEFINITIONS AND GLOSSARY

“SDIC Guangxi”	SDIC Guangxi Wind Power Co., Ltd. (国投广西风电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Hami”	SDIC Hami Wind Power Co., Ltd. (国投哈密风电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Jinneng”	Tianjin SDIC Jinneng Electric Power Co., Ltd. (天津国投津能发电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Jiuquan First”	SDIC Jiuquan First Wind Power Co., Ltd. (国投酒泉第一风电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Jiuquan Second”	SDIC Jiuquan Second Wind Power Co., Ltd. (国投酒泉第二风电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC New Energy”	SDIC New Energy Investment Co., Ltd. (国投新能源投资有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Panjiang”	SDIC Panjiang Electric Power Co., Ltd. (国投盘江发电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Qinghai”	SDIC Qinghai Wind Power Co., Ltd. (国投青海风电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Qinzhou”	SDIC Qinzhou Electric Power Co., Ltd. (国投钦州发电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Shizuishan”	SDIC Shizuishan Solar Power Co., Ltd. (国投石嘴山光伏发电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Turpan”	SDIC Turpan Wind Power Co., Ltd. (国投吐鲁番风电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Xiaosanxia”	SDIC Gansu Xiaosanxia Power Co., Ltd. (国投甘肃小三峡发电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDIC Xuancheng”	SDIC Xuan Cheng Electric Power Co., Ltd. (国投宣城发电有限责任公司), a company incorporated in the PRC and a disposed subsidiary of the Company

DEFINITIONS AND GLOSSARY

“SDIC Yili”	SDIC Yili Energy Development Co., Ltd. (国投伊犁能源开发有限公司), a company incorporated in the PRC and a disposed subsidiary of the Company
“SDIC Yunnan”	SDIC Yunnan Wind Power Co., Ltd. (国投云南风电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“SDRT”	stamp duty reserve tax
“Securities Act”	the United States Securities Act of 1933, as amended
“SERC”	the State Electricity Regulatory Commission of the PRC (中华人民共和国国家电力监管委员会)
“Shanghai Stock Exchange”	the Shanghai Stock Exchange
“Shares”	A Shares
“solar power”	solar photovoltaics
“sq. m.” or “m²”	square metre(s)
“Stabilisation Period”	the period commencing on the date of announcement of the Offer Price and ending no later than the date 30 calendar days thereafter
“Stabilising Manager”	Goldman Sachs International
“standard coal”	coal with an energy content of 7,000 kcal/kg
“supercritical”	power generating units capable of operating at temperatures above 374.12°C and pressures above 22.129MPa, being the critical point of water
“Supervisor(s)”	member(s) of the Company’s Supervisory Committee
“THB”	the lawful currency of Thailand
“Toksun Tianhe”	Toksun Tianhe Solar Power Co., Ltd. (托克逊县天合光能有限责任公司), a company incorporated in the PRC and a subsidiary of the Company
“tonne”	metric tonne
“TWh”	terawatt-hour, a unit of energy. 1 TWh = 1 billion kWh
“UBS”	UBS AG London Branch
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

DEFINITIONS AND GLOSSARY

“ultra-low emissions”	emissions for dust, sulfur dioxide and oxynitride (measured in way of NO ₂) which are within 5 mg/m ³ , 35 mg/m ³ and 50 mg/m ³ , respectively, which is the national special limitation for air pollutants for gas-fired power generation units
“ultra-supercritical”	power generating units capable of operating at temperatures above 580°C and pressures above 27Mpa, higher than those of supercritical generating units
“Underwriters”	Goldman Sachs, UBS, HSBC, CICC and CLSA
“unit gross profit”	a measure of the profitability of hydropower projects of power generation companies. It is calculated by dividing the gross profit of hydropower projects by average of beginning and ending balance of consolidated installed capacity of hydropower projects during the reference year
“US”, “U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “US Dollars”	the lawful currency of the United States of America
“utilisation hours”	the total average generating hours of the Group’s power generating assets, calculated by dividing the gross generation in a specified period divided by the average installed capacity in such period
“VAT”	value-added tax
“Yalong River Huili New Energy”	Yalong River Huili New Energy Co., Ltd. (雅砻江会理新能源有限责任公司), a company incorporated in the PRC and a subsidiary of the Company
“Yalong River Hydropower”	Yalong River Hydropower Development Company, Ltd. (雅砻江流域水电开发有限公司), a company incorporated in the PRC and a subsidiary of the Company, previously known as Ertan Hydropower
“Yalong River Mianning New Energy”	Yalong River Mianning New Energy Co., Ltd. (雅砻江冕宁新能源有限责任公司), a company incorporated in the PRC and a subsidiary of the Company
“Yongneng Solar Power”	Xiangshui Yongneng Solar Power Generation Co., Ltd. (响水永能太阳能发电有限公司), a company incorporated in the PRC and a subsidiary of the Company
“Yunnan Metallurgical New Energy”	Yunnan Metallurgical New Energy Co., Ltd. (云南冶金新能源股份有限公司), a company incorporated in the PRC and a subsidiary of the Company
“%”	per cent.

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The registration document published by the Company on 29 October 2019 (the “**Registration Document**”) contained the information required to be included in a registration document by Annex 5 of the Delegated Regulation. The Prospectus, which otherwise contains information extracted without material amendment from the Registration Document (except as set out below), also includes information required to be included in a securities note and summary as prescribed by Annex 13 of the Delegated Regulation and Article 7 of the Prospectus Regulation, respectively. The Prospectus updates and replaces in whole the Registration Document. Any investor participating in the Offering should invest solely on the basis of the Prospectus, together with any supplement thereto.

This schedule of changes to the Registration Document (the “**Schedule of Changes**”) sets out, refers to or highlights material updates to disclosure included in the Registration Document.

Capitalised terms contained in this Schedule of Changes shall have the meanings given to such terms in the Prospectus unless otherwise defined herein.

PURPOSE

The purpose of this Schedule of Changes is to:

- a) highlight material changes made in the Prospectus, as compared to the Registration Document;
- b) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Securities Note; and
- c) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Summary.

1 REGISTRATION DOCUMENT CHANGES

Risk Factors

- 1.1 The information under the heading “*Risks related to the Group’s business and industry*” on pages 1 to 11 of the Registration Document has been amended as follows:
 - 1.1.1 The risk factor entitled “*Hydropower business revenue is highly dependent on hydrological conditions. Any absence of acceptable climatic conditions for the Group’s hydropower projects may have a material adverse effect on the output of such projects.*” on page 1 of the Registration Document has been amended to reflect the status of the Group’s hydropower business as at 30 June 2020. See page 8 of the Prospectus.
 - 1.1.2 The risk factor entitled “*An increase in coal prices and a disruption in coal supply or transportation could materially and adversely affect the Group’s coal-fired power business.*” on pages 1 and 2 of the Registration Document has been amended to reflect the status of the Group’s coal-fired power business as at 30 June 2020. See page 9 of the Prospectus.
 - 1.1.3 The risk factor entitled “*The power industry in which the Group operates depends heavily on domestic economic conditions, and the industry may be materially affected by any severe or prolonged economic downturn.*” on page 3 of the Registration Document has been amended to include information on the change of the total power consumption in China from 2014 to 2019, China’s annual GDP growth rate in 2019, and the potential impact of trade tension between China and the United States. See pages 10 and 11 of the Prospectus.

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- 1.1.4 The risk factor entitled “*Future changes in regulations or pricing policies may affect the Group’s business, financial conditions and results of operations.*” on page 4 of the Registration Document has been amended to include information on certain administrative penalties received by the Company’s major subsidiaries during the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020. See page 12 of the Prospectus.
- 1.1.5 The risk factor entitled “*Changes in technology and government policies in the wind-power and solar power industry could render the Group’s existing wind and solar power projects and technologies uncompetitive or obsolete.*” on page 7 of the Registration Document has been amended (including the sub-heading) to also include references to the Group’s other renewable energy projects and reflect the status of the Group’s wind power, solar power and other renewable energy projects as at 30 June 2020. See page 15 of the Prospectus.
- 1.1.6 The risk factor entitled “*The Group’s overseas operations and its plans for further overseas expansion are subject to factors such as situations within and practices of the power industry, legal system, political situation and economic development in overseas markets in which the Group operates.*” on page 8 of the Registration Document has been amended to include information on the potential impact of trade tension between China and the United States. See page 16 of the Prospectus.
- 1.1.7 The risk factor entitled “*Natural disasters or other catastrophic events may cause damage or disruption to the Group’s operations.*” on page 9 of the Registration Document has been amended to include information on potential risks in connection with severe communicable disease outbreaks, including the recent outbreak of COVID-19. See page 17 of the Prospectus.
- 1.1.8 The risk factor entitled “*The interests of the Group and of minority shareholders may not be aligned with those of SDIC.*” on page 10 of the Registration Document has been amended to include details of SDIC’s expected shareholding following completion of the Offering. See page 19 of the Prospectus.
- 1.2 The information under the heading “*Risks related to the Group’s legal and regulatory aspects*” on pages 19 to 23 of the Registration Document has been amended as follows:
- 1.2.1 The risk factor entitled “*The Group does not possess the land use right certificates or building ownership certificates for certain land and buildings owned by the Group.*” on pages 12 and 13 of the Registration Document has been amended to reflect the status of the Group’s possession of land use right certificates and building ownership certificates as at 30 June 2020. See pages 20 and 21 of the Prospectus.
- 1.2.2 The risk factor entitled “*The Group is a party to certain legal proceedings and may be involved in legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result.*” on pages 13 and 14 of the Registration Document has been amended to reflect the status of the environmental tort lawsuit brought by the China Biodiversity Conservation and Green Development Foundation against Yalong River Hydropower as at the Latest Practicable Date. See page 22 of the Prospectus.
- 1.2.3 The risk factor entitled “*Future legislation and regulation on carbon emissions in the PRC may adversely affect the Group’s coal-fired business.*” on pages 15 of the Registration Document has been amended to include information on the installed capacity percentage of the Group’s coal-fired power projects as at 30 June 2020. See page 23 of the Prospectus.

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- 1.3 The information under the heading “*Risks related to the Group’s financial aspects*” on pages 15 to 18 of the Registration Document has been amended as follows:
- 1.3.1 The risk factor entitled “*The Group operates in a capital-intensive business, and failure to obtain capital on terms acceptable to the Group may increase its financing costs and cause delays in its expansion plans.*” on pages 15 and 16 of the Registration Document has been amended to include information on the Group’s gearing ratio and capital expenditures for the year ended 31 December 2019 and the six months ended 30 June 2020. See page 24 of the Prospectus.
- 1.3.2 The risk factor entitled “*The Group’s borrowing levels, interest payment obligations and net current liabilities could limit the funds available for various business purposes.*” on page 16 of the Registration Document has been amended to include information on the Group’s indebtedness and net current liabilities for the year ended 31 December 2019 and the six months ended 30 June 2020. See page 25 of the Prospectus.
- 1.3.3 The risk factor entitled “*The Group is subject to risks associated with changes in the preferential tax treatment applicable to some of its subsidiaries.*” on pages 16 and 17 of the Registration Document has been amended to include information on the Group’s effective tax rate for the year ended 31 December 2019 and the six months ended 30 June 2020, and to include information on the preferential tax treatments enjoyed by the Group’s subsidiaries engaged in other renewable energy generation. See page 25 of the Prospectus.
- 1.3.4 The risk factor entitled “*Fluctuations in exchange rates could have an adverse effect on the Group’s results of operations.*” on pages 17 of the Registration Document has been amended to include references to THB and information on fluctuations in exchange rates in relation to THB. See pages 25 and 26 of the Prospectus.

Presentation of Financial and Other Information

- 1.4 The information under the heading “*Presentation of Financial Information*” on page 20 of the Registration Document has been amended to reflect that the Prospectus contains consolidated financial information for the year ended 31 December 2019 and the six months ended 30 June 2020.
- 1.5 The information under the heading “*Market data, economic and industry data*” on pages 20 and 21 of the Registration Document has been amended to update the date of the Frost & Sullivan Report. See page 35 of the Prospectus.
- 1.6 The information under the heading “*Forward-looking statement*” on pages 20 and 21 of the Registration Document has been amended to include references to the Joint Bookrunners and any of their respective affiliates. See page 36 of the Prospectus.

Dividend Policy

- 1.7 The information on page 23 of the Registration Document has been amended to reflect that to the extent dividends are declared and paid by the Company in the future, holders of GDRs on the relevant record date will be entitled to receive dividends payable in respect of the A Shares underlying the GDRs, subject to the terms of the Deposit Agreement. Please see page 45 of the Prospectus.

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Industry Overview

- 1.8 The information under the heading “*Global Power Industry*” on pages 24 and 25 of the Registration Document has been amended as follows:
- 1.8.1 The information under the sub-heading “*Global power demand*” on page 24 of the Registration Document has been amended to include information on global power consumption volumes in 2019, expected global power consumption from 2017 to 2024 and key market drivers, including global electric vehicle sales in 2019 and expected sales by 2024, and global investments in data centres in 2019 and expected investments by 2024. Please see page 48 of the Prospectus.
- 1.8.2 The information under the sub-heading “*Global power supply*” on page 25 of the Registration Document has been amended to include information on the proportion of newly invested global power capacity expected to be renewable energy by 2024 and global cumulative power installed capacity in 2019 and expected growth by 2024 (including breakdowns by regions and fuel types). Please see page 49 of the Prospectus.
- 1.9 The information under the heading “*China Power Industry*” on pages 26 to 36 of the Registration Document has been amended as follows:
- 1.9.1 The information under the sub-heading “*Macroeconomic backdrop*” on page 26 of the Registration Document has been amended to include information on China’s nominal GDP per capita, power consumption per capita and urbanisation rate in 2019 and expected growth by 2024. Please see page 50 of the Prospectus.
- 1.9.2 The information under the sub-heading “*China power value chain overview*” on pages 26 to 27 of the Registration Document has been amended to include information on the top ten state-owned power companies’ market share by installed capacity in China as at 31 December 2019 and leading power operators in China by total installed capacity as at 31 December 2019. Please see pages 50 and 51 of the Prospectus.
- 1.9.3 The information under the sub-heading “*Power demand and consumption in China*” on page 28 of the Registration Document has been amended to include information on historical trends from 2017 and forecasts to 2024 of total power consumption in China. Please see page 51 of the Prospectus.
- 1.9.4 The information under the sub-heading “*Power consumption evolution and sector/type changes*” on page 28 of the Registration Document has been amended to include information on power consumption by industry in China to 2019. Please see page 52 of the Prospectus.
- 1.9.5 The information under the sub-heading “*Regional distribution of power demand*” on page 28 of the Registration Document has been amended to include information on power consumption by region in China to 2019. Please see page 52 of the Prospectus.
- 1.9.6 The information under the sub-heading “*Development of new and emerging sectors*” on page 29 of the Registration Document has been amended to include information on sale volumes in 2019 and total ownership by 2019 in China of energy vehicles and mileage of electrified railways in 2019. Please see page 53 of the Prospectus.
- 1.9.7 The information under the sub-heading “*Power supply in China*” on pages 29 and 30 of the Registration Document has been amended to include information on total power input in China in 2019 and expected growth to 2024, as well as forecast of power generation and power installed capacity by fuel type to 2024. Please see page 53 of the Prospectus.

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- 1.9.8 The information under the sub-heading “*Competitive landscape of power suppliers in China*” on pages 30 and 31 of the Registration Document has been amended to include information on the top ten players in China in each of the hydropower sector, renewable energy sector and thermal power sector as at 31 December 2019. Please see pages 54 and 55 of the Prospectus.
- 1.9.9 The information under the sub-heading “*Power prices in China*” on page 32 of the Registration Document has been amended to include information on power sales through market-oriented power transactions as a percentage of China’s total power consumption in 2019. Please see page 56 of the Prospectus.
- 1.9.10 The information under the sub-heading “*Historical and forecast on-grid prices*” on pages 33 and 34 of the Registration Document has been amended to include information on pricing methods for coal-fired power projects and waste-to-energy power projects and on-grid tariffs for wind power and solar power by region to 2020. Please see pages 57 to 59 of the Prospectus.
- 1.9.11 The information under the sub-heading “*Market policy and regulation*” on page 36 of the Registration Document has been amended to include information on marketisation trend from 1 January 2020. Please see page 60 of the Prospectus.
- 1.10 The information under the heading “*UK Power Industry*” on pages 36 to 38 of the Registration Document has been amended as follows:
- 1.10.1 The information under the sub-heading “*Power generation*” on page 36 of the Registration Document has been amended to include information on the number of firms and major power operators in the UK electricity market in 2019. Please see page 60 of the Prospectus.
- 1.10.2 The information under the sub-heading “*Power supply*” on page 36 of the Registration Document has been amended to include information on growing participants in the UK power supply market. Please see page 61 of the Prospectus.
- 1.10.3 The information under the sub-heading “*Power installed capacity*” on pages 36 and 37 of the Registration Document has been amended to include information on the historical and forecast cumulative power installed capacity by fuel types in UK from 2017 to 2024. Please see page 61 of the Prospectus.
- 1.10.4 The information under the sub-heading “*UK Wind Power Market*” on page 37 of the Registration Document has been amended to include information on UK wind power installed capacity and offshore wind generation in 2019, the number of fully operational offshore wind turbines on the UK seabed and the number under construction by December 2019 and major wind power operators in terms of cumulative power installed capacity of offshore wind by 2019 in the UK. Please see page 62 of the Prospectus.
- 1.10.5 The information under the sub-heading “*Contracts for Differences*” on page 38 of the Registration Document has been amended to include updated information on Contracts for Difference (CfDs). Please see page 62 of the Prospectus.

Business Description

- 1.11 The information under the heading “*Overview*” on pages 39 and 40 of the Registration Document has been amended to include: (i) references to the Group’s other renewable energy projects, (ii) information on the Group’s consolidated installed capacity as at 31 December 2019 and 30 June 2020, including breakdowns by hydropower, coal-fired

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power, wind and solar power and other renewable energy projects, (iii) information on the average utilisation hours of the Group's hydropower projects in 2019, (iv) information on the number of ultra-supercritical and supercritical coal-fired units owned by the Group and their installed capacity as at 30 June 2020, (v) information on the growth of the installed capacity of the Group's wind power, solar power and other renewable energy portfolio to 31 December 2019, including by way of acquisitions of waste-to-energy projects in Thailand, and (vi) information on the Group's total revenue, net profit from continuing operations and net cash flows generated from operating activities in 2017, 2018 and 2019 (including growth rates of the Group's total revenue from 2017). Please see pages 64 and 65 of the Prospectus.

- 1.12 The information under the heading "*History*" on pages 40 and 41 of the Registration Document has been amended to include information on the Group's acquisitions of a 60% equity interest in Newsky China and 100% of the equity interests in Hengneng Solar Power Project, Yongneng Solar Power Project and Dingbian Solar Power Project, and the Group's entering into of equity transfer agreements to transfer its interests in six coal-fired power projects. Please see page 66 of the Prospectus.
- 1.13 The information under the heading "*Organisational Structure*" on page 41 of the Registration Document has been amended to include the simplified organisational structure of the Company and its major subsidiaries as at the Latest Practicable Date. Please see page 66 of the Prospectus.
- 1.14 The information under the heading "*Competitive Strengths*" on pages 41 to 44 of the Registration Document has been amended as follows:
 - 1.14.1 The information under the sub-heading "*Rare and premium hydropower resources with vast potential for growth*" on page 42 of the Registration Document has been amended to include information of the Group's large-scale hydropower projects in operation on the lower reach of the Yalong River as at 30 June 2020. Please see page 67 of the Prospectus.
 - 1.14.2 The information under the sub-heading "*Outstanding hydropower profitability due to sound coordination and regulating capability of hydropower projects*" on page 42 of the Registration Document has been amended to include information on the "unit gross profit" of the Group's hydropower business in 2019. Please see page 67 of the Prospectus.
 - 1.14.3 The information under the sub-heading "*Industry-leading hydropower utilisation hours*" on pages 42 and 43 of the Registration Document has been amended to include information on average utilisation hours of the Group's hydropower projects and China national average utilisation in 2019, as well as the percentage of hydropower generated under preferential offtake arrangements under clean energy policy in 2019. Please see page 68 of the Prospectus.
 - 1.14.4 The information under the sub-heading "*Efficient and clean coal-fired power assets*" on page 43 of the Registration Document has been amended to include information on the Group's coal-fired installed capacity and the number of GW level, supercritical and ultra-supercritical coal-fired power generating units owned by the Group as at 30 June 2020, and Beijiag Coal-fired Power Project's net standard coal consumption rate and the national average rate for coal-fired plants for the year ended 31 December 2019. Please see page 68 of the Prospectus.
 - 1.14.5 The information under the sub-heading "*Successfully acquiring, developing and operating high-quality overseas power generation assets*" on pages 43 and 44 of the Registration

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Document has been amended to include information on the commencement of full commercial operation of the Beatrice project and the Group's involvement in overseas waste-to-energy power business, including via the acquisition of Newsky China. Please see page 69 of the Prospectus.

- 1.14.6 The information under the heading “*Visionary and experienced management team supported by highly-skilled employees*” on page 44 of the Registration Document has been amended to include information on the Group's employees as at 30 June 2020. Please see page 69 of the Prospectus.
- 1.15 The information under the heading “*Business strategies*” on pages 44 to 45 of the Registration Document has been amended under the sub-heading “*Strategically expand international footprint*” to reflect that the Group will continued to enhance its market position through Newsky China in Southeast Asia, and has been amended under the sub-heading “*Establish a diversified and emerging industry value chain*” to include information on the Group's acquisition of various waste-to-energy power and solar power projects. Please see page 70 and page 71 of the Prospectus.
- 1.16 The information under the heading “*Business segments*” on pages 45 to 64 of the Registration Document has been amended as follows:
- 1.16.1 The information throughout the section has been amended to include references to other renewable energy projects of the Group, and segmental information for the year ended 31 December 2019 and the six months ended 30 June 2020, including a diagram illustrating the geographic coverage of the Group's power generating assets in China as at 30 June 2020. Please see pages 71 to 73 of the Prospectus.
- 1.16.2 The information under the sub-heading “*Hydropower Business*” on pages 48 to 55 of the Registration Document has been amended to include: (i) number, consolidated installed capacity and its percentage of the Group's hydropower projects as at 30 June 2020, (ii) key operating data of the Group's hydropower business for 2017, 2018 and 2019, and the six months ended 30 June 2020 (excluding discontinued operations), (iii) information on the Group's hydropower projects along the Yalong River as at 30 June 2020, including a planning diagram of cascade power stations in Yalong River Basin as at 30 June 2020, (iv) information on hydropower projects in operation of the Group as at 30 June 2020, and (v) information on the Groups pipeline hydropower projects as at 30 June 2020, including the Group obtaining approval for construction by DRC for the Kala Hydropower Project. Please see pages 73 to 80 of the Prospectus.
- 1.16.3 The information under the sub-heading “*Coal-fired Power Business*” on pages 55 to 60 of the Registration Document has been amended to include: (i) the number, consolidated installed capacity, its percentage, and the generating unit composition of the Group's coal-fired power projects as at 30 June 2020, (ii) key operating data of the Group's coal-fired power business for 2017, 2018 and 2019, and the six months ended 30 June 2020 (excluding discontinued operations), and (iii) information on the coal-fired power projects in operation of the Group as at 30 June 2020. Please see pages 80 to 83 of the Prospectus.
- 1.16.4 The information under the sub-heading “*Wind and Solar Power Business*” on pages 60 to 62 of the Registration Document has been amended to include: (i) references (including in the sub-heading) to the Group's other renewable energy projects, (ii) the number, consolidated installed capacity, its percentage, and the global layout of the Group's wind power, solar

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power and other renewable energy projects as at 30 June 2020, (ii) key operating data of the Group's wind power, solar power and other renewable energy business for 2017, 2018 and 2019, and the six months ended 30 June 2020 (excluding the overseas power projects), and (iii) information on the Group's wind power, solar power and other renewable energy projects in operation and under construction as at 30 June 2020, and (iv) information on the Group's pipeline wind power, solar power and other renewable energy projects, reflecting that the Group had obtained approval for construction by the provincial DRC for four wind power, solar power and other renewable energy projects as at 30 June 2020. Please see pages 83 to 86 of the Prospectus.

- 1.16.5 The information under the sub-heading “*Overseas Power Assets*” on pages 63 and 64 of the Registration Document has been amended to include: (i) information on the Nong Khaem 1 Municipal Solid Waste Incineration Power Plant Project, which commenced operation in March 2016, (ii) information on the On Nut Waste-to-energy Power Project and the Nong Khaem 2 Municipal Solid Waste Incineration Power Plant Project, which are both under construction, (iii) a diagram illustrating the Group's three aforesaid waste-to-energy projects in Thailand, (iv) the expected installed capacity and time of operation commencement of the Inch Cape Offshore Wind Power Projects, (v) information reflecting that the Beatrice Offshore Wind Power Project commenced full commercial operations in July 2019 with an installed capacity of 588.0 MW, and (vi) the accurate amount of senior notes issued for the Banten Coal-fired Power Project. Please see pages 87 to 89 of the Prospectus.
- 1.17 The information under the heading “*Other Business*” on page 64 of the Registration Document has been amended to include: (i) information on the revenue generated by the Group's other business for the year ended 31 December 2019 and the six months ended 30 June 2020 and (ii) information on discontinued operations. Please see page 89 of the Prospectus.
- 1.18 A new sub-section entitled “Discontinued Operations” has been added to include information on the Group's transfer of its four subsidiaries and two associates from December 2019 to March 2020, their respective installed capacity upon transfer and a table illustrating the net power generation data of the discontinued operations conducted by the four disposed subsidiaries for 2017, 2018 and 2019. Please see page 89 of the Prospectus.
- 1.19 The information under the heading “*Pricing and Sales*” on pages 64 to 66 of the Registration Document has been amended as follows:
- 1.19.1 The information under the sub-heading “*Wind and Solar Power Business*” on page 65 of the Registration Document has been amended to include: (i) references (including in the sub-heading) to the Group's other renewable energy projects and (ii) information on pricing related to waste-to-energy projects. Please see pages 90 and 91 of the Prospectus.
- 1.19.2 The information under the sub-heading “*Marketisation of power*” on pages 65 and 66 of the Registration Document has been amended to include information on the percentage of the Group's electricity generation for which the determination of on-grid tariffs was market based in the year ended 31 December 2019 and the six months ended 30 June 2020 and in the table setting forth a breakdown of the pricing of the Group's power generating assets in China by power source, including for the year ended 31 December 2019 and the six months ended 30 June 2020. Please see page 91 of the Prospectus.

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- 1.20 The information under the sub-heading “*Operation and maintenance*” on pages 67 to 68 of the Registration Document has been amended to include references to other renewable energy projects of the Group. Please see page 93 of the Prospectus.
- 1.21 The information under the heading “*Suppliers and Customers*” on page 68 of the Registration Document has been amended to include information on the average price of standard coal per tonne the Group purchased during the year ended 31 December 2019 and the six months ended 30 June 2020. Please see pages 93 and 94 of the Prospectus.
- 1.22 The information under the heading “*Competitive Landscape*” on pages 69 to 70 of the Registration Document has been amended to include references to other renewable business in China. Please see page 95 of the Prospectus.
- 1.23 The information under the heading “*Employees*” on page 70 of the Registration Document has been amended to include information on the Group’s employees for the year ended 31 December 2019 and the six months ended 30 June 2020. Please see page 95 of the Prospectus.
- 1.24 The information under the heading “*Environmental Regulation*” on page 70 of the Registration Document has been amended to include (i) information on the Group’s investment in carrying out ultra-low emission retrofits of its coal-fired power generating units in 2019 and (ii) the amount invested by the Group in setting up a fish proliferation and discharge station. Please see page 96 of the Prospectus.
- 1.25 The information under the heading “*Health and Safety Compliance*” on page 71 of the Registration Document has been amended to include information on the Group’s health and safety record as at 30 June 2020. Please see page 96 of the Prospectus.
- 1.26 The information under the heading “*Insurance*” on page 71 of the Registration Document has been amended to include information on the Group’s insurance coverage as at 30 June 2020. Please see page 97 of the Prospectus.
- 1.27 The information under the heading “*Current Trading and Prospects*” on page 71 of the Registration Document has been amended to reflect the Group’s recent trading and prospects, including information on the Company’s proposed acquisition of a 50.0% equity interest in a wind power project in Sweden and a discussion of the impact of the COVID-19 outbreak. Please see page 97 of the Prospectus.

Regulation

- 1.28 The information under the heading “*Pollutant Discharge Permit*” on page 80 of the Registration Document has been amended to reflect the amendment of the Measures for the Administration of Pollutant Discharge Permits (Trial) (排污许可管理办法 (试行)) on 22 August 2019. Please see page 106 of the Prospectus.

Selected Consolidated Financial and Other Information

- 1.29 The information in the section entitled “*Selected Consolidated Financial and Other Information*” on pages 83 to 85 of the Registration Document has been generally amended to include consolidated financial and other information for the year ended 31 December 2019 and the six months ended 30 June 2020. See pages 109 to 112 of the Prospectus.

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Operating and Financial Review

- 1.30 The information in the section entitled “*Operating and Financial Review*” on pages 86 to 121 of the Registration Document has been generally amended to include discussion and analysis of the Group’s operating and financial results for the year ended 31 December 2019 and the six months ended 30 June 2020, including in particular new information on discontinued operations. See pages 113 to 152 of the Prospectus.

Management and Corporate Governance

- 1.31 The information under the heading “*Overview*” on page 122 of the Registration Document has been amended to reflect amendments to the Articles of Association which were approved at the second extraordinary general meeting for the year 2020 on 11 August 2020. Please see page 153 of the Prospectus.
- 1.32 The information under the heading “*Board of Directors*” on pages 124 to 128 of the Registration Document has been amended as follows:
- 1.32.1 The table setting out membership of the Board of Directors on page 126 of the Registration Document has been amended to update the ages of the Directors and reflect that Mr. LI Jun is no longer the Director of the Company. Please see page 157 of the Prospectus.
- 1.32.2 The biography of Mr. ZHU Jiwei on page 126 of the Registration Document has been amended to reflect his current term of office from September 2019 to September 2022. Please see page 157 of the Prospectus.
- 1.32.3 The biography of Mr. LUO Shaoxiang on page 126 of the Registration Document has been amended to reflect his service as a director of China SDIC Gaoxin Industrial Investment Corp., Ltd. since March 2020. Please see page 157 of the Prospectus.
- 1.32.4 The biography of Mr. ZHANG Yuanling on page 127 of the Registration Document has been amended to reflect his service as a director of SDIC Asset Management Co., Ltd. since August 2017. Please see page 158 of the Prospectus.
- 1.32.5 The biography of Mr. ZHAN Pingyuan on page 127 of the Registration Document has been amended to reflect his service as a director of various companies in the China Three Gorges group from January 2017 to May 2019, his service as a director of Yangtze Andes Holding Co., Limited from November 2019 to April 2020, and his service as a director of Yangtze Andes Holding Co., Limited from November 2019 to April 2020 and his service as chairman of the board of directors and the chief executive officer of Yangtze Power Capital Co., Ltd. since November 2019. Please see page 158 of the Prospectus.
- 1.32.6 The biography of Mr. YU Yingmin on pages 127 to 128 of the Registration Document has been amended to reflect his service as an independent director of Eastone Century Technology Co., Ltd. from August 2010 to August 2016, and his service as an independent director of Sichuan Shuangma Cement Co., Ltd. from August 2017 to August 2020. Please see pages 158 and 159 of the Prospectus.
- 1.32.7 The biography of Mr. SHAO Lvwei on page 128 of the Registration Document has been amended to reflect his current term of office from September 2019 to September 2022. Please see page 159 of the Prospectus.

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- 1.32.8 The biography of Mr. ZENG Ming on page 128 of the Registration Document has been amended to reflect his service as an independent director of GCL Energy Technology Co., Ltd. since June 2019 and his current term of office from September 2019 to September 2022. Please see page 159 of the Prospectus.
- 1.33 The information under the heading “*Supervisory Committee*” on pages 128 to 130 of the Registration Document has been amended to: (i) update the ages of the members of the Supervisory Committee, and (ii) update the biography of Ms. ZHANG Haijuan to reflect her service as a supervisor of SDIC Intelligence Co., Ltd. since September 2018. Please see pages 160 and 161 of the Prospectus.
- 1.34 The information under the heading “*Senior Managers*” on pages 130 and 131 of the Registration Document has been amended to: (i) update the age of Mr. Yang Lin, (ii) include ages and biographies of Mr. ZHOU Changxin, Mr. YU Haimiao and Mr. ZHANG Kaihong, who were each appointed in 2020, (iii) reflect the extension of Mr. YANG Lin’s term of office to September 2022 and (iv) reflect that Ms. NIU Yuexiang is no longer Chief Financial Officer of the Company, and that Mr. ZHAO Fengbo is no longer the deputy general manager of the Company. Please see pages 161 and 162 of the Prospectus.
- 1.35 The information under the heading “*Other Directorships*” on pages 131 and 132 of the Registration Document has been amended to: (i) reflect changes to the current and former directorships and partnerships of the Directors, Supervisors and senior managers of the Company, (ii) include details of the current and former directorships and partnerships of Mr. ZHOU Changxin, Mr. YU Haimiao and Mr. ZHANG Kaihong, who were each appointed in 2020 and (iii) reflect that Mr. LI Jun is no longer the Director of the Company, that Ms. NIU Yuexiang is no longer Chief Financial Officer of the Company, and that Mr. ZHAO Fengbo is no longer the deputy general manager of the Company. Please see pages 162 to 164 of the Prospectus.
- 1.36 The information under the heading “*Remuneration*” on pages 135 and 136 of the Registration Document has been amended to include information on the remuneration of the Directors, Supervisors and senior managers during the year ended 31 December 2019. Please see pages 167 and 168 of the Prospectus.
- 1.37 The information under the heading “*Interests of Board of Directors, Supervisors and Senior Managers*” on page 137 of the Registration Document has been amended to reflect: (i) the interests of the Directors, Supervisors and senior managers of the Company in the A Shares immediately following completion of the Offering and Admission and (ii) that as far as the Company is aware none of the Directors, Supervisors or senior managers of the Company intend to subscribe in the Offering. Please see page 169 of the Prospectus.

Principal Shareholders

- 1.38 The information in the section entitled “*Principal Shareholders*” on pages 138 to 139 of the Registration Document has been amended to include: (i) the Cornerstone Investor’s proposed subscription in the GDRs, (ii) the shareholdings of shareholders who as at the Latest Practicable Date hold or immediately following completion of the Offering and Admission will hold 5% or more of the A Shares of the Company and (iii) the top 10 beneficial owners of the Company’s A Shares as at 30 June 2020. Please see pages 170 and 171 of the Prospectus.

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Related Party Transactions

- 1.39 The information in the section entitled “*Related Party Transactions*” on page 140 of the Registration Document has been amended to reflect that the Prospectus includes consolidated financial information for the year ended 31 December 2019 and the six months ended 30 June 2020. Please see page 172 of the Prospectus.

Description of the Company’s Share Capital

- 1.40 The information in the section entitled “*Description of the Company’s Share Capital*” on pages 141 to 145 of the Registration Document has been amended to: (i) reflect that in the event that the Offering proceeds and the GDRs are admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange, the Company will be subject to certain provisions of the London Stock Exchange’s Admission and Disclosure Standards, the Listing Rules and the Disclosure Guidance and Transparency Rules, as well as other applicable capital markets regulations, (ii) under the sub-heading “*Evolution of Changes in the Company’s Share Capital*”, to include information on the Company’s share capital to the Latest Practicable Date, (iii) to reflect that new Shares will be issued by the Company to the Depositary in connection with the Offering and (iv) under the sub-heading “*Rules relating to mandatory takeover bids and/or squeeze-out and sell-out in relation to Shares*”, to reflect that the PRC Takeover Rules were amended in March 2020. Please see pages 173 to 178 of the Prospectus.

General Information

- 1.41 The statement under the heading “*Significant Change*” on page 148 of the Registration Document has been amended to 30 June 2020. Please see page 240 of the Prospectus.
- 1.42 The table under the heading “*Subsidiaries*” on page 149 of the Registration Document has been amended to list two offshore major subsidiaries and remove references to SDIC Yili Energy Development Co., Ltd., SDIC Beibuwan Electric Power Co., Ltd., Jingyuan Second Power Co., Ltd. and SDIC Xuancheng Electric Power Co., Ltd. Please see page 241 of the Prospectus.
- 1.43 The information under the heading “*Material Contracts*” on page 149 of the Registration Document has been amended to include information on the Cornerstone Investment Agreement entered into between the Company and the Cornerstone Investor, and the equity transfer agreements entered into by the Company in connection with the transfer by the Company of its entire equity interests in SDIC Beibuwan, SDIC Yili, SDIC Xuancheng, Jingyuan Second Power, Huaibei Guo’an Power and GEPIC Zhangye. Please see page 241 of the Prospectus.

Historical Financial Information

- 1.44 The historical financial information set out on pages F-1 to F-111 of the Registration Document has been amended to reflect that the Prospectus includes historical financial information for the year ended 31 December 2019 and the six months ended 30 June 2020. Please see pages F-1 to F-130 of the Prospectus.

2 SECURITIES NOTE INFORMATION

- 2.1 A new sub-section entitled “*Risks related to the GDRs and the Offering*” has been added to describe the risks relating to the GDRs and the Offering, including risks relating to the

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- liquidity and the trading market for the GDRs, volatility in the market price of the GDRs, future sales of GDRs, the Company's ability to pay dividends, future issues of A Shares, changes in regulatory policy and requirements of the PRC laws, voting rights with respect to the A Shares represented by GDRs, inability of GDR holders to redeem the GDRs and hold A Shares, the fungibility of the GDRs, the 120-day restriction on redemptions of GDRs and exchange rate risk. Please see pages 28 to 33 of the Prospectus.
- 2.2 A new section entitled "*Use of Proceeds*" has been added, describing how the Company intends to use the net proceeds received from the Offering. Please see page 44 of the Prospectus.
- 2.3 A new section entitled "*Capitalisation and Indebtedness*" has been added, describing the capitalisation and indebtedness of the Group as at 30 June 2020. Please see pages 46 and 47 of the Prospectus.
- 2.4 New sections entitled "*The Offering*", "*Plan of Distribution*" and "*Selling Restrictions and Transfer Restrictions*", have been added, describing the means through which the GDRs will be offered pursuant to the Offering, the arrangements relating to the distribution and related restrictions. Please see pages 38 to 43, 222 to 227 and 228 to 233 of the Prospectus, respectively. The "*Plan of Distribution*" section also includes a description of the Underwriting Agreement and the Over-allotment Option arrangements, details of the lock-up arrangements that have been entered into, stabilisation arrangements and a description of the withdrawal rights available to investors in certain circumstances. Please see pages 222 to 227 of the Prospectus.
- 2.5 New sections entitled "*Terms and Conditions of the Global Depositary Receipts*", "*Summary of the provisions relating to the Global Depositary Receipts whilst in Master Form*", "*Description of arrangements to safeguard the rights of the holders of the Global Depositary Receipts*" and "*Information relating to the Depositary*" have been added, describing the terms and conditions of the GDRs, safeguards relating to the GDRs, and rights pertaining to the GDRs and describing the Depositary appointed pursuant to the Deposit Agreement, respectively. Please see pages 179 to 208, 209 to 210, 211 to 214 and 236 of the Prospectus, respectively.
- 2.6 A new section entitled "*Taxation*" has been added to provide a general guide to certain tax considerations relevant to the acquisition, ownership and disposition of the Offer GDRs. Please see pages 215 to 221 of the Prospectus.
- 2.7 A new section entitled "*Clearing and Settlement*" has been added, describing the process for the clearing and settlement of the Offer GDRs. Please see pages 234 to 235 of the Prospectus.
- 2.8 A new section entitled "*Legal Matters*" has been added, which names the legal advisers involved in the Offering. Please see page 238 of the Prospectus.
- 2.9 New disclosure has been included in the section entitled "*General Information*" as follows:
- 2.9.1 A new paragraph entitled "*Listing and Trading*" has been added, describing the expectation that the GDRs will be admitted to listing on the standard segment of the Official List and to trading on the Shanghai-London Stock Connect segment of the London Stock Exchange's Main Market, as well as details of conditional trading. Please see page 239 of the Prospectus.
- 2.9.2 A new paragraph entitled "*Authorisations*" has been added, confirming that the Company has obtained all necessary consents, approvals and authorisations in the PRC in connection

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with the admission of the GDRs to listing on the standard segment of the Official List and to trading on the Shanghai-London Stock Connect segment of the London Stock Exchange's Main Market. Please see page 239 of the Prospectus.

- 2.9.3 A new paragraph entitled "*Responsibility*" has been added, confirming the Company accepts responsibility for the information contained in the Prospectus. Please see page 239 of the Prospectus.
- 2.9.4 A new paragraph entitled "*Security Codes*" has been added, detailing the GDR ISIN, GDR CUSIP, GDR SEDOL, GDR trading symbol, A Share ISIN and Shanghai Stock Exchange stock code. Please see page 240 of the Prospectus.
- 2.9.5 A new paragraph entitled "*Depository and Agent*" has been added, detailing how holders of the GDRs may contact the Depository, and the possibility of the Company appointing an agent in the UK. Please see page 240 of the Prospectus.
- 2.9.6 A new paragraph entitled "*Working Capital Statement*" has been added, confirming the adequacy of the Group's working capital. Please see page 240 of the Prospectus.
- 2.9.7 The paragraph entitled "*Material Contracts*" has been amended to include a description of the Underwriting Agreement and Deposit Agreement. Please see page 241 of the Prospectus.
- 2.9.8 A new paragraph entitled "*Expenses*" has been added, detailing the costs and expenses relating to the Offering. Please see page 242 of the Prospectus.

3 SUMMARY INFORMATION

- 3.1 A new section entitled "*Summary*" has been added into the Prospectus, to reflect the addition of a Summary as required by Article 7 of the Prospectus Regulation. See pages 1 to 7 of the Prospectus.

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FINANCIAL STATEMENTS

FOR THE THREE YEARS ENDED 31 DECEMBER 2019

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Report on Annual Historical Financial Information

BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
SDIC Power Holdings CO., LTD
12F, No. 147 Building
Xizhimen Nanxiao Street
Xicheng District
Beijing 100034

19 October 2020

Dear Sir or Madam

SDIC Power Holdings CO., LTD (the “Company”) and its subsidiaries (together, the “Group”)

Introduction

We report on the financial information set out on pages F-4 to F-103 for the Group. This financial information has been prepared for inclusion in the Prospectus dated 19 October 2020 of the Company (the “Prospectus”) on the basis of the accounting policies set out in note 3 to the financial information. This report is required by item 18.1 of annex 1 of the Commission Delegated Regulation (EU) No. 2019/980 supplementing Commission Regulation (EU) No. 2017/1129 (the “Delegated Regulation”) and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.5R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of annex 1 of the Delegated Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance

that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 December 2017, 31 December 2018 and 31 December 2019 and of its results, cash flows, and changes in equity for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.5R(2)(f), we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex 1 of the Delegated Regulation.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated statement of profit or loss and other comprehensive income
For the three years ended 31 December 2019

	Notes	2019 RMB (m)	2018 RMB (m)	2017 RMB (m)
Continuing operations				
Revenue	5	37,752.0	36,485.8	27,894.6
Cost of sales		(21,367.8)	(20,010.1)	(14,978.3)
Gross profit		16,384.2	16,475.7	12,916.3
Administrative cost	10	(1,272.9)	(1,074.2)	(870.1)
Taxes and surcharges	10	(894.4)	(915.5)	(504.7)
Distribution cost		(30.4)	(5.7)	(6.9)
Impairment (loss)/gain of financial assets	10	(132.2)	5.7	(42.6)
Impairment of property, plant and equipment, inventory and intangibles	10	(76.7)	(126.7)	(29.5)
Other income and expense	7	105.7	172.0	851.5
Operating profit		14,083.3	14,531.3	12,314.0
Shares of profits of associates		609.1	541.9	393.9
Investment income		(2.4)	0.5	—
Fair value movements on financial instrument measured at fair value through profit and loss		8.7	44.7	—
Finance income	8	115.8	82.7	46.5
Finance costs	8	(4,617.4)	(4,873.1)	(4,685.3)
Profit before tax from continuing operations		10,197.1	10,328.0	8,069.1
Income tax expense	11	(1,584.2)	(1,351.7)	(953.5)
Profit for the year from continuing operations		8,612.9	8,976.3	7,115.6
Profit for the year from discontinuing operations	47	80.0	(660.7)	(556.1)
Profit for the year		8,692.9	8,315.6	6,559.5
Other comprehensive income				
Items that will or may be reclassified to profit and loss				
Shares of other comprehensive (loss)/income of associates		(220.9)	42.5	28.3
Valuation (loss)/gain in fair value through other comprehensive income		—	(1.3)	0.4
Cash flow hedging instrument		(25.5)		
Exchange (loss)/gain on translating foreign operations		(22.5)	19.2	(15.4)
Items that will not be reclassified to profit and loss				
Valuation (loss) in fair value through other comprehensive income		(24.9)	—	—
Other comprehensive (loss)/income net of tax		(293.8)	60.4	13.3
Total comprehensive income for the year		8,399.1	8,376.0	6,572.8

Consolidated statement of profit or loss and other comprehensive income
For the three years ended 31 December 2019 (continued)

		2019	2018	2017
	Notes	RMB (m)	RMB (m)	RMB (m)
Profit for the year attributable to:				
Owners of the Company		4,726.5	4,329.2	3,232.3
Non-controlling interests		3,966.4	3,986.4	3,327.2
		<u>8,692.9</u>	<u>8,315.6</u>	<u>6,559.5</u>
Total comprehensive income for the year attributable to:				
Owners of the Company		4,428.2	4,389.5	3,245.6
Non-controlling interests		3,970.9	3,986.5	3,327.2
		<u>8,399.1</u>	<u>8,376.0</u>	<u>6,572.8</u>
		RMB	RMB	RMB
Earnings/(loss) per share				
Basic and diluted:				
From continuing and discontinued operations	12	0.6662	0.6205	0.4763
From continuing operations	12	0.6359	0.6735	0.5231
From discontinued operations	12	0.0303	(0.0530)	(0.0468)

Consolidated statement of financial position
As at 31 December 2017, 2018 and 2019

		2019	2018	2017	As at 1 January 2017
	Notes	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Assets					
Non-current assets					
Property, plant and equipment	14	184,487.5	187,818.7	183,190.8	179,970.5
Investment properties		96.6	103.1	110.1	116.0
Intangible assets	15	2,633.8	2,007.4	2,032.5	2,258.6
Goodwill	16	431.5	409.4	414.2	401.6
Investments in associates	18	9,707.3	10,523.8	8,729.6	8,846.8
Fair value through other comprehensive income investments	19	116.1	188.8	95.3	90.0
Long-term receivable	20	511.4	1,126.6	530.7	517.9
Deferred tax assets	21	400.3	287.7	237.4	205.3
Other non-current assets	22	1,521.5	993.4	664.8	256.8
Total non-current assets		199,906.0	203,458.9	196,005.4	192,663.5
Current assets					
Inventories	23	1,158.9	1,516.7	1,183.2	1,068.1
Accounts and notes receivables	24	5,599.2	5,813.0	4,036.2	3,028.5
Prepayments and other receivables	25	474.5	456.2	540.2	471.7
Tax recoverable	26	925.1	1,146.4	1,384.9	1,711.3
Cash and cash equivalents	27	8,281.6	7,470.0	4,972.4	4,154.3
Restricted deposits	28	154.1	130.5	158.3	186.3
Fair value through profit and loss investment	29	859.2	844.7	—	—
Other current assets	30	—	0.1	7.4	7.3
Assets held-for-sale	47	7,481.1	—	—	—
Total Current assets		24,933.7	17,377.6	12,282.6	10,627.5
TOTAL ASSETS		224,839.7	220,836.5	208,288.0	203,291.0
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the Company					
Share capital	31	6,786.0	6,786.0	6,786.0	6,786.0
Other equity instruments	32	3,999.0	3,999.0	—	—
Reserves	33	8,418.8	8,359.8	7,963.5	7,621.8
Retained earnings/(accumulated losses)		21,176.4	18,546.9	15,805.8	14,272.6
Equity attributable to owners of the Company		40,380.2	37,691.7	30,555.3	28,680.4
Non-controlling interests	34	34,011.8	32,491.4	30,152.3	28,037.4
Total equity		74,392.0	70,183.1	60,707.6	56,717.8
Non-Current liabilities					
Long-term loans	35	109,879.5	111,704.1	108,886.8	103,535.5
Long-term bonds	36	4,400.0	2,200.0	3,000.0	3,000.0
Long-term payable	37	172.0	514.6	489.9	520.0
Lease liability	38	719.6	392.5	357.8	1,777.0
Provision	39	296.7	415.2	514.7	652.8
Deferred income	40	204.9	210.5	233.8	243.6
Deferred tax liabilities	21	42.0	47.0	41.6	31.1
Total non-Current liabilities		115,714.7	115,483.9	113,524.6	109,760.0
Current liabilities					
Accounts and notes payables	41	3,654.7	5,507.3	6,237.8	6,968.5
Other payables	42	6,542.2	5,758.1	7,131.4	7,829.0
Income tax payables		277.3	304.0	139.0	205.1
Other taxes payables	43	421.5	831.1	593.6	524.9
Dividends payables		147.1	260.7	5.2	168.5
Short-term loans	44	5,283.8	5,764.1	4,741.3	7,917.9
Short-term bonds	45	1,500.0	1,000.0	1,200.0	4,500.0
Current portion of long-term liabilities	46	11,276.8	15,744.2	14,007.5	8,699.3
Cash flow hedging instrument		31.9	—	—	—
Liability held-for-sale		5,597.7	—	—	—
Total Current liabilities		34,733.0	35,169.5	34,055.8	36,813.2
Total liabilities		150,447.7	150,653.4	147,580.4	146,573.2
TOTAL EQUITY AND LIABILITIES		224,839.7	220,836.5	208,288.0	203,291.0

Consolidated statement of cash flows
For the three years ended 31 December 2019

	Notes	2019 RMB (m)	2018 RMB (m)	2017 RMB (m)
Cash flows from operating activities				
Profit for the year		8,612.9	8,976.3	7,115.6
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	14	6,584.2	6,202.5	5,632.7
Impairment of property, plant and equipment	14	29.1	5.4	29.5
Amortisation of intangible assets	15	284.1	275.9	263.5
Impairment losses of Intangibles	15	1.7	122.9	—
Impairment losses of others		178.1	(7.3)	42.6
Finance income	8	(115.8)	(82.7)	(46.5)
Finance expense	8	4,583.0	4,814.4	4,629.2
Share of post-tax profits of equity accounted associates	19	(609.1)	(541.9)	(393.9)
Disposal of associates		—	—	0.1
Investment income		2.4	(0.5)	—
Fair value change income		8.7	(44.7)	—
Loss on the scrap of fixed assets		21.6	12.8	82.1
Gain on sale of property, plant and equipment		(1.3)	(4.1)	(7.4)
Income tax expense		1,584.2	1,351.7	953.5
Decrease/(increase) in trade and other receivables		(595.1)	(1,590.8)	(923.0)
Decrease/(increase) in inventories	23	(131.1)	(269.6)	(145.9)
Increase/(decrease) in trade and other payables		1,161.6	857.3	1,848.7
Increase/(decrease) in provisions	39	(147.2)	(142.5)	(143.4)
Increase/(decrease) in employee benefit		(35.7)	37.9	(101.1)
Cash generated from operations		21,416.3	19,973.0	18,836.3
Income taxes paid		(1,754.9)	(1,230.3)	(1,048.3)
Cash flow from continued operations		19,661.4	18,742.7	17,788.0
Cash flow from discontinued operations		574.1	390.2	301.9
Net cash flows from operating activities		20,235.5	19,132.9	18,089.9
Investing activities				
Acquisition of subsidiary, net of cash acquired		(527.3)	(943.8)	(17.0)
Disposal of subsidiaries net of cash acquired		412.7	(8.2)	—
Purchases of property, plant and equipment		(9,804.8)	(9,944.1)	(11,220.9)
Purchase of intangibles		(52.0)	(55.4)	(39.6)
Disposal of property, plant and equipment and other long-term assets		5.5	19.3	10.4
Purchases and disposals of associates		259.7	(1,481.0)	—
Purchases of Fair value through profit and loss		—	(800.0)	—
Shareholder loan to associates		627.3	(519.7)	—
Interest received		115.8	82.7	46.5
Dividends and interests from associates		514.0	303.8	458.1
Other cash outflows related to investing activities		32.5	(25.0)	20.7
Cash flow from continued operations		(8,416.6)	(13,371.4)	(10,741.8)
Cash flow from discontinued operations		(194.9)	(245.0)	(383.5)
Net cash flows from investing activities		(8,611.5)	(13,616.4)	(11,125.3)

Consolidated statement of cash flows
For the three years ended 31 December 2019 (continued)

		2019	2018	2017
	Notes	RMB (m)	RMB (m)	RMB (m)
Financing activities				
Cash received by subsidiaries from investment of minority shareholders		977.2	1,499.5	1,954.1
Issue of other equity instruments		—	3,999.2	—
Fiscally subsidised interest rate of subsidiaries		30.0	35.1	26.8
Dividends paid to the holders of the parent		(1,526.9)	(1,131.2)	(1,370.8)
Dividends paid to non-controlling interests		(3,550.6)	(2,911.7)	(3,296.0)
Proceeds from loans and borrowings		28,254.4	26,424.5	27,891.2
Repayment of loans and borrowings		(28,362.4)	(24,695.9)	(25,788.7)
Interest paid on loans and borrowings		(6,080.8)	(6,020.6)	(5,603.8)
Financial charges		(32.6)	(59.7)	(61.9)
Cash paid for acquisition of minority shares		—	(60.2)	—
Cash flow from continued operations		(10,291.7)	(2,921.0)	(6,249.1)
Cash flow from discontinued operations		(416.8)	(104.3)	110.8
Net cash used in financing activities		(10,708.5)	(3,025.3)	(6,138.3)
Net increase in cash and cash equivalents from continued operations		953.1	2,450.3	797.1
Net increase in cash and cash equivalents from discontinued operations		(37.6)	40.9	29.2
Net increase in cash and cash equivalents		915.5	2,491.2	826.3
Cash and cash equivalents at beginning of year				
Exchange gain/(loss) on cash and cash equivalents		62.3	6.4	(8.2)
Add: the beginning balance of cash and cash equivalents		7,470.0	4,972.4	4,154.3
Cash and cash equivalents of continued operations		8,281.6	7,090.6	4,633.9
Cash and cash equivalents of discontinued operations		166.2	379.4	338.5
Cash and cash equivalents at end of year		8,447.8	7,470.0	4,972.4

**Consolidated statement of changes in equity
For the three years ended 31 December 2019**

	Share capital	Subordinated bonds	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Portion of other comprehensive income of associates	Foreign currency translation reserve	Fair value through other comprehensive income instruments	Cash flow hedging instrument	Retained earnings/accumulated losses	Total	Non-controlling interests	Total equity
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
At 1 January 2017	6,786.0	—	6,471.2	1,064.8	2.4	79.5	3.9	—	—	14,272.6	28,680.4	28,037.4	56,717.8
Profit for the year	—	—	—	—	—	—	—	—	—	3,232.3	3,232.3	3,327.2	6,559.5
Other comprehensive income	—	—	—	—	—	28.3	(15.4)	0.4	—	—	13.3	—	13.3
Total comprehensive income for the year	—	—	—	—	—	28.3	(15.4)	0.4	—	3,232.3	3,245.6	3,327.2	6,572.8
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	1,954.1	1,954.1
Investment by non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	28.5	28.5
Transfer to surplus reserve	—	—	—	328.4	—	—	—	—	—	(328.4)	—	—	—
Dividends declared	—	—	—	—	—	—	—	—	—	(1,370.7)	(1,370.7)	(3,194.9)	(4,565.6)
At 31 December 2017	6,786.0	—	6,471.2	1,393.2	2.4	107.8	(11.5)	0.4	—	15,805.8	30,555.3	30,152.3	60,707.6
At 1 January 2018	6,786.0	—	6,471.2	1,393.2	2.4	107.8	(11.5)	0.4	—	15,805.8	30,555.3	30,152.3	60,707.6
Issue other equity instruments	—	3,999.0	—	—	—	—	—	—	—	—	3,999.0	—	3,999.0
Profit for the year	—	—	—	—	—	—	—	—	—	4,329.2	4,329.2	3,986.4	8,315.6
Other comprehensive income	—	—	—	—	—	42.4	19.2	(1.3)	—	—	60.3	0.1	60.4
Total comprehensive income for the year	—	—	—	—	—	42.4	19.2	(1.3)	—	4,329.2	4,389.5	3,986.5	8,376.0
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	97.9	97.9
Investment by non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	1,499.5	1,499.5
Disposals of shares of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(77.6)	(77.6)
Transfer to surplus reserve	—	—	—	338.4	—	—	—	—	—	(338.4)	—	—	—
Dividends declared	—	—	—	—	—	—	—	—	—	(1,131.2)	(1,131.2)	(3,167.2)	(4,298.4)
Interest to holders of other equity instruments	—	—	—	—	—	—	—	—	—	(118.5)	(118.5)	—	(118.5)
Others	—	—	(2.4)	—	—	—	—	—	—	—	(2.4)	—	(2.4)
At 31 December 2018	6,786.0	3,999.0	6,468.8	1,731.6	2.4	150.2	7.7	(0.9)	—	18,546.9	37,691.7	32,491.4	70,183.1

**Consolidated statement of changes in equity
For the three years ended 31 December 2019 (continued)**

	Share capital	Subordinated bonds	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Portion of other comprehensive income of associates	Foreign currency translation reserve	Fair value through other comprehensive income instruments	Cash flow hedging instrument	Retained earnings/accumulated losses	Total	Non-controlling interests	Total equity
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
At 1 January 2019	6,786.0	3,999.0	6,468.8	1,731.6	2.4	150.2	7.7	(0.9)	—	18,546.9	37,691.7	32,491.4	70,183.1
Profit for the year	—	—	—	—	—	—	—	—	—	4,726.5	4,726.5	3,966.4	8,692.9
Other comprehensive income	—	—	—	—	—	(225.4)	(22.5)	(24.9)	(25.5)	—	(298.3)	4.5	(293.8)
Total comprehensive income for the year	—	—	—	—	—	(225.4)	(22.5)	(24.9)	(25.5)	4,726.5	4,428.2	3,970.9	8,399.1
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	271.2	271.2
Investment by non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	977.2	977.2
Transfer to surplus reserve	—	—	—	364.6	—	—	—	—	—	(364.6)	—	—	—
Dividends declared	—	—	—	—	—	—	—	—	—	(1,526.9)	(1,526.9)	(3,550.6)	(5,077.5)
Interest to holders of other equity instruments	—	—	—	—	—	—	—	—	—	(205.5)	(205.5)	—	(205.5)
Disposal of subsidiaries	—	—	(7.3)	—	—	—	—	—	—	—	(7.3)	(139.7)	(147.0)
Other	—	—	—	—	—	—	—	—	—	—	—	(8.6)	(8.6)
At 31 December 2019	6,786.0	3,999.0	6,461.5	2,096.2	2.4	(75.2)	(14.8)	(25.8)	(25.5)	21,176.4	40,380.2	34,011.8	74,392.0

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019

1. General information

SDIC Power Holdings Co Limited (‘SDIC Power’) was incorporated in the People’s Republic of China (the ‘PRC’). The registered address of the Company is: No.1108, 11F, No. 147 Building, Xizhimen Nanxiao Street, Xicheng District, Beijing. The Group’s principal activity covers investment, construction, operation and management of energy projects with electric power production as primary; development and operation of wind, solar and other sustainable power projects, high and new technology and environmental protection industry development; operation of electric power products as well as information and consultation services.

2. Basis of preparation and going concern

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in section 3. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs) as endorsed by the European Union.

The consolidated financial statements are presented in Chinese Yuan rounded to the nearest million. The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value through other comprehensive income and fair value through profit and loss. The Group has adopted the following accounting standard in the preparation of the consolidated financial statements:

- IFRS 16- Leases: This accounting standard was issued in January 2016 to replace IAS 17 “Leases” and has been endorsed by the EU, which requires to recognise all lease assets and liabilities on the balance sheet for both finance leases and operating leases. This standard is effective for accounting periods beginning on or after 1 January 2019 and the Group has adopted it retrospectively from 1 January 2017, restating comparatives from the 2017 reporting period. There has not been a material impact on the consolidated results from the implementation of this standard.

As highlighted in note 53, these financial statements represent the first financial statements prepared under IFRS.

Accounting standards that have been adopted on 1 January 2019

Furthermore, the following pronouncements, which have also been issued by the IASB and endorsed by the EU are effective for annual periods beginning on or after 1 January 2019. The Group’s financial reporting will be presented in accordance with these new standards, which have not had a material impact on the consolidated results, financial position or cash flows of the Group, from 1 January 2019.

- Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”
- IFRIC 23 “Uncertainty over income Tax Treatments”
- Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”, and
- Continued amendments to IFRS 9 “Prepayment Features with Negative Compensation”.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

2. Basis of preparation and going concern (continued)

New accounting pronouncements to be adopted on or after 1 January 2020

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB and although not yet endorsed by the EU:

- Amendment to IFRS 3 “Definition of a Business”, and
- Amendment to IAS 1 and IASB 8 “Definition of Material”.

The Group’s work to assess the impact of the above accounting changes has shown that the changes are not expected to have a material impact on the consolidated results.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

Going concern

At 31 of December 2019, a significant portion of the funding requirements of the group for the capital expenditures was satisfied by short-term borrowings. At 31 of December 2019 the group had a net current liability of approximately 8,867.9m (2018: RMB17,791m; 2017: RMB21,774m). The group has significant undrawn credit facilities, subject to certain conditions, amounting to approximately RMB145,858m, the group could re-finance and/or restructure certain short-term loans and borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable. The directors of the company are of the opinion that the group will be able to meet its liabilities and other financial commitments as and when they fall due within the next 12 months. Therefore the consolidated financial statements have been prepared on a going concern basis.

An outbreak of a new type of severe pneumonia caused by novel coronavirus (COVID-19) was found to be spreading from person to person and spread globally around the beginning of 2020. Chinese government has taken certain hygiene measures, which include restrictive measures that adversely affected and slowed down the economic development during the period. However, due to the industry characteristics of the power industry and the nature of downstream customers, the COVID-19 outbreak will not likely adversely affect the Group’s business operations and its financial condition and operation results for the first quarter of 2020, including but not limited to material negative impact to the Group’s total revenues and results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the COVID-19 and around the imposition or relaxation of protective measures, the Group will continue to monitor the epidemic situation, assessing and responding to the potential impact of the epidemic on the Group.

3. Accounting policies

The following significant policies have been applied in the preparation of the financial statements.

Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries (“the Group”) as if they formed a single entity. Where the company has control over an investee, it is

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Basis of consolidation (continued)

classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

Continued intercompany transactions and balances between group companies are therefore eliminated in full. Details of the subsidiaries can be located in note 18.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group other than those not under common control.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the Statement of profit or loss and other comprehensive income. All acquisition expenses have been reported within the Statement of profit or loss and other comprehensive income immediately.

The results of acquired operations are included in the Statement of profit or loss and other comprehensive income from the date on which control is obtained applying consistent accounting policies. They are deconsolidated from the date on which control ceases.

Any changes in the Group's ownership interest in subsidiary that does not lead to a loss of control are accounted for as equity transactions.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Business combination under common control

Purchases of subsidiaries as a result of business combinations under common control are accounted for using the predecessor values method. Under this method the financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. Any difference between the consideration of the transaction and the carrying amount of the net assets is recorded in equity.

Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the shareholders of the parent company.

Non-controlling interests are initially measured at the share of identifiable net assets of the subsidiary or for business combinations completed the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the continued entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Non- controlling interests are presented in the statement of financial position and consolidated statement of changes in equity. Non-controlling interests are included in the consolidated statement of profit and loss and other comprehensive income as an allocation of profit and loss and total comprehensive income for the year between non-controlling shareholders and owners of the Company. Profit and loss and other comprehensive income is attributed to the non-controlling interest even if the non-controlling interest has a deficit balance.

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated Statement of profit or loss and other comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated Statement of profit or loss and other comprehensive income on the acquisition date.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Property, plant and equipment (continued)

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives as detailed below.

Land use rights	—	Over life of agreement
Buildings and structures	—	10 to 50 years
Mechanical equipment	—	5 to 30 years
Transportation facilities	—	5 to 10 years
Office equipment and others	—	3 to 5 years
Highway use right	—	Over life of agreement

The residual values, useful lives and depreciation methods are reviewed and, adjusted if appropriate, at each reporting period end.

Construction in progress and engineering materials are recorded at cost being all directly attributable costs necessary for the asset to be located and to operate as intended by management. Depreciation is not recorded until such time as the asset has commenced operations.

Lease

Lease refers to a contract in which the lessor transfers the right to use the asset to the lessee within a certain period to obtain consideration. On the contract start date, the company evaluates whether the contract is a lease or includes a lease. If a party in a contract cedes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or includes a lease.

If the contract includes multiple separate leases in the meantime, the lessee and the lessor will split the contract, and each separate lease will be accounted for. If the contract includes both lease and non-lease parts, the lessee and the lessor split the lease and non-lease parts.

Right-of-use asset

At the beginning of the lease period, the company confirms the right-of-use assets for leases other than short-term leases and low-value asset leases. Right-of-use assets are initially measured at cost. The cost includes:

- (1) The initial measurement amount of the lease liability;
- (2) For lease payments paid on or before the start of the lease period, if there is a lease incentive, the amount related to the lease incentive already enjoyed should be deducted;
- (3) The initial direct costs incurred by the company;
- (4) The company expects to incur the cost of dismantling and removing the leased assets, restoring the premises where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms. The company confirms and measures the cost in accordance with the recognition standard and measurement method of estimated liabilities. This cost is included in the inventory cost incurred for the production of inventory.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Lease (continued)

Right-of-use asset (continued)

The company uses the average life method to accrue depreciation for right-of-use assets. If the company can reasonably determine the ownership of the leased asset when the lease period expires, the right-of-use asset is depreciated within the remaining useful life of the leased asset; if it cannot be reasonably determined that the ownership of the leased asset can be obtained at the end of the lease period, depreciation is accrued during the shorter of the lease period and the remaining useful life of the leased asset.

Lease liability

At the beginning of the lease period, the company confirms lease liabilities for leases other than short-term leases and low-value asset leases. The lease liability is initially measured at the present value of the unpaid lease payments. Lease payments include:

- (1) Fixed payment (including substantial fixed payment), if there is lease incentive, the amount related to lease incentive should be deducted;
- (2) Variable lease payments depending on index or ratio;
- (3) The expected payment is according to the guarantee residual value provided by the company;
- (4) The exercise price of an option is provided that the company reasonably determines that the option will be exercised;
- (5) The amount to be paid for the exercise of the option to terminate the lease, provided that the lease term reflects that the company will exercise the option to terminate the lease;

The company uses the interest rate implicit in the lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the company's incremental borrowing rate is used as the discount rate.

The company calculates the interest expense of the lease liability in each period of the lease period according to a fixed cyclic interest rate, and it is included in the current profit and loss or related asset costs.

Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit or loss or related asset costs when they actually occur.

After the start of the lease period, if the following occurs, the company will re-measures the lease liability according to the present value of the lease payment after the change:

- (1) Changes in the expected payable amount based on the residual value of the guarantee;
- (2) The index or ratio used to determine the lease payment has changed;
- (3) The company's evaluation results of purchase options, lease renewal options, or lease termination options have changed, or the actual exercise of lease renewal options or lease termination options is inconsistent with the original evaluation results. When the lease

**Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)**

3. Accounting policies (continued)

Lease (continued)

Lease liability (continued)

liability is remeasured, the company adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the company will include the remaining amount in the current profit and loss.

Short-term leases and low-value asset leases

The company chooses not to recognise the right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and the related lease payments are included in the current profit and loss or related asset costs according to the straight-line method in each period of the lease period. Short-term lease refers to a lease that does not exceed 12 months and does not include purchase options at the beginning of the lease period. Low-value asset leases refer to leases with low value when the individual leased assets are brand new assets. If the company sublet or anticipate subletting the leased assets, the original lease is not a low value asset lease.

Lease change

If the lease changes and the following conditions are met at the same time, the company will account for the lease change as a separate lease:

- (1) The lease change expands the scope of the lease by adding one or more rights to use the leased asset;
- (2) The increased consideration is equivalent to the individual price of the expanded part of the lease scope adjusted according to the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company will re-allocate the consideration of the changed contract, re-determine the lease period, and re-measure the lease liability according to the present value calculated after the changed lease payment and the revised discount rate.

Investment property

The Group's investment property is land and/or buildings held to earn rentals and/ or capital appreciation. An investment property is measured initially at its cost including all direct cost attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The property is depreciated down to its residual value over the useful economic life of 10 to 50 years.

Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Amortisation of intangible assets generated by power generator units is recognised in cost of sale, and amortisation of intangible assets generated by daily management activities is recognised in administrative expenses.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Intangible assets (continued)

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

Amortisation of intangibles is calculated either at rates appropriate to write off the depreciable amount over the estimated useful lives on a straight-line basis.

Software	5 years
Others	Up to 10 years

The residual values, useful lives and amortisation methods are reviewed and, adjusted if appropriate, at each reporting period end.

Under the terms of the various contracts with the Government, where the Group obtains the right to use various assets. Where the Group acts as operator is required to maintain the asset and make necessary improvements. The upgrade services will maintain and enhance the Group's ability to provide services to the users and therefore the expenditure is recognised as an intangible asset which represents the right to charge users for the public service. The upgrade services are accounted for in accordance with IFRS 15. Revenue is recognised based on stage of completion of the services measured by reference to the fair value of consideration receivable. Fair value of consideration represents the cost of the upgrade services with an estimated margin on services.

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Associates (continued)

using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Discontinued operations and assets held for sale

Discontinued operation requires one of the following conditions, a component that can be distinguished separately, and that component has been disposed by the Group or classified as held for sale by the Group:

- This component represents an independent main business or a separate main business area;
- This component is part of an associated plan to dispose of an independent main business or a separate main operation area;
- This component is a subsidiary acquired exclusively for resale.

Non-current assets or disposal portfolio that meet the following conditions are classified as held for sale:

- Based on the previous experience of selling similar assets or disposal portfolio in similar transactions, these assets or disposal portfolio can be immediately sold under current conditions.
- The possibility of a sale is extremely high, that is, the company has made a decision on the sale plan and obtained a confirmed purchase commitment, which shown that the sale will be completed within one year. Chinese regulations mean that approval is required from both the company and the regulatory authority before the final sale can be made.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Discontinued operations and assets held for sale (continued)

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into the presentation currency of RMB at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Foreign currency (continued)

Exchange differences recognised profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated Statement of profit or loss and other comprehensive income as part of the profit or loss on disposal.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated Statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Financial assets (continued)

Amortised cost (continued)

changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated Statement of profit or loss and other comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows—bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Fair value through other comprehensive income

The Group has a number of investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

The Group has debt securities whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Fair value through profit or loss

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Financial assets (continued)

Fair value through profit or loss (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or gain recognised in profit or loss included any dividend or interest earned on the financial asset and is included in the “Fair value movements on financial instrument measured at fair value through profit and loss” line item.

Financial liabilities

The Group only holds other financial liabilities

Other than financial liabilities in a qualifying hedging relationship (see below), the Group’s accounting policy for each category is as follows:

Other financial liabilities

Other financial liabilities include the following items:

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require the issuer to make specified payments to reimburse the holders for losses they incur because specified debtors fail to make payments when due in accordance with the original or modified terms of debt instruments. Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies outside the group, provisions are made for expected credit losses. Where a provision is recorded this is included in the impairment line in the consolidated statement of profit or loss and other comprehensive loss.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group’s ordinary shares are classified as equity instruments.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Revenue

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or services in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The vast majority of the Group's revenue comprised of contracts with customers from rate-regulated sales of electricity and heat, and it has determined that no enforceable rights and obligations exist at inception of the contract and arise only once the cooling off period is complete and the Group is the legal supplier of energy to the customer. The performance obligation is the supply of energy over the contractual term; the units of supply represent a series of distinct goods that are substantially the same with the same pattern of transfer to the customer. The performance obligation is considered to be satisfied as the customer consumes based on the units of energy delivered. This is the point at which revenue is recognised.

Revenue from sales of electricity and heat represents the amount of tariffs build for electricity and heat generated and transmitted to the respective power companies and heat supply companies. The amounts are billed monthly on basis of agreed output at pre-agreed prices.

Borrowing costs

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated Statement of profit or loss and other comprehensive income in the year to which they relate.

Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Other long-term service benefits (continued)

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement and are denominated in the same currency as the post-employment benefit obligations.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Government grants (continued)

incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated Statement of profit or loss and other comprehensive income or netted against the asset purchased.

Provisions and contingent liabilities

The group has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as components of cash and cash equivalents for the purposes of the cash flow statement.

Operating segments

An operating segment is a component of the Group that is regularly reviewed by the Chief Operating Decision Maker (CODM) for the purposes of allocating resources and assessing financial performance. The CODM is considered to be the Board of Directors.

Preferred stocks, perpetual bonds and other financial instruments

SDIC Power classifies the preferred stock/perpetual debt issued as a financial asset, financial liability or equity instrument upon initial recognition, in accordance with the terms of the contract and the economic substance it reflects and not merely in legal form.

Where any financial instrument such as perpetual debt/preferred stock issued by SDIC Power meets one of the following conditions, such financial instrument is recognised as a liability instrument in its entirety or in its constituent parts upon initial recognition:

- (1) There are contractual obligations that SDIC Power cannot unconditionally avoid performing by delivering cash or other financial assets;

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

3. Accounting policies (continued)

Preferred stocks, perpetual bonds and other financial instruments (continued)

- (2) There is a contractual obligation to deliver a variable number of its own equity instruments for settlement;
- (3) There are derivatives settled with its own equity (such as equity swap), and such derivatives are not settled by exchanging a fixed number of its own equity instruments for a fixed amount of cash or other financial assets;
- (4) There are contract clauses that indirectly form contractual obligations;
- (5) In the liquidation of the issuer, the perpetual bond is in the same order as the common bonds and other debts issued by the issuer.

A financial instrument such as perpetual debt/preferred stock that does not meet any of the above conditions is initially recognised as an equity instrument in its entirety or in its constituent parts.

Hedging instrument

Derivative financial instruments are used by the Group for hedging in order to reduce foreign currency risks as well as interest rate. In accordance with IFRS 9, all derivative financial instruments are recognised at fair value.

Classification of hedging:

- (1) Fair value hedging means hedging against risks of changes in fair value of firm commitments (other than foreign exchange risk) that have not been recognised for recognised assets or liabilities.
- (2) Cash flow hedging means hedging against risks of changes in cash flow. Such changes in cash flow originate from a type of specific risk in relation to the recognised assets or liabilities and an expected transaction that is likely to occur, or originate from foreign exchange risks contained in an unrecognised firm commitment.
- (3) Overseas operations net investment hedging means hedging against foreign exchange risks of net investment for overseas operations. Net investment for overseas operations refers to share of equity in net assets for overseas operations.

Designation of a hedging relationship and recognition of effectiveness of a hedging operation:

The Group has made a formal definition of a hedging relationship before it starts, and has prepared official written documents about a hedging relationship, risk management objectives and hedging strategies. These written documents set out the nature and quantity of hedging instruments, the nature and quantity of hedged items, nature of hedged risks, and type of hedging and SDIC's evaluation of the effectiveness of a hedging instrument. Hedging effectiveness refers to the degree to which changes in fair value or cash flow of a hedging instrument are able to offset changes in fair value or cash flow of hedged items caused by hedged risks.

The Group continuously evaluates the effectiveness of the hedging and determines whether the hedging meets the requirements for the effectiveness of the hedging accounting during the accounting

**Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)**

3. Accounting policies (continued)

Hedging instrument (continued)

period in which the hedging relationship is specified. If it doesn't meet such requirements, the hedging relationship will be terminated.

The use of hedge accounting shall meet the following requirements on hedging effectiveness:

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) The influence of credit risk does not dominate in the value changes generated by the economic relationship between the hedged item and the hedging instrument.
- (3) An appropriate hedging ratio is applied, and this ratio will not result in the imbalance between the hedged item and the relative weight of the hedged instrument, thus producing accounting results inconsistent with the hedging accounting objectives. If the hedging ratio is no longer appropriate, but the hedge risk management objective has not changed, the number of hedged items or hedging instruments shall be adjusted to make the hedging ratio meet the requirements of effectiveness again.

Hedging accounting methods:

Cash flow hedging

The portion belonging to effective hedging of gain or loss of a hedging instrument shall be directly recognised as other comprehensive income and the portion belonging to ineffective hedging shall be included in the current profit and loss.

If the hedged transaction affects the current profit and loss, the amount recognised in other comprehensive income shall be transferred to current profit and loss when hedged financial incomes or expenses are recognised or when expected sale occurs. If the hedged item is the cost of a non-financial asset or liability, the amount previously recognised in other comprehensive income shall be transferred out and recorded in the initially recognised amount of the non-financial asset or liability (or, the amount previously recognised in other comprehensive income shall be transferred out in the same period in which the non-financial assets or liabilities affect profit and loss and recorded in the current profit and loss).

If an expected transaction or a firm commitment is not expected to happen, then cumulative gains and losses of a hedging instrument previously included in shareholders' equity shall be transferred out and included in the current profit and loss. If a hedging instrument has expired and been sold, if the contract has been terminated or exercised (but not been replaced or renewed), or if designation of a hedging relationship has been canceled, then amount previously included in other comprehensive income shall not be transferred out until the expected transaction or firm commitment affects the current profit and loss.

4. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions concerning the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

4. Critical accounting estimates and judgements (continued)

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

(i) Judgements

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Non-current assets held for sale and discontinued operations

The Group exercises judgment in whether assets are held for sale. After evaluation of all options, the Company decided that the most efficient way to maximise shareholders' value from operations was to dispose of some coal-fired power companies and it initiated the process of disposition of the coal-fired power companies. Under IFRS 5, such a transaction meets the 'Asset held for sale' when the transaction is considered sufficiently probable and other relevant criteria are met. Management considers that all the conditions under IFRS 5 for classification of the coal-fired power business as held for sale have been met and expects the interest in the coal-fired power companies to be sold within the next 12 months.

(ii) Estimates

Fair value of assets and liabilities acquired on business combination

In the prior period, the Group acquired several subsidiaries as detailed in note 49. The accounting for business combinations requires the fair valuation of assets and liabilities within the acquiree at the acquisition date and the fair valuation of consideration payable including any contingent consideration. The fair valuation exercise will involve making a number of estimates and the actual outcome may vary from the projected outcome.

The acquisition occurred in the prior year and acquisition values are considered to have not suffered a material change and therefore will only be assessed through consideration of impairment. The contingent consideration payable is fair valued at each period end based on the expectation of the amount being payable based on the contractual terms and likelihood of payment. Should circumstances the value of the liability could be amended in the next accounting period.

Impairment of goodwill and non-current assets

An annual impairment test is required for goodwill and for other non-current assets where there is an indication of impairment. Any impairment test is performed at the level of the cash generating units. Judgement is required in the assessment of whether an indication of impairment exists and also in identifying the level of the cash generating unit.

In making this assessment of whether an indication of impairment exists, the Directors consider the performance of the cash generating unit against expectation.

Any impairment review involves making a number of estimates on calculating the value in use. Details of the assumptions used are included in note 16.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

4. Critical accounting estimates and judgements (continued)

(ii) Estimates (continued)

Expected credit losses on guarantees provided

The Group is required to provide for expected credit losses for guarantees provided. Details of the guarantees provided are included in note 51. In deciding on an appropriate level of provision the Group considers the financial position of the guaranteed party and the likelihood of them defaulting.

5. Revenue from contracts with customers

Revenue is nearly entirely comprised of the power sales of the respective national grids in the company of operations, and the price is determined by national policies. Revenue is recognised at the point in time when energy service is provided and is invoiced on a monthly basis with limited accruing or deferral of revenue.

A breakdown of the revenue by type and geography is provided below.

	2019	2018	2017
	RMB (m)	RMB (m)	RMB (m)
<i>Primary Geographic Markets</i>			
China	37,570.5	36,451.2	27,893.8
Others	181.5	34.6	0.8
	<u>37,752.0</u>	<u>36,485.8</u>	<u>27,894.6</u>
	2019	2018	2017
	RMB (m)	RMB (m)	RMB (m)
<i>Revenue type</i>			
Coal-fired power	16,536.0	14,997.6	8,917.5
Hydropower	18,539.9	19,660.9	17,743.1
Wind, solar and other sustainable power	1,912.2	1,180.8	749.2
Others	763.9	646.5	484.8
	<u>37,752.0</u>	<u>36,485.8</u>	<u>27,894.6</u>

6. Segment information

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, the Finance Director and other senior executives.

Measurement of operating segment profit or loss, assets and liabilities

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with PRC GAAP.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

6. Segment information (continued)

Measurement of operating segment profit or loss, assets and liabilities (continued)

Inter-segment sales are priced along the same lines as sales to external customers. This policy was applied consistently throughout the current and prior period.

Senior Management considers the business from a product perspective. Senior Management primarily assesses the performance of coal-fired power generation, hydropower generation, and wind, solar and other sustainable power generation and others separately. Other operating activities primarily include sales of coal ash and Group headquarter, etc., which are defined as “others”.

During the years ended 31 December 2019, 2018 and 2017, the Group sold substantially all of its electricity to local government-related power grid companies.

Senior Management assesses the performance of the operating segments based on a measure of profit before tax as indicated below.

Sales between operating segments are contracted close to market price and have been eliminated at consolidation level.

Information about reportable segment profit or loss from continuing operations:

	Coal-fired power	Hydropower	Wind, solar and other sustainable power	Others	Elimination of intersegment	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
<i>Year ended 31 December 2019</i>						
Revenue from external						
customers	16,536.0	18,539.9	1,912.2	763.9	—	37,752.0
Cost of sales	13,435.9	6,311.7	811.3	808.9	—	21,367.8
Segment result—profit before						
tax	1,240.6	8,351.0	249.5	3,659.0	(3,303.0)	10,197.1
Depreciation and						
amortisation	2,242.0	3,900.9	759.0	12.9	(46.5)	6,868.3
Impairment losses on assets . .	161.2	6.9	123.0	552.5	(634.7)	208.9
Finance expense	883.7	2,937.5	528.7	333.4	(65.9)	4,617.4
<i>Year ended 31 December 2018</i>						
Revenue from external						
customers	14,997.6	19,660.9	1,180.8	646.5	—	36,485.8
Cost of sales	12,785.8	5,956.9	604.0	663.4	—	20,010.1
Segment result—profit before						
tax	1,125.8	9,499.7	102.2	3,476.3	(3,876.0)	10,328.0
Depreciation and						
amortisation	2,228.9	3,747.3	535.5	12.2	(45.5)	6,478.4
Impairment losses on assets . .	185.7	2.8	(24.9)	10.1	(52.7)	121.0
Finance expense	909.3	3,173.3	441.5	422.1	(73.1)	4,873.1

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

6. Segment information (continued)

Measurement of operating segment profit or loss, assets and liabilities (continued)

	Coal-fired power	Hydropower	Wind, solar and other sustainable power	Others	Elimination of intersegment	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Year ended 31 December 2017						
Revenue from external customers	8,917.5	17,743.1	749.2	484.8	—	27,894.6
Cost of sales	8,079.5	5,966.1	413.2	519.5	—	14,978.3
Segment result— (loss)/ profit before tax	(236.7)	8,485.0	10.5	3,355.9	(3,545.6)	8,069.1
Depreciation and amortisation	1,807.7	3,698.1	438.0	11.2	(58.8)	5,896.2
Impairment losses on assets ...	58.1	0.1	48.6	2.4	(37.1)	72.1
Finance expense	611.3	3,482.0	232.0	397.4	(37.4)	4,685.3
At 31 December 2019						
Segment assets	39,141.1	153,994.6	17,869.4	51,616.4	(37,781.8)	224,839.7
Segment liabilities	25,250.5	98,024.4	15,144.5	12,659.0	(630.7)	150,447.7
At 31 December 2018						
Segment assets	44,397.3	150,187.2	12,583.6	51,146.3	(37,477.9)	220,836.5
Segment liabilities	30,597.8	95,352.9	11,678.4	14,404.9	(1,380.6)	150,653.4
At 31 December 2017						
Segment assets	45,640.6	146,041.5	6,273.2	42,551.8	(32,219.1)	208,288.0
Segment liabilities	32,057.4	97,493.9	6,875.7	12,090.0	(936.6)	147,580.4

7. Other income and expense

Other operating income (for continuing operations) comprises the below amounts.

	2019	2018	2017
	RMB (m)	RMB (m)	RMB (m)
Income from disposal of fixed asset	1.3	4.1	7.4
Government grants	80.6	166.1	918.2
Loss of disposal of fixed asset	(21.6)	(12.8)	(82.1)
Donation	(7.6)	(15.8)	(8.2)
Free of charge transfer	(23.3)	(61.2)	—
Gains on bargain purchase	57.7	—	—
Others	18.6	91.6	16.2
	<u>105.7</u>	<u>172.0</u>	<u>851.5</u>

Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

8. Finance income and cost

<u>Recognised in profit or loss (for continuing operations):</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Finance income			
Interest received on bank deposits	<u>115.8</u>	<u>82.7</u>	<u>46.5</u>
Finance expense			
Interest expense on short term loans	195.4	214.5	247.9
Interest expense on long term loans	4,197.6	4,326.1	4,190.2
Interest expense on short term bonds	30.1	47.1	75.9
Interest expense on long term bonds	141.3	144.3	144.0
Finance expense on lease liabilities	31.6	12.8	6.2
Net foreign exchange (gain)/loss	(10.1)	72.3	(30.4)
Others	<u>31.5</u>	<u>56.0</u>	<u>51.5</u>
Total finance expense	<u>4,617.4</u>	<u>4,873.1</u>	<u>4,685.3</u>

9. Employee benefit expenses

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Employee benefit expenses (including directors) comprise:			
Wages and salaries	1,722.3	1,708.5	1,235.6
Benefits in kind	126.7	119.0	106.2
Social security contributions and similar taxes	170.0	129.4	123.1
Housing fund	146.5	132.7	126.3
Others	85.0	90.4	83.9
Post-employment benefits	<u>300.1</u>	<u>241.1</u>	<u>207.0</u>
	<u>2,550.6</u>	<u>2,421.1</u>	<u>1,882.1</u>

Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. This designation typically includes the directors of the company, and the senior executives of the Group.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>RMB ('000)</u>	<u>RMB ('000)</u>	<u>RMB ('000)</u>
Remuneration	<u>10,717.3</u>	<u>7,940.1</u>	<u>7,098.0</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

10. Profit before tax

	2019	2018	2017
	RMB (m)	RMB (m)	RMB (m)
Continuing operations:			
Gain on financial guarantee	—	(1.1)	(17.1)
Impairment loss of account and other receivable	132.2	(4.6)	59.7
Impairment loss of property, plant and equipment	29.1	5.4	29.5
Impairment loss of Intangibles	1.7	118.4	—
Impairment loss of inventory	45.9	2.9	—
Auditors remuneration	5.3	5.1	5.2
Foreign exchange loss	8.4	72.3	(30.4)
Amortisation	284.1	275.9	263.5
Depreciation	6,584.2	6,202.5	5,632.7
Administrative cost	1,272.9	1,074.2	870.1
Taxes and surcharges	894.4	915.5	504.7

On December 03 2016, the Ministry of Finance issued the “Regulations on the Processing of Value-Added Taxes” (Accounting [2016] No.22), which stipulates that property tax, land use tax, vehicle and vessel usage tax and stamp duty arising from company operating activities need to be reclassified from the “administrative cost” to the “taxes and surcharges” since May 1 2016. Taxes incurred before May 1 2016 and the comparison data will not be adjusted.

11. Tax expense

Income tax expense (for continuing operations):	2019	2018	2017
	RMB (m)	RMB (m)	RMB (m)
Income tax relating to continuing operations has been recognised in profit or loss as following:			
Current tax—PRC Enterprise Income Tax			
Provision for the year	1,679.8	1,396.7	972.3
Deferred tax	(95.6)	(45.0)	(18.8)
	<u>1,584.2</u>	<u>1,351.7</u>	<u>953.5</u>

The reconciliation between the income tax expense and the product profit before tax from continuing operations multiplied by the PRC Enterprise Income Tax rate is as follows:

	2019	2018	2017
	RMB (m)	RMB (m)	RMB (m)
Profit before tax from continuing operations	10,197.1	10,328.0	8,069.1
Tax at the PRC Enterprise Income Tax rate of 25%	2,549.3	2,582.0	2,017.3
Different tax rate applicable to subsidiary companies	(931.4)	(992.8)	(991.8)
Adjustments to prior year provisions	33.7	22.1	88.7
Non-taxable income	(83.4)	(108.9)	(43.9)
Non-deductible expenses	26.7	1.0	7.8
Utilisation of tax losses not previously recognised	(6.9)	(2.0)	(6.2)
Deferred tax assets not recognised	(1.0)	(148.8)	(125.7)
Others	(2.8)	(0.9)	7.3
Income tax expense relating to continuing operations	<u>1,584.2</u>	<u>1,351.7</u>	<u>953.5</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

12. Earnings/(loss) per share

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	RMB (m)	RMB (m)	RMB (m)
Profit for the year attributable to shareholders of the parent company (from continuing and discontinued operations)	4,726.5	4,329.2	3,232.3
Profit for the year attributable to shareholders of the parent company (from continuing operations)	4,520.7	4,689.1	3,549.7
Interest of perpetual bond	<u>(205.6)</u>	<u>(118.5)</u>	<u>—</u>
Weighted average number of shares used in basic EPS	<u>6,786.0</u>	<u>6,786.0</u>	<u>6,786.0</u>
Earnings per share			
Basic and diluted:			
From continuing and discontinued operations	0.6662	0.6205	0.4763
From continuing operations	0.6359	0.6735	0.5231
	Discontinued operations 2019	Discontinued operations 2018	Discontinued operations 2017
	RMB (m)	RMB (m)	RMB (m)
Profit for the year attributable to shareholders of the parent company (from the discontinued operations)	<u>205.8</u>	<u>(359.9)</u>	<u>(317.4)</u>
Weighted average number of shares used in basic EPS	<u>6,786.0</u>	<u>6,786.0</u>	<u>6,786.0</u>
Loss per share			
Basic and diluted:			
From discontinued operations	0.0303	(0.0530)	(0.0468)

There are no outstanding share options or warrants being exercised on or before the Record Date, which would have a dilutive impact on earnings per share.

The interest from the perpetual bond accounted for as part of equity been included to reduce the earnings as it is interest attributable to the parent company.

13. Dividends

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	RMB (m)	RMB (m)	RMB (m)
Final dividend of RMB0.2453 cents (2018: RMB0.2250 cents, 2017: RMB0.2020 cents) per ordinary share proposed and paid during the year relating to the previous year's results	<u>1,526.9</u>	<u>1,131.2</u>	<u>1,370.8</u>

The directors are proposing a final dividend of RMB0.2453 cents (2018: RMB0.2250 cents, 2017: RMB0.2020 cents) per share totalling RMB1,664.6m (2018: RMB1,526.9m, 2017: RMB1,131.2m). This dividend has not been accrued in the consolidated statement of financial position.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

14. Property, plant and equipment

Cost	Land use rights	Buildings and structures	Mechanical equipment	Transportation facilities	Office equipment and others	Construction in progress	Construction materials	Highway use right	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
At 1 January 2017	1,734.2	117,008.9	59,785.5	459.9	427.7	49,891.2	503.8	1,667.7	231,478.9
Additions:									
Purchased	54.9	1.3	33.2	23.2	74.8	9,942.7	285.0	—	10,415.1
Transfer from construction in progress	—	7,049.2	6,735.7	6.9	18.4	(13,810.2)	—	—	—
Transfer from project goods and material	—	—	—	—	—	—	(784.5)	—	(784.5)
On acquisition and disposal of subsidiaries	—	—	238.3	0.6	—	—	—	—	238.9
Others	—	(26.4)	(263.2)	—	(9.7)	—	—	—	(299.3)
Disposals	(2.6)	(40.0)	(424.0)	(14.7)	(21.1)	—	—	—	(502.4)
At 31 December 2017 and 1 January 2018	1,786.5	123,993.0	66,105.5	475.9	490.1	46,023.7	4.3	1,667.7	240,546.7
Additions:									
Purchased	9.1	1.5	109.2	12.0	32.5	8,963.2	56.4	—	9,183.9
Transfer from construction in progress	—	5,967.2	4,717.9	2.3	26.1	(10,716.7)	—	—	(3.2)
Transfer from project goods and material	—	—	—	—	—	—	(22.2)	—	(22.2)
On acquisition and disposal of subsidiaries	3.1	2.1	2,730.2	0.1	0.4	—	—	—	2,735.9
Others	128.3	(42.1)	(105.8)	(0.1)	(0.8)	—	—	—	(20.5)
Disposals	(19.4)	(62.0)	(89.4)	(16.8)	(25.2)	—	—	—	(212.8)
At 31 December 2018 and 1 January 2019	1,907.6	129,859.7	73,467.6	473.4	523.1	44,270.2	38.5	1,667.7	252,207.8
Additions:									
Purchased	9.4	15.8	53.3	15.1	36.3	9,145.1	—	—	9,275.0
Transfer from construction in progress	—	2,251.2	2,540.1	1.8	17.0	(4,810.1)	—	—	—
On acquisition and disposal of subsidiaries	85.5	(255.3)	771.0	(1.9)	(3.2)	—	—	—	596.1
Transfer to held-for-sale	(320.0)	(3,498.6)	(9,305.1)	(94.8)	(56.8)	—	—	—	(13,275.3)
Others	(18.6)	(67.3)	(39.8)	10.3	1.8	(16.3)	263.4	—	133.5
Disposals	(74.2)	(81.3)	(544.1)	(32.0)	(34.2)	—	—	—	(765.8)
At 31 December 2019	1,589.7	128,224.2	66,943.0	371.9	484.0	48,588.9	301.9	1,667.7	248,171.3

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

14. Property, plant and equipment (continued)

Accumulated Depreciation and Impairment

	Land use rights	Buildings and structures	Mechanical equipment	Transportation facilities	Office equipment and others	Construction in progress	Construction materials	Highway use right	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Loss									
At 1 January 2017	285.6	24,079.3	26,098.3	299.0	298.3	—	—	447.9	51,508.4
Additions:									
Depreciation for the year	36.2	2,999.8	3,173.8	32.7	60.6	—	—	45.2	6,348.3
Others	—	4.2	15.0	—	0.3	—	—	—	19.5
Disposals	(0.7)	(15.2)	(484.8)	(10.3)	(34.8)	—	—	—	(545.8)
Impairment:									
Increases	—	—	59.4	—	—	—	—	—	59.4
Other increase	—	—	—	—	—	—	—	—	—
Decreases	—	—	(33.9)	—	—	—	—	—	(33.9)
At 31 December 2017 and 1 January 2018	321.1	27,068.1	28,827.8	321.4	324.4	—	—	493.1	57,355.9
Additions:									
Depreciation for the year	33.9	3,111.8	3,616.0	25.1	76.9	—	—	45.2	6,908.9
Others	—	6.2	1.3	—	—	—	—	—	7.5
Disposals	(3.6)	(39.9)	(59.5)	(16.0)	(23.0)	—	—	—	(142.0)
Impairment:									
Increases	0.2	—	272.5	—	—	—	—	—	272.7
Decreases	—	—	(13.9)	—	—	—	—	—	(13.9)
At 31 December 2018 and 1 January 2019	351.6	30,146.2	32,644.2	330.5	378.3	—	—	538.3	64,389.1
Additions:									
Depreciation for the year	35.3	3,237.4	3,873.7	24.5	81.1	—	—	39.3	7,291.3
Transfer to held-for-sale	(68.0)	(1,344.7)	(5,822.0)	(81.1)	(49.4)	—	—	—	(7,365.2)
Others	(0.3)	(11.0)	1.6	5.9	5.6	—	—	—	1.8
Disposals	(20.3)	(41.1)	(587.7)	(28.1)	(33.3)	—	—	—	(710.5)
Impairment losses	—	—	2.6	—	—	74.7	—	—	77.3
At 31 December 2019	298.3	31,986.8	30,112.4	251.7	382.3	74.7	—	577.6	63,683.8
Carrying Amount									
At 1 January 2017	1,448.6	92,929.6	33,687.2	160.9	129.4	49,891.2	503.8	1,219.8	179,970.5
At 31 December 2017	1,465.4	96,924.9	37,277.7	154.5	165.7	46,023.7	4.3	1,174.6	183,190.8
At 31 December 2018	1,556.0	99,713.5	40,823.4	142.9	144.8	44,270.2	38.5	1,129.4	187,818.7
At 31 December 2019	1,291.4	96,237.4	36,830.6	120.2	101.7	48,514.2	301.9	1,090.1	184,487.5

**Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)**

14. Property, plant and equipment (continued)

Others mainly includes the original value adjustment, transfer from investment property, transfer to investment property, construction in progress, and others.

The net carrying amount of property, plant and equipment includes the following amounts held under finance lease: machine equipment RMB432.8m (2018: RMB1,523.9m, 2017: RMB1,237.6m).

Interest capitalised for the year amounted to RMB1,223.6m (2018: RMB1,098.3m, 2017: RMB1,002.3m). The capitalisation rate applied in the year was 3.92-4.90% (2018: 3.72-4.51%, 2017: 3.92-4.90%).

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

15. Intangible assets

Cost	Software	House Use Right	Sea Area Use Right	Water Intake Right	BOT Concession Right	Carbon Emission Right	Renewables Obligation Certificate	Car Use Right	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
At 1 January 2017	213.4	6.7	211.0	28.8	4,848.1	2.1	—	—	5,310.1
Additions	46.3	—	—	—	12.9	0.5	—	—	59.7
Increased by business merger	—	—	—	—	—	—	—	—	—
Disposals	(1.3)	—	—	—	(23.2)	(2.2)	—	—	(26.7)
Disposal of Subsidiaries	(0.1)	—	—	—	—	—	—	—	(0.1)
At 31 December 2017 and 1 January 2018	258.3	6.7	211.0	28.8	4,837.8	0.4	—	—	5,343.0
Additions	54.9	—	—	—	17.9	0.6	—	—	73.4
Increased by business merger	—	—	—	—	—	—	312.3	—	312.3
Disposals	(0.1)	—	—	—	—	—	—	—	(0.1)
Disposal of Subsidiary	(0.1)	—	—	—	—	—	—	—	(0.1)
At 31 December 2018 and 1 January 2019	313.0	6.7	211.0	28.8	4,855.7	1.0	312.3	—	5,728.5
Additions	31.2	—	5.1	0.8	12.6	2.0	17.0	0.7	69.4
Increased by business merger	0.8	—	—	—	1,016.4	—	—	—	1,017.2
Disposals	(7.8)	—	—	—	—	(2.9)	—	—	(10.7)
Disposal of Subsidiaries	(16.7)	—	(17.6)	—	—	—	—	—	(34.3)
Transfer to held-for-sale	(16.0)	—	—	(29.6)	—	—	—	(0.7)	(46.3)
Other decrease	—	—	—	—	—	—	(15.2)	—	(15.2)
At 31 December 2019	304.5	6.7	198.5	—	5,884.7	0.1	314.1	—	6,708.6

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

15. Intangible assets (continued)

	Software	House Use Right	Sea Area Use Right	Water Intake Right	BOT Concession Right	Carbon Emission Right	Renewables Obligation Certificate	Car Use Right	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Accumulated Amortisation and Impairment Losses									
At 1 January 2017	100.5	2.9	34.7	13.9	2,899.5	—	—	—	3,051.5
Amortisation for the Year	31.7	0.1	5.0	1.5	235.8	—	—	—	274.1
Disposals	(0.2)	—	—	—	(14.9)	—	—	—	(15.1)
At 31 December 2017 and 1 January 2018	132.0	3.0	39.7	15.4	3,120.4	—	—	—	3,310.5
Amortisation for the Year	38.7	0.2	4.9	1.4	237.6	—	4.5	—	287.3
Disposals	—	—	—	—	0.4	—	—	—	0.4
Impairment losses	—	—	—	—	122.9	—	—	—	122.9
At 31 December 2018 and 1 January 2019	170.7	3.2	44.6	16.8	3,481.3	—	4.5	—	3,721.1
Amortisation for the Year	38.6	0.2	5.0	1.4	233.7	—	18.1	—	297.0
Increased by business merger	0.2	—	—	—	103.7	—	—	—	103.9
Other increase	0.2	—	0.7	—	—	—	0.2	0.3	1.4
Impairment losses	—	—	—	—	1.7	—	—	—	1.7
Disposals	(7.6)	—	—	—	—	—	—	—	(7.6)
Disposal of Subsidiaries	(4.9)	—	(4.9)	—	—	—	—	—	(9.8)
Transfer to held-for-sale	(9.8)	—	—	(18.2)	—	—	—	(0.3)	(28.3)
Other decrease	—	—	—	—	(4.4)	—	(0.2)	—	(4.6)
At 31 December 2019	187.4	3.4	45.4	—	3,816.0	—	22.6	—	4,074.8
Carrying Amount									
At 31 December 2016	112.9	3.8	176.3	14.9	1,948.6	2.1	—	—	2,258.6
At 31 December 2017	126.3	3.7	171.3	13.4	1,717.4	0.4	—	—	2,032.5
At 31 December 2018	142.3	3.5	166.4	12.0	1,374.4	1.0	307.8	—	2,007.4
At 31 December 2019	117.1	3.3	153.1	—	2,068.7	0.1	291.5	—	2,633.8

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

15. Intangible assets (continued)

The government has signed a concession agreement with Pacific, granting Pacific the right to undertake the investment, financing, construction and maintenance of the coal-fired power plant. Within the concession period stipulated in the agreement, the government granted Pacific the right to finance the construction and operation of the coal-fired power plant, and allowed Pacific to recover the invested capital and earn profits. The government has supervisory and regulatory authority over the infrastructure and the Pacific needs to transfer the coal-fired power plant to the government for free upon expiration of the concession at June of 2025.

16. Goodwill and impairment

Cost	RMB (m)
At 1 January 2017	401.6
Additions (note 49)	
Exchange differences	12.6
At 31 December 2017 and 1 January 2018	414.2
Additions (note 49)	
Exchange differences	(4.8)
At 31 December 2018 and 1 January 2019	409.4
Additions (note 49)	
Exchange differences	22.1
At 31 December 2019	431.5

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	2019	2018	2017	1/1/2017
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Name of invested entity or goodwill-generating event				
SDIC Xuancheng	5.2	5.2	5.2	5.2
Red Rock Power Limited	426.3	404.2	409.0	396.4
Total	431.5	409.4	414.2	401.6

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The recoverable amounts of the cash-generating units (CGUs) have been determined on the basis of their value in use using discounted cash flow (DCF) method. The key assumptions for the DCF method for power generation units include the expected tariff rates, demands of electricity in specific regions where these power plants are located and fuel cost.

The key assumptions for the DCF method are based on past practices and future expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the best estimated period. The Group expects cash flows beyond the respective forecast periods below will be similar to that of last year of respective forecast based on existing production capacity.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

16. Goodwill and impairment (continued)

The lifetime of Project Beatrice of Redrock is 25 years, which is the period over which the cash flows have been projected, the power price is GBP 140/MWh, and the main cost is operation maintenance. The discount rates used in respective value in use calculations are ranged from 6.00% to 9.00%, and the inflation rate ranges from 2.00% to 3.00%. Based on these assessments, the Group believes that there is no impairment of goodwill at 31 December 2019, 2018 and 2017.

17. Subsidiaries

The principal subsidiaries of SDIC Power Holdings Co Ltd all of which have been included in these consolidated financial statements, are as follows:

	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December				Non-controlling interests ownership/ voting interest at 31 December			
		2019	2018	2017	2016	2019	2018	2017	2016
		%	%	%	%	%	%	%	%
SDIC Jingyuan Second Power Co., Ltd.	Lanzhou, Gansu	51	51	51	51	49	49	49	49
SDIC Xiamen Huaxia International Power Development Co., Ltd.	Xiamen, Fujian	56	56	56	56	44	44	44	44
SDIC Qinzhou Electric Power Co., Ltd.	Qinzhou, Guangxi	61	61	61	61	39	39	39	39
Guangxi Guoqin Energy Co., Ltd.	Qinzhou, Guangxi	31	N/A	N/A	N/A	69	N/A	N/A	N/A
SDIC Yili Energy Development Co., Ltd.	Yili, Xinjiang	60	60	60	60	40	40	40	40
SDIC Panjiang Electric Power Co., Ltd.	Liupanshui, Guizhou	55	55	55	55	45	45	45	45
SDIC Guizhou Power Sales Co., Ltd.	Liupanshui, Guizhou	55	N/A	N/A	N/A	45	N/A	N/A	N/A
SDIC Gansu Xiaosanxia Electric Power Co., Ltd. ...	Lanzhou, Gansu	60	60	60	60	40	40	40	40
Baiyin Daxia Electric Power Co., Ltd.	Baiyin, Gansu	28	28	N/A	N/A	72	72	N/A	N/A
SDIC New Energy Investment Co., Ltd.	Lanzhou, Gansu / Beijing	65	65	65	65	35	35	35	35
SDIC Baiyin Wind Power Co., Ltd.	Baiyin, Gansu	65	65	65	65	35	35	35	35
SDIC Jiuquan First Wind Power Co., Ltd.	Jiquan, Gansu	42	42	42	42	58	58	58	58
SDIC Jiuquan Second Wind Power Co., Ltd.	Jiquan, Gansu	65	65	65	65	35	35	35	35
SDIC Hami Wind Power Co., Ltd.	Hami, Xinjiang	65	65	65	65	35	35	35	35
SDIC Ningxia Wind Power Co., Ltd.	Zhongwei, Ningxia	65	65	65	65	35	35	35	35
SDIC Qinghai Wind Power Co., Ltd.	Haixi, Qinghai	52	52	52	52	48	48	48	48
SDIC Yunnan Wind Power Co., Ltd.	Kunming, Yunnan	58	58	58	58	42	42	42	42

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

17. Subsidiaries (continued)

	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December				Non-controlling interests ownership/ voting interest at 31 December			
		2019 %	2018 %	2017 %	2016 %	2019 %	2018 %	2017 %	2016 %
SDIC Turpan Wind Power Co., Ltd	Turpan, Xinjiang	65	65	65	65	35	35	35	35
SDIC Dunhuang Photovoltaic Power Co., Ltd	Dunhuang, Gansu	65	65	65	65	35	35	35	35
SDIC Shizuishan Photovoltaic Power Co., Ltd	Shizuishan, Ningxia	65	65	65	65	35	35	35	35
SDIC Golmud Photovoltaic Power Co., Ltd.	Golmud, Qinghai	65	65	65	65	35	35	35	35
SDIC Chuxiong Wind Power Co., Ltd.	Chuxiong, Yunnan	58	58	58	58	42	42	42	42
SDIC Dali Photovoltaic Power Co., Ltd.	Dali, Yunnan	65	65	65	65	35	35	35	35
SDIC Guangxi Wind Power Co., Ltd.	Qinzhou, Guangxi	65	65	65	65	35	35	35	35
SDIC Tianjin New Energy Co., Ltd.	Tianjin	65	65	N/A	N/A	35	35	N/A	N/A
SDIC Yan'an New Energy Co., Ltd.	Yan'an, Shaanxi	65	65	N/A	N/A	35	35	N/A	N/A
SDIC Gansu New Energy Co., Ltd.	Lanzhou, Gansu	65	N/A	N/A	N/A	35	N/A	N/A	N/A
SDIC Gansu Power Selling Co., Ltd.	Lanzhou, Gansu	65	65	65	65	35	35	35	35
SDIC Genting Meizhou Bay Electric Power Co., Ltd. . . .	Putian, Fujian	51	51	51	51	49	49	49	49
SDIC Dingshi Overseas Investment Management Co., Ltd.	Xiamen, Fujian	100	100	100	100	N/A	N/A	N/A	N/A
Yalong River Basin Hydropower Development Co., Ltd.	Sichuan	52	52	52	52	48	48	48	48
Yalong River Hydropower Panzhihua Tongzilin Co., Ltd.	Panzhihua, Sichuan	52	52	52	52	48	48	48	48
Yalong River Hydropower Liangshan Co., Ltd.	Liangshan Prefecture, Sichuan	52	52	52	52	48	48	48	48
Sichuan Ertan Construction and Consultation Co., Ltd.	Chengdu, Sichuan	26	26	26	26	74	74	74	74
Sichuan Ertan Industrial Development Co., Ltd.	Chengdu, Sichuan	47	47	47	47	53	53	53	53
Yalong River Sichuan Energy Co., Ltd	Chengdu, Sichuan	52	52	52	52	48	48	48	48
Huili Powerchina Bridge New Energy Co., Ltd	Liangshan Yi Autonomous Prefecture, Sichuan	27	27	27	N/A	73	73	73	N/A
Mianning Powerchina Bridge New Energy Co., Ltd	Liangshan Yi Autonomous Prefecture, Sichuan	31	31	31	N/A	69	69	69	N/A

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

17. Subsidiaries (continued)

	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December				Non-controlling interests ownership/ voting interest at 31 December			
		2019 %	2018 %	2017 %	2016 %	2019 %	2018 %	2017 %	2016 %
Yalong River Yanyuan Photovoltaic Co., Ltd	Liangshan Prefecture, Sichuan	52	N/A	N/A	N/A	48	N/A	N/A	N/A
Yalong River Hydropower Ganzi Co., Ltd	Ganzi Tibetan Autonomous Prefecture, Sichuan	52	N/A	N/A	N/A	48	N/A	N/A	N/A
SDIC Yunnan Dachaoshan Hydropower Co., Ltd.	Kunming, Yunnan	50	50	50	50	50	50	50	50
Yunnan Dachao Industry Co., Ltd	Kunming, Yunnan	50	50	50	50	50	50	50	50
Tianjin SDIC Jinneng Electric Power Co., Ltd.	Tianjin	64	64	64	64	36	36	36	36
Tianjin Beijiang Environmental Protection Building Material Co., Ltd	Tianjin	64	64	64	64	36	36	36	36
SDIC Xuancheng Electric Power Co., Ltd	Xuancheng, Anhui	51	51	51	51	49	49	49	49
Anhui Guoxuan Energy Sales Co., Ltd.	Xuancheng, Anhui	51	51	N/A	N/A	49	49	N/A	N/A
Jaderock Investment Singapore Pte Ltd	Singapore	100	100	100	100	N/A	N/A	N/A	N/A
Redrock Investment Limited	London, the UK	100	100	100	100	N/A	N/A	N/A	N/A
Red Rock Power Limited	Scotland, the UK	100	100	100	100	N/A	N/A	N/A	N/A
Inch Cape Offshore Limited . .	Scotland, the UK	100	100	100	100	N/A	N/A	N/A	N/A
Beatrice Wind Limited	Scotland, the UK	100	100	100	100	N/A	N/A	N/A	N/A
Afton Wind Farm (Holdings) Limited	Scotland, the UK	100	100	N/A	N/A	N/A	N/A	N/A	N/A
Afton Wind Farm Limited	Scotland, the UK	100	100	N/A	N/A	N/A	N/A	N/A	N/A
Afton Wind Farm (BMO) Limited	Scotland, the UK	100	100	N/A	N/A	N/A	N/A	N/A	N/A
Yunnan Metallurgical New Energy Co., Ltd.	Honghe, Yunnan	100	100	N/A	N/A	N/A	N/A	N/A	N/A
SDIC Aksai New Energy Co., Ltd.	Jiuquan, Gansu	65	65	N/A	N/A	35	35	N/A	N/A
SDIC Huanneng Power Co., Ltd	Beijing	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Newsky (China) Environment & Tech.Co.,Ltd	Xiamen, Fujian	60	N/A	N/A	N/A	40	N/A	N/A	N/A
Guizhou Newsky Environment & Tech Co., Ltd.	Liupanshui, Guizhou	60	N/A	N/A	N/A	40	N/A	N/A	N/A
Guizhou Newsky Food Waste & Municipal Sludge Treatment Co., Ltd.	Liupanshui, Guizhou	60	N/A	N/A	N/A	40	N/A	N/A	N/A
NEWSKY ENERGY (THAILAND) CO., Ltd. . . .	Thailand	60	N/A	N/A	N/A	40	N/A	N/A	N/A

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

17. Subsidiaries (continued)

	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December				Non-controlling interests ownership/ voting interest at 31 December			
		2019 %	2018 %	2017 %	2016 %	2019 %	2018 %	2017 %	2016 %
C&G Environment Protection (Thailand) Company Limited	Thailand	60	N/A	N/A	N/A	40	N/A	N/A	N/A
Newsky Energy (Bangkok) Company Limited	Thailand	60	N/A	N/A	N/A	40	N/A	N/A	N/A
Newsky (Philippines) Holdings Corporation	Philippines	60	N/A	N/A	N/A	40	N/A	N/A	N/A
Toxon Tianhe solar energy Co., Ltd	Turpan, Xinjiang	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Huzhou Xianghui photovoltaic power generation Co., Ltd	Huzhou, Zhejiang	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SDIC Inner Mongolia new energy Co., Ltd	Ordos, Inner Mongolia	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The Group directly holds proportion of ownership interest is 90% in Yunnan Metallurgical New Energy Co., Ltd, and the subsidiary SDIC Dingshi Overseas Investment Management Co., Ltd. holds 10% interest in Yunnan Metallurgical New Energy Co., Ltd. In addition, the Group holds an interest in Baiyin Daxia Electric Power Co., Ltd that is below 50%, The Group believes they control the entity as they hold a significant proportion of equity relative to other equity holders and have the majority representation on the Board of Directors. As the management personnel of Daxia Power are appointed by SDIC Xiaosanxia Power. Also, SDIC Xiaosanxia is responsible for the generating capacity plan, annual maintenance plan and daily operation and maintenance of generator sets of Daxia Power.

There are also other subsidiaries which the Group hold below 50%. The Group directly holds proportion of ownership interest is 65% in SDIC New Energy Investment Co., Ltd., which holds 65% proportion of ownership interest in SDIC Jiuquan First Wind Power Co., Ltd. As a result, the Group holds a proportion of 42% ownership interest in SDIC Jiuquan First Wind Power Co., Ltd. The Group directly holds proportion of ownership interest is 61% in SDIC Qinzhou Electric Power Co., Ltd., which holds 51% proportion of ownership interest in Guangxi Guoqin Energy Co., Ltd. As a result, the Group holds a proportion of 31% ownership interest in Guangxi Guoqin Energy Co., Ltd. The Group directly holds proportion of ownership interest is 52% in Yalong River Basin Hydropower Development Co., Ltd., which also holds 50%, 51% and 60% proportions of ownership interest in Sichuan Ertan Construction and Consultation Co., Ltd., Huili Powerchina Bridge New Energy Co., Ltd. and Mianning Powerchina Bridge New Energy Co., Ltd separately. As a result, the Group holds 26%, 27% and 31% proportion of ownership interest as per subsidiaries.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

18. Investments in associates

	Proportion of ownership interest			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Brought forward	10,523.8	8,729.6	8,846.8	2,639.0
Share of profit for the year	624.0	521.5	345.7	631.2
Share of other comprehensive income	(225.2)	42.5	28.3	79.5
Additions	112.5	1,462.6	—	4,926.8
Acquired on business combination	—	—	—	987.1
Disposals	(378.3)	—	—	(0.4)
Dividends received	(482.2)	(303.8)	(458.1)	(714.5)
Others (note)	(467.3)	71.4	(33.1)	298.1
At 31 December	<u>9,707.3</u>	<u>10,523.8</u>	<u>8,729.6</u>	<u>8,846.8</u>

Note: Others for the current year mainly due to the investments in associates of Huaibei Guoan and Zhangye have been presented in assets held for sale.

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Unlisted Investments				
Share of carrying amount of interests	<u>6,744.2</u>	<u>7,626.4</u>	<u>6,780.1</u>	<u>6,750.7</u>

The following entities have been included in the consolidated financial statements using the equity method:

Company	Country of incorporation and principal place of business	Proportion of ownership interest			
		2019	2018	2017	2016
		%	%	%	%
Xuzhou CR Power Co., Ltd	Xuzhou, Jiangsu	30	30	30	30
Tongshan CR Power Co., Ltd	Xuzhou, Jiangsu	21	21	21	21
Jiangsu Ligang Electric Power Co., Ltd	Wuxi, Jiangsu	17	17	17	17
Jiangyin Ligang Power Generation Co., Ltd	Jiangyin, Jiangsu	9	9	9	9
Jiangxi Ganneng Co., Ltd	Nanchang, Jiangxi	34	34	34	34
Lestari Listrik Pte. LTD	Singapore	42	42	42	42
SDIC Finance Co., Ltd	Beijing	35	35	35	35
Hanlan Environment Co., Ltd.	Foshan, Guangdong	9	9	—	—
Beatrice Offshore Windfarm Ltd.	Scotland, United Kingdom	25	25	25	25

The presumed ownership percentage under IAS 28 Investments in Associates for significant influence to exist is 20%. The Group consider they exert significant influence over Jiangsu Ligang, Jiangyin Ligang and Hanlan Environment as they hold a significant proportion of equity relative to other equity holders and have representation on the Board of Directors.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

18. Investments in associates (continued)

a) Summarised financial information (material associates)

<u>Name</u>	<u>Xuzhou CR Power Co., Ltd</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
	Coal-fired Power			
Principal activities				
% of ownership interests/voting rights held by the Group	30.00%	30.00%	30.00%	30.00%
At 31 December:				
Non-Current assets	1,610.6	1,471.1	1,536.4	1,562.1
Current assets	485.3	617.5	633.5	657.9
Non-current liabilities	65.4	69.5	74.5	71.6
Current liabilities	853.7	911.6	942.0	827.4
Net assets	1,176.8	1,107.5	1,153.4	1,321.0
Attribute to minority shareholders	7.3	7.0	7.0	6.3
Attribute to shareholders of the parent company	1,169.5	1,100.5	1,146.4	1,314.7
Group's share of net assets	350.9	330.2	343.9	394.4
Others	(6.2)	(6.2)	(6.2)	(6.2)
Group's share of carrying amount of interests	344.7	324.0	337.7	388.2
Year ended 31 December:				
Revenue	1,681.5	1,842.2	1,953.2	1,955.2
(Loss)/profit from continuing operations	135.1	80.3	137.3	303.9
Total comprehensive income	135.1	80.3	137.3	303.9
Dividends received from associated	19.7	37.9	91.0	160.5

<u>Name</u>	<u>Tongshan CR Power Co., Ltd</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
	Coal-fired Power			
Principal activities				
% of ownership interests/voting rights held by the Group	21.00%	21.00%	21.00%	21.00%
At 31 December:				
Non-Current assets	3,490.7	3,816.2	4,121.9	4,449.9
Current assets	742.0	767.0	567.3	576.8
Non-current liabilities	23.4	423.8	667.7	909.6
Current liabilities	2,026.0	2,000.8	1,916.8	1,688.0
Net assets	2,183.3	2,158.6	2,104.7	2,429.1
Attribute to minority shareholders	—	—	—	—
Attribute to shareholders of the parent company	2,183.3	2,158.6	2,104.7	2,429.1
Group's share of net assets	458.5	453.3	442.0	510.1
Others	(1.5)	(1.5)	(1.5)	(1.5)
Group's share of carrying amount of interests	457.0	451.8	440.5	508.6
Year ended 31 December:				
Revenue	3,075.3	3,128.0	3,276.1	3,382.7
(Loss)/profit from continuing operations	257.1	258.3	227.1	610.0
Total comprehensive income	257.1	258.3	227.1	610.0
Dividends received from associated	48.8	42.9	115.8	166.7

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

18. Investments in associates (continued)

a) Summarised financial information (material associates) (continued)

<u>Name</u>	<u>Jiangsu Ligang Electric Power Co., Ltd</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
	Coal-fired Power			
Principal activities				
% of ownership interests/voting rights held by the Group	17.47%	17.47%	17.47%	17.47%
At 31 December:				
Non-Current assets	1,831.1	1,998.6	2,210.7	2,317.8
Current assets	667.1	646.8	873.4	976.9
Non-current liabilities	22.0	20.0	26.0	33.0
Current liabilities	137.7	68.0	384.2	291.2
Net assets	2,338.5	2,557.4	2,673.9	2,970.5
Attribute to minority shareholders	—	—	—	—
Attribute to shareholders of the parent company	2,338.5	2,557.4	2,673.9	2,970.5
Group's share of net assets	408.5	446.8	467.1	518.9
Others	17.8	17.8	15.2	15.2
Group's share of carrying amount of interests	426.3	464.6	482.3	534.1
Year ended 31 December:				
Revenue	2,442.0	2,545.6	2,620.2	2,326.9
(Loss)/profit from continuing operations	103.1	181.4	157.3	313.2
Total comprehensive income	103.1	181.4	157.3	313.2
Dividends received from associated	56.2	49.4	75.3	95.6

<u>Name</u>	<u>Jiangyin Ligang Power Generation Co., Ltd</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
	Coal-fired Power			
Principal activities				
% of ownership interests/voting rights held by the Group	9.17%	9.17%	9.17%	9.17%
At 31 December:				
Non-Current assets	8,165.2	8,254.8	9,004.4	9,632.6
Current assets	1,563.7	1,919.4	1,811.1	2,142.8
Non-current liabilities	2,640.8	3,229.9	3,558.2	4,381.8
Current liabilities	3,112.4	3,355.0	3,928.4	3,925.4
Net assets	3,975.7	3,589.3	3,328.9	3,468.2
Attribute to minority shareholders	175.5	158.4	138.4	133.7
Attribute to shareholders of the parent company	3,800.2	3,430.9	3,190.5	3,334.5
Group's share of net assets	348.5	314.6	292.6	305.8
Others	(23.0)	16.4	17.9	17.9
Group's share of carrying amount of interests	325.5	331.0	310.5	323.7
Year ended 31 December:				
Revenue	7,372.2	9,318.4	8,858.2	8,009.0
(Loss)/profit from continuing operations	648.3	716.0	524.7	908.8
Other comprehensive income	1.3	—	—	—
Total comprehensive income	649.6	716.0	524.7	908.8
Dividends received from associated	61.0	43.2	56.7	100.5

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

18. Investments in associates (continued)

a) Summarised financial information (material associates) (continued)

<u>Name</u>	<u>Jiangxi Ganneng Co., Ltd</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Principal activities	Power Generation			
% of ownership interests/voting rights held by the Group	33.72%	33.72%	33.72%	33.72%
At 31 December:				
Non-Current assets	5,552.7	5,398.3	5,287.6	5,619.2
Current assets	1,269.4	1,761.0	1,717.1	1,766.5
Non-current liabilities	577.3	526.7	870.5	1,144.9
Current liabilities	1,978.2	2,396.1	1,980.4	1,654.1
Net assets	4,266.6	4,236.5	4,153.8	4,586.7
Attribute to minority shareholders	12.8	—	—	—
Attribute to shareholders of the parent company	4,253.8	4,236.5	4,153.8	4,586.7
Group's share of net assets	1,434.4	1,428.5	1,400.7	1,546.6
Others	548.8	548.8	548.8	549.4
Group's share of carrying amount of interests	1,983.2	1,977.3	1,949.5	2,096.0
Year ended 31 December:				
Revenue	2,670.3	2,567.6	2,126.3	2,176.6
(Loss)/profit from continuing operations	134.2	82.7	(118.2)	196.3
Other comprehensive income	—	—	(23.9)	6.9
Total comprehensive income	134.2	82.7	(142.1)	203.2
Dividends received from associated	39.5	—	98.7	131.6

<u>Name</u>	<u>Lestari Listrik Pte. LTD</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Principal activities	Investment management			
% of ownership interests/voting rights held by the Group	42.11%	42.11%	42.11%	42.11%
At 31 December:				
Non-Current assets	6,194.4	6,039.3	5,810.7	5,739.8
Current assets	2,266.3	2,062.5	1,656.6	899.5
Non-current liabilities	6,224.3	5,741.7	4,514.3	5,379.3
Current liabilities	731.4	827.1	1,871.1	562.1
Net assets	1,505.0	1,533.0	1,081.9	697.9
Attribute to minority shareholders	—	—	—	—
Attribute to shareholders of the parent company	1,505.0	1,533.0	1,081.9	697.9
Group's share of net assets	633.8	645.5	455.6	293.9
Others	685.1	674.9	663.0	732.0
Group's share of carrying amount of interests	1,318.9	1,320.4	1,118.6	1,025.9
Year ended 31 December:				
Revenue	1,686.0	1,675.9	1,575.4	2,122.7
(Loss)/profit from continuing operations	112.1	240.3	287.3	326.7
Other comprehensive income	97.8	100.1	86.3	78.2
Total comprehensive income	209.9	340.4	373.6	404.9
Dividends received from associated	111.5	2.8	—	—

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

18. Investments in associates (continued)

a) Summarised financial information (material associates) (continued)

<u>Name</u>	SDIC Finance Co., Ltd			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Principal activities	Financial investment			
% of ownership interests/voting rights held by the Group . .	35.40%	35.40%	35.40%	35.40%
At 31 December:				
Non-Current assets	21,208.7	20,466.8	21,237.0	16,161.9
Current assets	13,191.6	9,095.0	6,070.7	8,683.5
Non-current liabilities	5.7	1.1	0.1	0.4
Current liabilities	27,041.0	22,357.9	20,316.4	18,315.2
Net assets	7,353.6	7,202.8	6,991.2	6,529.8
Attribute to minority shareholders	—	—	—	—
Attribute to shareholders of the parent company	7,353.6	7,202.8	6,991.2	6,529.8
Group's share of net assets	2,603.2	2,549.8	2,474.9	2,311.5
Others	—	—	—	(1.1)
Group's share of carrying amount of interests	2,603.2	2,549.8	2,474.9	2,310.4
Year ended 31 December:				
Revenue	909.7	964.3	798.0	681.1
(Loss)/profit from continuing operations	523.4	533.6	461.4	336.6
Other comprehensive income	0.9	1.1	—	(24.1)
Total comprehensive income	524.3	534.7	461.4	312.5
Dividends received from associated	132.2	114.3	—	—

<u>Name</u>	Hanlan Environment Co., Ltd.			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Principal activities	Environmental protection			
% of ownership interests/voting rights held by the Group . . .	8.62%	8.62%	—	—
At 31 December:				
Non-Current assets	17,805.4	14,108.7	12,010.8	—
Current assets	3,265.5	2,383.5	2,101.9	—
Non-current liabilities	7,243.9	6,277.4	5,050.5	—
Current liabilities	6,695.8	3,790.4	2,964.3	—
Net assets	7,131.2	6,424.4	6,097.9	—
Attribute to minority shareholders	573.1	589.8	773.2	—
Attribute to shareholders of the parent company	6,558.1	5,834.6	5,324.7	—
Group's share of net assets	565.3	502.9	—	—
Others	414.9	417.4	—	—
Group's share of carrying amount of interests	980.2	920.3	—	—
Year ended 31 December:				
Revenue	6,160.0	4,848.5	4,202.1	—
(Loss)/profit from continuing operations	903.6	878.8	697.3	—
Total comprehensive income	903.6	878.8	697.3	—
Dividends received from associated	13.2	13.2	—	—

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

18. Investments in associates (continued)

a) Summarised financial information (material associates) (continued)

<u>Name</u>	Beatrice Offshore Windfarm Ltd			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Principal activities				
% of ownership interests/voting rights held by the Group ...	25%	25%	25%	—
At 31 December:				
Non-Current assets	22,588.8	19,518.4	12,887.6	—
Current assets	1,605.4	1,045.7	856.4	—
Non-current liabilities	23,634.9	17,743.9	12,969.4	—
Current liabilities	71.6	846.4	944.7	—
Net assets	487.7	1,973.8	(170.1)	—
Attribute to minority shareholders	—	—	—	—
Attribute to shareholders of the parent company	487.7	1,973.8	(170.1)	—
Group's share of net assets	121.9	493.4	(42.5)	—
Others	960.9	1,086.4	1,125.3	—
Group's share of carrying amount of interests	1,082.8	1,579.8	1,082.8	—
Year ended 31 December:				
Revenue	2,657.4	290.8	—	—
(Loss)/profit from continuing operations	332.6	44.5	—	—
Other comprehensive income	(1,066.8)	—	—	—
Total comprehensive income	(734.2)	44.5	—	—
Dividends received from associated	—	—	—	—

19. Fair value through other comprehensive income investments

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
1 January	188.8	95.3	90.0	289.0
Additions	18.6	94.8	4.9	80.0
Disposals	(66.3)	—	—	(279.0)
Change in fair value recognised in OCI	(25.0)	(1.3)	0.4	—
31 December	<u>116.1</u>	<u>188.8</u>	<u>95.3</u>	<u>90.0</u>

See note 47 for details of valuation of the above assets.

20. Long term receivable

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Shareholder Loans	476.7	1,079.5	472.7	453.7
Others	66.2	65.8	64.2	64.2
Impairment	(31.5)	(18.7)	(6.2)	—
	<u>511.4</u>	<u>1,126.6</u>	<u>530.7</u>	<u>517.9</u>

The shareholder loan is interest free and repayable on demand. It has been classified as non-current based on expectation of recovery rather than terms of legal agreement.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

21. Deferred tax

	Assets impairment reserve	Unpaid expense	Unpaid employee salary	Deferred income	Unrealised profit on internal transaction	Depreciation of fixed assets	Changes in fair value of cash flow hedging instruments	Changes in fair value of notes receivable financing	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
At 1 January 2017 ..	39.0	97.1	8.0	27.8	15.7	17.7	—	—	205.3
Credit to profit or loss for the year ..	—	25.0	(2.2)	0.3	1.1	7.9	—	—	32.1
At 31 December 2017 and 1 January 2018	<u>39.0</u>	<u>122.1</u>	<u>5.8</u>	<u>28.1</u>	<u>16.8</u>	<u>25.6</u>	<u>—</u>	<u>—</u>	<u>237.4</u>
Credit/ (charge) to profit or loss for the year	<u>10.8</u>	<u>37.7</u>	<u>—</u>	<u>1.8</u>	<u>(1.2)</u>	<u>1.2</u>	<u>—</u>	<u>—</u>	<u>50.3</u>
At 31 December 2018 and 1 January 2019	<u>49.8</u>	<u>159.8</u>	<u>5.8</u>	<u>29.9</u>	<u>15.6</u>	<u>26.8</u>	<u>—</u>	<u>—</u>	<u>287.7</u>
Credit/ (charge) to profit or loss for the year	<u>13.1</u>	<u>91.1</u>	<u>(3.5)</u>	<u>3.5</u>	<u>0.1</u>	<u>2.5</u>	<u>5.4</u>	<u>0.4</u>	<u>112.6</u>
At 31 December 2019	<u>62.9</u>	<u>250.9</u>	<u>2.3</u>	<u>33.4</u>	<u>15.7</u>	<u>29.3</u>	<u>5.4</u>	<u>0.4</u>	<u>400.3</u>

The following are the deferred tax liabilities (before offset) recognised by the Group:

	Depreciation of fixed assets	Amortisation of intangible assets	Others	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
At 1 January 2017	—	15.3	15.8	31.1
Charge/(credit) to profit or loss for the year	—	(2.1)	12.6	10.5
At 31 December 2017 and 1 January 2018	—	13.2	28.4	41.6
Charge/ (credit) to profit or loss for the year	<u>0.5</u>	<u>3.8</u>	<u>1.1</u>	<u>5.4</u>
At 31 December 2018 and 1 January 2019	<u>0.5</u>	<u>17.0</u>	<u>29.5</u>	<u>47.0</u>
Charge/ (credit) to profit or loss for the year	<u>(0.5)</u>	<u>(2.0)</u>	<u>(2.5)</u>	<u>(5.0)</u>
At 31 December 2019 and 1 January 2020	<u>—</u>	<u>15.0</u>	<u>27.0</u>	<u>42.0</u>

The Following is the list of unrecognised deferred income tax assets:

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
DTA of deductible temporary difference	8.6	12.3	11.5	12.6
DTA of tax losses	<u>494.8</u>	<u>951.9</u>	<u>821.4</u>	<u>645.6</u>
Total	<u>503.4</u>	<u>964.2</u>	<u>832.9</u>	<u>658.2</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

21. Deferred tax (continued)

No deferred tax asset has been recognised in respect of the above items including the tax benefit of unused tax losses of RMB2,070.7m (2018: RMB4,146.1m, 2017: RMB3,508.8m) due to the uncertainty of future profits arising to the use of the tax losses. An analysis of the tax losses by expiry is shown below.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
2017	—	—	—	346.7
2018	—	—	372.1	372.1
2019	—	388.8	387.8	387.8
2020	361.5	519.1	348.5	348.5
2021	846.2	1,153.0	1,127.6	1,127.3
2022	405.9	1,235.8	1,272.8	—
2023	351.7	849.4	—	—
2024	105.4	—	—	—
	<u>2,070.7</u>	<u>4,146.1</u>	<u>3,508.8</u>	<u>2,582.4</u>

22. Other non-current asset

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
VAT recoverable	1,090.0	836.4	664.8	256.8
Prepayments for equipment	431.5	157.0	—	—
	<u>1,521.5</u>	<u>993.4</u>	<u>664.8</u>	<u>256.8</u>

23. Inventories

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Raw materials and consumables	1,157.5	1,515.0	1,180.4	1,067.1
Finished goods and goods for resale	1.4	1.7	2.8	1.0
	<u>1,158.9</u>	<u>1,516.7</u>	<u>1,183.2</u>	<u>1,068.1</u>

The amount of inventories recognised as cost of sales in the current period was 13,902.4 million.

24. Accounts and notes receivables

Accounts and notes receivables of the Group primarily represent receivables from regional or provincial grid companies for tariff revenue and coal sales and comprise the following:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Notes receivables	636.7	579.4	484.6	450.7
Accounts receivables	4,962.5	5,233.6	3,551.6	2,577.8
	<u>5,599.2</u>	<u>5,813.0</u>	<u>4,036.2</u>	<u>3,028.5</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

24. Accounts and notes receivables (continued)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Trade receivables	5,330.8	5,449.1	3,706.0	2,737.9
Less: provisions for impairment of trade receivables	(368.3)	(215.5)	(154.4)	(160.1)
Trade receivables—net	<u>4,962.5</u>	<u>5,233.6</u>	<u>3,551.6</u>	<u>2,577.8</u>

Movements in the impairment allowance for trade receivables are as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Opening provision	215.5	154.4	160.1	134.7
Increase during the year	175.7	157.6	64.9	44.2
Reversal of impairment	(22.8)	(96.5)	(9.2)	(18.8)
Written off	(0.1)	—	(61.4)	—
At 31 December	<u>368.3</u>	<u>215.5</u>	<u>154.4</u>	<u>160.1</u>

25. Prepayments and other receivables

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Prepayments	304.9	355.4	370.0	380.5
Interest receivable	8.6	4.0	12.0	6.0
Dividends receivable	—	—	—	20.7
Other receivables	161.0	96.8	158.2	64.5
	<u>474.5</u>	<u>456.2</u>	<u>540.2</u>	<u>471.7</u>

26. Tax recoverable

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
VAT recoverable	894.3	1,114.2	1,348.6	1,606.8
Corporate income tax recoverable	30.8	32.2	36.3	104.5
Total	<u>925.1</u>	<u>1,146.4</u>	<u>1,384.9</u>	<u>1,711.3</u>

27. Cash and cash equivalents

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Bank Deposits	8,281.3	7,466.0	4,968.4	4,150.9
Cash in hand	0.3	0.3	0.3	0.3
Others	—	3.7	3.7	3.1
Total	<u>8,281.6</u>	<u>7,470.0</u>	<u>4,972.4</u>	<u>4,154.3</u>

28. Restricted deposits

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Restricted deposits	<u>154.1</u>	<u>130.5</u>	<u>158.3</u>	<u>186.3</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

29. Fair value through profit and loss

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Equity instrument	6.4	—	—	—
Debt instrument	852.8	844.7	—	—
Total	859.2	844.7	—	—

The debt instrument relates to an exchangeable bond. The bond contains an option and therefore a hybrid financial instrument. This has been designated as fair value through profit and loss on inception.

30. Other current assets

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Processing liquidation of fixed assets	—	0.1	7.4	7.3

31. Share capital

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Registered, issued and fully paid:				
Shares of RMB1 each	6,786.0	6,786.0	6,786.0	6,786.0

Each share is entitled to one vote and they entitle the holder to participate in dividends, and to a share in the proceeds of winding up the company in proportion of the shares held. There have been no share issues in the entity during the reporting period.

32. Other equity Instrument

Basic information of preferred shares, perpetual bonds or other financial instrument:

Number of issue	Renewable corporate bonds issued openly in 2018 (Tranche 1)	Renewable corporate bonds issued openly in 2018 (Tranche 2)	Renewable corporate bonds issued openly in 2018 (Tranche 3)
Approval No.		ZJXK (2017) No. 531	
Date of issue	From March 14 to 15, 2018	From May 8 to 9, 2018	From July 17 to 18, 2018
Total amount issued actually	RMB0.5 billion Yuan	RMB1.5 billion Yuan	RMB2 billion Yuan
Time limit	The basic period of bonds of this tranche is 3 years; at the end of agreed basic period or at the end of every period, the issuer is entitled to exercise the renewal option, and extend for one period as per the agreed basic period; if the issuer does not exercise the renewal option, the due bonds shall be cashed in full amount. The issuer can exercise the renewal option indefinitely.		
Renewal option	One period of bonds of this tranche is 3 years. At end of every period, the issuer is entitled to extend the period of bonds for 1 period, or cash the bonds of this period in full amount at end of this period. The issuer shall publish a bulletin about exertion of renewal option on the relevant media at least 30 workdays before the interest paying data in the year when the renewal option is exercised.		

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

32. Other equity Instrument (continued)

<u>Number of issue</u>	<u>Renewable corporate bonds issued openly in 2018 (Tranche 1)</u>	<u>Renewable corporate bonds issued openly in 2018 (Tranche 2)</u>	<u>Renewable corporate bonds issued openly in 2018 (Tranche 3)</u>
	(1) Issuer redeems due to changes in tax policy		
	Due to the change or amendment of related laws and regulations, the issuer has to pay extra taxes and fees for the continuity of current bonds, and the issuer has the right to redeem the current-period bonds when it cannot avoid paying or reimbursing these taxes.		
Right of redemption	(2) Issuer redeems due to changes in accounting standards		
	According to the “Accounting Standards for Enterprises No. 37—Financial Instruments presentation” (Accounting [2014] No. 23) and the “Notice on Issuance of Distinction between Financial Liabilities and Equity Instruments and Relevant Accounting Processing Regulations” (Accounting [2014] No. 13), the issuer has classified the current bonds as equity instruments. If in the future, due to the change of accounting standards or other relevant laws and regulations, the issuer has the right to redeem this bond.		
	The issuer will redeem all current-period bonds from the investors at the par value plus current-period interest and deferred interest and their compound interest (if any). The payment method of redemption is the same as the payment of principal and interest at maturity of current-period bonds, the list of bondholders shall be counted according to the relevant provisions of the current-period bond registration institution and processing in accordance with the relevant provisions of the current-period bond registration agency. If the issuer does not exercise the option of redemption, the current-period bonds will continue to rollover.		
	In addition to the above two cases, the issuer has no right or obligation to redeem this current-period bond.		
	The issuer has the right to defer the payment of interest. The issuer can, at its own discretion, defer the current interest payment and any compound interest to the next interest payment date without any time limitation. The issuer is only required to make interest payments in case a dividend is declared. If the issuer does not exercise the right of deferred payment of interest, the interest is required to be paid once a year.		
Interest rate	Tranche 1	Tranche 2	Tranche 3
	In the first three interest-accrual years, the nominal interest rate is 5.50%. If the issuer does not exercise the right of redemption, the nominal interest rate shall be reset once every three years starting from the fourth interest-accrual year, and the new interest rate shall be current basic interest rate + initial interest margin upon issuance + 300 basic points.	In the first three interest-accrual years, the nominal interest rate is 5.23%. If the issuer does not exercise the right of redemption, the nominal interest rate shall be reset once every three years starting from the fourth interest-accrual year, and the new interest rate shall be current basic interest rate + initial interest margin upon issuance + 300 basic points.	In the first three interest-accrual years, the nominal interest rate is 4.98%. If the issuer does not exercise the right of redemption, the nominal interest rate shall be reset once every three years starting from the fourth interest-accrual year, and the new interest rate shall be current basic interest rate + initial interest margin upon issuance + 300 basic points.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

32. Other equity Instrument (continued)

List of changes in preferred shares, perpetual bonds or other financial instrument:

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Renewable corporate bonds in 2018 (Tranche 1)	499.9	499.9	—	—
Renewable corporate bonds in 2018 (Tranche 2)	1,499.7	1,499.7	—	—
Renewable corporate bonds in 2018 (Tranche 3)	1,999.4	1,999.4	—	—
	<u>3,999.0</u>	<u>3,999.0</u>	<u>—</u>	<u>—</u>

33. Reserves

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Capital reserve

Capital reserve mainly comprised: (i) the difference between the nominal amount of the domestic shares issued and the fair value of the net assets injected into the Company during its formation and also proceeds from the issue of A shares in excess of their par value, net of issuance expenses; and (ii) the difference between acquisition cost and net book value under common control. The capital reserve is non-distributable.

(ii) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of its net profit under PRC GAAP, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such reserve reaches 50% of the Company's share capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of share capital. The statutory surplus reserve is non-distributable.

(iii) Discretionary surplus reserve

Pursuant to the articles of association of the Company, the appropriation of profit to the discretionary surplus reserve and its utilisation are made in accordance with the recommendation of the Board of Directors and is subject to shareholders approval at their general meeting.

The discretionary surplus can be used to offset prior year losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing holding or by increasing the par value of the shares currently held by them.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

33. Reserves (continued)

(b) Nature and purpose of reserves (continued)

- (iv) Portion of other comprehensive income of associates reserve
Represents the other comprehensive income of associates.
- (v) Foreign currency translation reserve
Represents the cumulative exchange differences arising on retranslation of the net assets of overseas operations.
- (vi) Fair value of other comprehensive income equity investments
Represents the gain on fair value measurement of other comprehensive equity instruments.

(c) Basis for profit appropriation

In accordance with the articles of association of the Company, distributable profit of the Company is derived based on the profit determined in accordance with PRC GAAP.

34. Non-controlling Interests

Details of the ownership interests of subsidiaries are detailed in note 18. The details of each material non-controlling interest are included below.

<u>Name</u> <u>Year</u>	<u>SDIC Jingyuan Second Power Co., Ltd.</u>			
	<u>2019</u> <u>RMB (m)</u>	<u>2018</u> <u>RMB (m)</u>	<u>2017</u> <u>RMB (m)</u>	<u>2016</u> <u>RMB (m)</u>
For the period ended 31 Dec				
Revenue	1,074.5	878.9	505.9	796.1
Operating profit	(185.2)	(508.9)	(297.4)	(244.7)
Profit/(loss) allocated to NCI	(90.3)	(248.3)	(145.1)	(119.4)
Total comprehensive income	(185)	(508.9)	(297.4)	(244.7)
Dividends paid to NCI	—	—	—	—
Cash flows from operating activities	(46.7)	(155.7)	(196.5)	82.6
As at 31 December				
Assets:				
Current assets	369.6	461.1	313.8	405.4
Non-current assets	1,365.5	1515.8	1,969.1	2,030.8
Liabilities:				
Current liabilities	1,504.0	1226.3	1,047.7	981.9
Non-current liabilities	204.8	539.2	494.5	416.2
Accumulated non-controlling interest	12.8	103.2	361.3	506.4

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

34. Non-controlling Interests (continued)

<u>Name</u> <u>Year</u>	SDIC Xiamen Huaxia International Power Development Co., Ltd			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
For the period ended 31 Dec				
Revenue	1,748.1	1827	1,430.4	967.8
Operating profit	157.7	129	27.2	8.0
Profit/(loss) allocated to NCI	69.4	56.8	12.0	2.6
Total comprehensive income	157.7	129.1	27.2	7.6
Dividends paid to NCI	44.7	—	—	82.3
Cash flows from operating activities	461.4	404.1	235.2	197.9
As at 31 December				
Assets:				
Current assets	480.8	450.3	438.3	260.1
Non-current assets	2,128.0	2191.3	2,376.1	2,308.1
Liabilities:				
Current liabilities	694.8	479.9	677.0	713.3
Non-current liabilities	376.9	680.3	765.0	509.8
Accumulated non-controlling interest	676.3	651.8	614.9	602.9

<u>Name</u> <u>Year</u>	SDIC Qinzhou Electric Power Co., Ltd			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
For the period ended 31 Dec				
Revenue	4,643.4	3757.8	2,221.1	1,447.0
Operating profit	307.1	2.7	(317.3)	(9.6)
Profit/(loss) allocated to NCI	119.8	1.1	123.7	(3.7)
Total comprehensive income	307.1	2.7	(317.3)	(9.6)
Dividends paid to NCI	—	—	—	32.3
Cash flows from operating activities	1,688.0	544.5	580.6	323.4
As at 31 December				
Assets:				
Current assets	861.1	1193.6	874.5	805.5
Non-current assets	5,635.2	6252.6	6,792.7	7,196.8
Liabilities:				
Current liabilities	814.6	983.8	1,340.1	1,143.3
Non-current liabilities	3,269.1	4367.2	4,234.5	4,449.3
Accumulated non-controlling interest	947.2	817.1	816.1	939.8

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

34. Non-controlling Interests (continued)

<u>Name</u> <u>Year</u>	SDIC Yili Energy Development Co., Ltd			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
For the period ended 31 Dec				
Revenue	586.4	538.4	510.7	440.3
Operating profit	(132.5)	(132.6)	(56.6)	(69.3)
Profit/(loss) allocated to NCI	(52.9)	(53.1)	(22.6)	(27.7)
Total comprehensive income	(132.3)	(132.6)	(56.6)	(69.3)
Dividends paid to NCI	—	—	—	0.9
Cash flows from operating activities	144.8	120.7	173.1	142.4
As at 31 December				
Assets:				
Current assets	248.1	349.6	313.5	222.4
Non-current assets	2,106.9	2,233.2	2,315.5	2,409.9
Liabilities:				
Current liabilities	525.2	462.5	304.4	218.2
Non-current liabilities	1,505.0	1,662.9	1,734.5	1,767.5
Accumulated non-controlling interest	110.6	163.6	216.7	239.3

<u>Name</u> <u>Year</u>	SDIC Panjiang Electric Power Co., Ltd			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
For the period ended 31 Dec				
Revenue	820.4	792.8	693.9	635.7
Operating profit	86.8	54.2	13.3	12.6
Profit/(loss) allocated to NCI	39.1	24.4	6.0	5.7
Total comprehensive income	86.8	54.2	13.3	12.6
Dividends paid to NCI	22.5			
Cash flows from operating activities	201.7	220.1	377.5	128.6
As at 31 December				
Assets:				
Current assets	258.8	223.2	221.0	297.3
Non-current assets	1,982.3	2,030.1	2,138.6	2,246.4
Liabilities:				
Current liabilities	333.2	258.6	300.4	270.5
Non-current liabilities	1,297.7	1,421.2	1,539.9	1,767.2
Accumulated non-controlling interest	274.6	258.1	233.7	227.7

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

34. Non-controlling Interests (continued)

<u>Name</u> <u>Year</u>	SDIC Gansu Xiaosanxia Electric Power Co., Ltd			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
For the period ended 31 Dec				
Revenue	793.9	725.8	695.9	668.7
Operating profit	258.9	236.6	210.3	187.6
Profit/(loss) allocated to NCI	109.0	94.0	83.2	74.2
Total comprehensive income	259.1	236.6	210.3	187.5
Dividends paid to NCI	81.1	99.3	619.0	72.5
Cash flows from operating activities	424.4	327.1	377.5	292.3
As at 31 December				
Assets:				
Current assets	316.2	299.6	214.4	117.2
Non-current assets	2,225.5	2349.8	2,442.2	2,544.8
Liabilities:				
Current liabilities	912.4	898.5	747.6	771.5
Non-current liabilities	319.6	487.2	633.6	668.8
Accumulated non-controlling interest	538.8	521.0	483.2	504.5
<u>Name</u> <u>Year</u>	SDIC New Energy Investment Co., Ltd			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
For the period ended 31 Dec				
Revenue	1,236.0	980.2	721.2	507.7
Operating profit	181.0	153.4	51.5	(34.5)
Profit/(loss) allocated to NCI	67.6	59.5	20.1	(16.3)
Total comprehensive income	179.4	153.4	51.5	(34.5)
Dividends paid to NCI	6.1	18.3	32.4	7.5
Cash flows from operating activities	507.9	348.8	330.2	401.5
As at 31 December				
Assets:				
Current assets	2,768.6	2037.7	1,765.6	1,462.9
Non-current assets	8,772.8	7839.1	6,524.9	6,372.0
Liabilities:				
Current liabilities	2,437.1	2178.9	1,615.1	2,490.1
Non-current liabilities	6,542.2	5308.9	4,402.5	3,046.3
Accumulated non-controlling interest	1,156.2	1091.0	1,049.8	1,057.1

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

34. Non-controlling Interests (continued)

<u>Name</u> <u>Year</u>	SDIC Genting Meizhou Bay Electric Power Co., Ltd.			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
For the period ended 31 Dec				
Revenue	4,256.9	3,966.8	1,450.8	—
Operating profit	482.5	286.5	(88.4)	—
Profit/(loss) allocated to NCI	230.4	140.4	(43.3)	—
Total comprehensive income	482.5	286.5	(88.4)	—
Dividends paid to NCI	87.4	—	—	—
Cash flows from operating activities	1,183.4	720.0	(183.6)	—
As at 31 December				
Assets:				
Current assets	1,391.9	1,390.8	1,162.5	452.7
Non-current assets	5,796.0	4,961.1	5,299.7	5,385.1
Liabilities:				
Current liabilities	492.2	815.5	1,324.8	1,896.6
Non-current liabilities	3,239.8	3,498.4	3,385.8	2,101.3
Accumulated non-controlling interest	1,693.4	998.6	858.3	901.6

<u>Name</u> <u>Year</u>	Yalong River Basin Hydropower Development Co., Ltd.			
	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
For the period ended 31 Dec				
Revenue	16,494.6	17,605.7	16,279.0	16,398.1
Operating profit	6,020.6	7,284.8	6,888.0	7,326.3
Profit/(loss) allocated to NCI	2,893.0	3,498.9	3,307.4	3,516.6
Total comprehensive income	6,020.7	7,284.9	6,888.0	7,325.4
Dividends paid to NCI	2,832.6	2,640.0	2,832.0	3,025.4
Cash flows from operating activities	12,777.3	13,850.6	14,130.1	14,640.1
As at 31 December				
Assets:				
Current assets	3,513.4	4,044.1	3,192.1	3,361.8
Non-current assets	144,524.4	139,978.7	136,803.0	132,447.0
Liabilities:				
Current liabilities	17,758.9	17,750.2	19,696.3	21,082.8
Non-current liabilities	78,999.8	77,112.4	75,923.5	75,270.2
Accumulated non-controlling interest	24,647.8	23,638.0	21,329.1	18,950.2

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

34. Non-controlling Interests (continued)

<u>Name</u> <u>Year</u>	SDIC Yunnan Dachaoshan Hydropower Co., Ltd.			
	<u>2019</u> RMB (m)	<u>2018</u> RMB (m)	<u>2017</u> RMB (m)	<u>2016</u> RMB (m)
For the period ended 31 Dec				
Revenue	1,339.5	1,422	8,604.3	905.1
Operating profit	893.4	906.5	5,616.5	554.4
Profit/(loss) allocated to NCI	446.8	453.3	2,808.2	277.2
Total comprehensive income	893.5	906.7	5,616.5	553.8
Dividends paid to NCI	372.5	380.2	63.9	194.0
Cash flows from operating activities	816.1	654.5	9,890.2	772.2
As at 31 December				
Assets:				
Current assets	911.2	1,097.8	8,982.7	301.0
Non-current assets	2,668.3	2,762.7	2,846.8	2,899.9
Liabilities:				
Current liabilities	249.5	678.9	709.3	598.8
Non-current liabilities	—	—	—	0.1
Accumulated non-controlling interest	1,665.0	1,590.8	1,517.9	1,301.0
<u>Name</u> <u>Year</u>	Tianjin SDIC Jinneng Electric Power Co., Ltd.			
	<u>2019</u> RMB (m)	<u>2018</u> RMB (m)	<u>2017</u> RMB (m)	<u>2016</u> RMB (m)
For the period ended 31 Dec				
Revenue	5,700.5	4,996.3	3,089.2	2,967.3
Operating profit	327.0	319.9	90.9	389.5
Profit/(loss) allocated to NCI	117.7	115.2	32.7	140.2
Total comprehensive income	327.0	319.9	90.9	389.5
Dividends paid to NCI	103.7	29.5	126.2	199.0
Cash flows from operating activities	1,653.5	1,592.5	826.2	1,385.7
As at 31 December				
Assets:				
Current assets	911.0	1,136.3	888.6	950.4
Non-current assets	12,362.8	13,115.1	13,299.0	13,047.3
Liabilities:				
Current liabilities	2,180.4	1,976	1,993.8	3,978.5
Non-current liabilities	6,938.5	8,153.3	8,437.8	613.4
Accumulated non-controlling interest	1,495.8	1,483.9	1,339.4	1,364.0

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

34. Non-controlling Interests (continued)

<u>Name</u> <u>Year</u>	<u>SDIC Xuancheng Electric Power Co., Ltd.</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
For the period ended 31 Dec				
Revenue	1,882.1	1,856.6	1,815.0	1,680.2
Operating profit	34.9	(1.4)	(43.0)	113.7
Profit/(loss) allocated to NCI	17.1	(0.7)	(21.0)	55.7
Total comprehensive income	34.9	(1.4)	(43.0)	113.7
Dividends paid to NCI	—	—	51.8	13.2
Cash flows from operating activities	251.6	225.4	247.4	427.9
As at 31 December				
Assets:				
Current assets	371.2	389.9	409.3	372.6
Non-current assets	2,506.5	2,644.6	2,782.5	2,934.9
Liabilities:				
Current liabilities	740.9	894.3	800.9	520.7
Non-current liabilities	1,117.7	1,156.1	1,405.3	1,652.7
Accumulated non-controlling interest	499.3	482.2	482.9	555.7

35. Long term loans

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Secured loans	9,527.0	10,705.4	8,972.3	8,275.2
Guaranteed loans	338.9	398.1	4,006.3	8,939.6
Unsecured loans	100,013.6	100,600.6	95,908.2	86,320.7
Total	<u>109,879.5</u>	<u>111,704.1</u>	<u>108,886.8</u>	<u>103,535.5</u>

The secured loans above are secured on the following items

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Property, plant and equipment	3,899.1	3,995.0	1,705.9	2,991.5
Accounts receivables	2,486.9	1,513.7	1,070.0	616.3
Intangibles	502.8	1,549.7	1,913.4	2,013.2
Total	<u>6,888.8</u>	<u>7,058.4</u>	<u>4,689.3</u>	<u>5,621.0</u>

36. Long term bonds

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Corporate bonds	<u>4,400.0</u>	<u>2,200.0</u>	<u>3,000.0</u>	<u>3,000.0</u>

Corporate bonds were issued by the Company on 25 March 2014 with a par value of RMB100 each totalling RMB1.8 billion. The bonds have a 5-year term with a fixed annual coupon and nominal interest rate of 5.89%.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

36. Long term bonds (continued)

Corporate bonds issued by the Company on 27 October 2016, 18 November 2016, with par value of RMB100 each totalling RMB1.2 billion. The bonds have a 5-year term with fixed annual coupon and nominal interest rate of 3.10%, 3.32%, respectively.

Corporate bonds were issued by the Company on 24 April 2018 with a par value of RMB100 each totalling RMB1.0 billion. The bonds have a 5-year term with fixed annual coupon and nominal interest rate of 4.50%.

Corporate bonds were issued by the Company on 25 April 2019 with a par value of RMB100 each totalling RMB1.0 billion. The bonds have a 5-year term with fixed annual coupon and nominal interest rate of 3.93%.

Corporate bonds were issued by the Company on 12 June 2019 with a par value of RMB100 each totalling RMB1.2 billion. The bonds have a 10-year term with fixed annual coupon and nominal interest rate of 4.59%.

37. Long term payable

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Loans to non-controlling interests	170.7	514.6	489.9	520.0
Others	1.3	—	—	—
Total	<u>172.0</u>	<u>514.6</u>	<u>489.9</u>	<u>520.0</u>

The long-term payables are listed below:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Fujian Electric Power (Hong Kong) Co. Ltd	170.7	514.6	489.9	520.0
Long-term employee benefits	1.3	—	—	—
Total	<u>172.0</u>	<u>514.6</u>	<u>489.9</u>	<u>520.0</u>

38. Lease liabilities

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Lease liabilities	719.6	392.5	357.8	1,777.0
Total	<u>719.6</u>	<u>392.5</u>	<u>357.8</u>	<u>1,777.0</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

38. Lease liabilities (continued)

The lease liabilities consisted of the following:

	2019		2018		2017		2016	
	RMB(m)		RMB(m)		RMB(m)		RMB(m)	
	Present value of minimum lease payments	Minimum Lease Payments	Present value of minimum lease payments	Minimum Lease Payments	Present value of minimum lease payments	Minimum Lease Payments	Present value of minimum lease payments	Minimum Lease Payments
Within one year	99.7	103.4	42.0	42.0	1,014.7	1,014.7	889.9	889.9
Between one to two years	60.0	66.2	123.3	123.3	115.5	115.5	597.9	597.9
Between two to five years	274.2	321.9	141.8	141.8	242.3	242.3	1,179.1	1,179.1
Over five years	385.4	521.8	127.4	127.4	—	—	—	—
Less: Future finance charges	—	(194.0)	—	—	—	—	—	—
Present value of lease obligations	<u>819.3</u>	<u>819.3</u>	<u>434.5</u>	<u>434.5</u>	<u>1,372.5</u>	<u>1,372.5</u>	<u>2,666.9</u>	<u>2,666.9</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	99.7	99.7	42.0	42.0	1,014.7	1,014.7	889.9	889.9

39. Provisions

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
External guarantee	—	141.0	283.2	426.6
Disposal cost	142.8	128.3	83.8	84.7
Contingent considerations	151.9	144.0	145.8	141.3
Others	2.0	1.9	1.9	0.2
Total	<u>296.7</u>	<u>415.2</u>	<u>514.7</u>	<u>652.8</u>
	External Guarantee	Contingent Consideration	Other	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
At 1 January 2017				
Balance b/f	426.6	141.3	84.9	652.8
Charged to profit or loss	(17.1)	—	0.8	(16.3)
Payments made	(126.3)	—	—	(126.3)
Foreign exchange rate movements	—	4.5	—	4.5
At 1 January 2018	283.2	145.8	85.7	514.7
Charged to profit or loss	—	—	—	—
Payments made	(142.2)	—	—	(142.2)
Foreign exchange rate movements	—	(1.8)	2.9	1.1
On acquisition	—	—	41.6	41.6
At 31 December 2018 and 1 January 2019	141.0	144.0	130.2	415.2
Charged to profit or loss	—	—	—	—
Payments made	(141.0)	—	(6.9)	(147.9)
Foreign exchange rate movements	—	7.9	21.5	29.4
On acquisition	—	—	—	—
At 31 December 2019	<u>—</u>	<u>151.9</u>	<u>144.8</u>	<u>296.7</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

39. Provisions (continued)

External guarantee

Note 1: As approved on the shareholders' meeting of the Company in 2012, the Company provided the credit guarantee of 6-year finance lease of RMB500 million to IBCN Finance Lease Co., Ltd. (hereinafter referred to as "IBCN Finance Lease") for SDIC Qujing Power Generation Co., Ltd. (hereinafter referred to as "Qujing Company", and renamed "Dongyuan Qujing Energy Co., Ltd."). Pursuant to the equity transfer contract of Qujing Company, "The transferee, Dongyuan Coal, shall relieve the guarantee responsibilities of SDIC Power within 180 days after it changes the industrial and commercial registrations. Based on the above guarantee, SDIC Power may have the corporate right of recourse for the subject in future, and Dongyuan Coal and Yunnan Coal Chemical Industry Group Co., Ltd. shall bear the joint liability to guarantee the counter guarantee.

As at December 31, 2019, Qujing Company has not performed the current payment obligation stipulated in the finance lease contract. From 2016 to 2019, the company received the rent paying notice from IBCB Finance Lease. From 2016 to 2019, SDIC Power, as the guarantor of the finance lease contract, has paid the overdue rents totalling RMB497.9m to IBCB Finance Lease. The guarantee responsibility has been fulfilled.

Note 2: After deliberation and approval at the 29th meeting of the ninth board of directors of the Company on February 24, 2016, the Company agreed to acquire 100% equity of Red Rock Power Limited, a wholly-owned subsidiary of Repsol Nuevas Energias S.A. for GBP 185.4 million. At the same time, the payment of another GBP 16.6 million contingent consideration is determined by whether the acquisition of the underlying Inch Cape offshore wind power project can obtain a contract for difference or other similar preferential support.

Contingent consideration

See note 52 for details of contingent consideration payable.

40. Deferred income

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Government grants	152.7	155.0	174.7	181.3
Prepaid construction loan	51.4	54.6	57.9	61.1
Others	0.8	0.9	1.2	1.2
	<u>204.9</u>	<u>210.5</u>	<u>233.8</u>	<u>243.6</u>

Government grants represent amounts received by the Group from local government authorities for undertaking approved environmental protection projects.

41. Accounts and notes payable

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Notes payable	506.4	422.1	820.2	1,150.3
Accounts payable	3,002.4	4,677.8	4,834.7	5,561.4
Advance receipt	145.9	407.4	582.9	256.8
	<u>3,654.7</u>	<u>5,507.3</u>	<u>6,237.8</u>	<u>6,968.5</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

42. Other payables

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Salaries payable	229.9	252.7	218.3	323.6
Interest of long-term borrowing	415.8	361.4	424.5	387.6
Debenture interest	95.0	147.0	89.0	89.3
Interest payable of short-term borrowing	19.6	17.2	29.7	69.6
Project fund and security deposit	2,531.9	3,287.8	4,519.4	5,387.6
Reservoir zone fund	1,537.2	1,213.5	969.7	710.5
Insurance compensation	14.6	16.7	118.3	142.6
Social security fund	18.7	19.5	18.3	36.6
Project purchase payment	29.4	27.0	—	—
Withheld payment	2.5	0.9	0.4	0.4
Special fund	49.8	42.1	11.2	14.5
Others	1,597.8	372.3	658.9	474.0
Compensation for replacement of coal-fired power by hydropower	—	—	73.7	192.7
	<u>6,542.2</u>	<u>5,758.1</u>	<u>7,131.4</u>	<u>7,829.0</u>

43. Other taxes payables

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Value-added tax	163.7	515.2	369.4	316.8
Personal income tax	44.0	79.4	35.1	36.2
Urban maintenance and construction tax	13.6	36.0	20.3	23.3
House tax	5.5	6.8	13.1	7.2
Education fee surcharge	9.0	24.9	15.0	15.1
Resource tax	83.8	89.0	70.2	63.5
Land use tax	4.3	4.6	6.3	4.9
Others	97.6	75.2	64.2	57.9
Total	<u>421.5</u>	<u>831.1</u>	<u>593.6</u>	<u>524.9</u>

44. Short term loans

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Secured loans	—	175.0	55.0	454.3
Unsecured loans	5,283.8	5,589.1	4,686.3	7,463.6
Total	<u>5,283.8</u>	<u>5,764.1</u>	<u>4,741.3</u>	<u>7,917.9</u>

45. Short term bonds

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Corporate bonds	1,500.0	1,000.0	1,200.0	4,500.0

Short-term bonds issued by Yalong River Hydropower Development Company, Ltd. on 10 July, 2019, totalling RMB1.0 billion. The bonds have a 270-day term with fixed annual coupon and nominal interest rate of 2.70%. The company will repay the principal and interest once it matures.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

45. Short term bonds (continued)

Short-term bonds issued by Yalong River Hydropower Development Company, Ltd. on 8 November, 2019, totalling RMB50.0 million. The bonds have a 180-day term with fixed annual coupon and nominal interest rate of 2.48%. The company will repay the principal and interest once it matures.

46. Current portion of long-term liabilities

	2019	2018	2017	2016
	RMB (m)	RMB (m)	RMB (m)	RMB (m)
Long-term loans due within one year	11,069.0	13,875.5	12,967.7	7,787.2
Long-term payable and lease liabilities due within one year	207.8	42.0	1,014.7	889.9
Long-term bonds due within one year	—	1,800.0	—	—
Deferred income due within one year	—	26.7	25.1	22.2
Total	<u>11,276.8</u>	<u>15,744.2</u>	<u>14,007.5</u>	<u>8,699.3</u>

47. Discontinued operations and assets held for sale

Profit for the year from discontinued operations as shown below:

	2019	2018	2017
	RMB (m)	RMB (m)	RMB (m)
Unadjusted profit – see (1) and (2) below	(281.6)	(640.3)	(507.9)
Disposal income – see (1) below	424.8	—	—
Impairment	(77.9)	—	—
Shares of profits of associates	14.7	(20.4)	(48.2)
Total	<u>80.0</u>	<u>(660.7)</u>	<u>(556.1)</u>

The details as shown below:

(1) Disposal of investment in subsidiary that loses control

On November 11 2019, the Group signed a “Property rights transaction contract” with Guangxi Investment Group Co., Ltd., transferring 55% equity of SDIC Beibu Gulf Power Generation Co., Ltd which belonged to the coal-fired power segment. The transfer price is RMB591 million and the Group has obtained a total of RMB424.8 million disposal gains.

Name	Disposal price (Million)	Proportion (%)	Disposal method	Time to lose control	Basis for determining the timing of loss of control	The difference between the disposal price and the disposal investment enjoys corresponding share of net assets to the consolidated financial statements (Million)
SDIC Beibu Gulf Power Generation Co., Ltd	591.0	55.00	Transfer	2019/11/11	Transfer of property rights	424.8

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

47. Discontinued operations and assets held for sale (continued)

(1) Disposal of investment in subsidiary that loses control (continued)

The financial statements of Beibu Gulf Power shown below:

<u>Profit and loss</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Revenue	1,138.5	1,251.7	916.9
Cost of sales	(1,067.8)	(1,165.8)	(910.9)
Gross profit/(loss)	70.7	85.9	6.0
Administrative cost	(30.4)	(35.5)	(35.0)
Taxes and surcharges	(9.3)	(10.1)	(14.5)
Distribution cost	(0.1)	(0.3)	(0.1)
Impairment of property, plant and equipment, inventory and intangibles	—	—	(29.9)
Other income and expense	10.6	10.3	4.0
Operating profit/(loss)	41.5	50.3	(69.5)
Finance income	0.5	0.8	0.6
Finance costs	(40.2)	(48.2)	(40.8)
Loss before tax from continuing operations	1.8	2.9	(109.7)
Income tax expense	(0.7)	(0.3)	(1.2)
Profit for the year	1.1	2.6	(110.9)
<u>Financial position</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>	<u>RMB (m)</u>
Assets			
Non-current assets			
Property, plant and equipment	—	1,051.1	1,166.7
Intangible assets	—	81.6	84.0
Total non-current assets	—	1,132.7	1,250.7
Current assets			
Inventories	—	94.2	62.6
Accounts and notes receivables	—	150.3	135.9
Prepayments and other receivables	—	24.5	13.2
Tax recoverable	—	3.1	13.3
Cash and cash equivalents	—	99.6	69.0
Total Current assets	—	371.7	294.0
TOTAL ASSETS	—	1,504.4	1,544.7

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

47. Discontinued operations and assets held for sale (continued)

(1) Disposal of investment in subsidiary that loses control (continued)

Financial position-continued

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	RMB (m)	RMB (m)	RMB (m)
EQUITY AND LIABILITIES			
Equity			
Share capital	—	500.0	500.0
Reserves	—	23.0	23.0
Retained earnings/(accumulated losses)	—	(219.2)	(218.7)
Equity attributable to owners of the Company	—	303.8	304.3
Non-controlling interests	—	2.4	2.3
Total equity	<u>—</u>	<u>306.2</u>	<u>306.6</u>
Non-Current liabilities			
Long-term loans	—	523.9	703.7
Deferred income	—	0.7	7.8
Total non-Current liabilities	<u>—</u>	<u>524.6</u>	<u>711.5</u>
Current liabilities			
Accounts and notes payables	—	76.7	74.6
Other payables	—	26.9	31.2
Taxes payables	—	15.4	9.4
Short-term loans	—	201.5	200.0
Current portion of long-term liabilities	—	353.1	211.4
Total Current liabilities	<u>—</u>	<u>673.6</u>	<u>526.6</u>
Total liabilities	<u>—</u>	<u>1,198.2</u>	<u>1,238.1</u>
TOTAL EQUITY AND LIABILITIES	<u>—</u>	<u>1,504.4</u>	<u>1,544.7</u>

(2) Assets held for sale

In accordance with the Group's strategy to focus on clean energy, on December 27 2019, the Group signed a "Property rights transaction contract" with China Coal Energy Group Co., Ltd., transferring 51% equity of SDIC Xuancheng, 60% equity of SDIC Yili, 51.22% equity of Jingyuan Second Power, 35% equity of Huaibei Guoan and 45% equity of Zhangye Power Generation. These sold companies are all coal-fired power plants. The total transfer price is RMB1,809.1 million. As of January 13 2020, China Coal Energy Group Co., Ltd. had paid the full price and completed the management change. The Group has obtained a total of RMB543.1 million disposal gains.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

47. Discontinued operations and assets held for sale (continued)

(2) Assets held for sale (continued)

(i) Cost method

Assets held for sale in cost method consist of SDIC Xuancheng, SDIC Yili and Jingyuan Second Power.

<u>Name</u>	<u>Disposal price</u> (Million)	<u>Proportion (%)</u>	<u>Disposal method</u>	<u>Time to lose control</u>	<u>Basis for determining the timing of loss of control</u>	<u>The difference between the disposal price and the disposal investment enjoys corresponding share of net assets to the consolidated financial statements</u> (Million)
SDIC Yili	311.0	60.00	Transfer	2020/1/1	Transfer of property rights	96.8
Jingyuan Second Power	337.9	51.22	Transfer	2020/1/1	Transfer of property rights	324.4
SDIC Xuancheng	569.6	51.00	Transfer	2020/1/1	Transfer of property rights	44.8

The financial statements shown below:

<u>Profit and loss</u>	<u>2019</u> RMB (m)	<u>2018</u> RMB (m)	<u>2017</u> RMB (m)
Revenue	3,543.0	3,273.9	2,831.6
Cost of sales	(3,415.2)	(3,264.3)	(2,913.6)
Gross profit/(loss)	127.8	9.6	(82.0)
Administrative cost	(98.4)	(96.7)	(94.0)
Taxes and surcharges	(43.7)	(36.1)	(44.4)
Distribution cost	(0.6)	(0.6)	(0.6)
Impairment of financial assets	(1.5)	—	—
Impairment of property, plant and equipment, inventory and intangibles	(49.5)	(275.0)	—
Other income and expense	25.1	(10.5)	23.0
Operating profit/(loss)	(40.8)	(409.3)	(198.0)
Shares of profits of associates	0.2	—	—
Investment (loss)	—	—	(0.1)
Finance income	2.5	2.5	4.0
Finance costs	(243.5)	(235.8)	(202.8)
Loss before tax from continuing operations	(281.6)	(642.6)	(396.9)
Income tax expense	(1.1)	(0.3)	(0.1)
Profit for the year	(282.7)	(642.9)	(397.0)

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

47. Discontinued operations and assets held for sale (continued)

(2) Assets held for sale (continued)

(i) Cost method (continued)

<u>Financial position</u>	<u>2019</u> <u>RMB (m)</u>	<u>2018</u> <u>RMB (m)</u>	<u>2017</u> <u>RMB (m)</u>
Assets			
Non-current assets			
Property, plant and equipment	5,682.0	6,105.1	6,760.7
Investment properties	3.1	1.0	1.6
Intangible assets	269.9	277.0	298.0
Investments in associates	16.7	4.1	—
Deferred tax assets	7.1	6.5	6.7
Total non-current assets	5,978.8	6,393.7	7,067.0
Current assets			
Inventories	197.9	204.5	172.2
Accounts and notes receivables	588.9	595.5	515.3
Prepayments and other receivables	31.1	59.1	43.1
Tax recoverable	0.1	10.7	35.4
Cash and cash equivalents	166.2	279.7	269.4
Restricted deposits	4.7	51.3	1.3
Total Current assets	988.9	1,200.8	1,036.7
TOTAL ASSETS	6,967.7	7,594.5	8,103.7
EQUITY AND LIABILITIES			
Equity			
Share capital	2,936.3	2,936.3	2,936.3
Reserves	264.5	264.6	264.5
Retained earnings/(accumulated losses)	(1,830.8)	(1,547.9)	(884.6)
Equity attributable to owners of the Company	1,370.0	1,653.0	2,316.2
Total equity	1,370.0	1,653.0	2,316.2
Non-Current liabilities			
Long-term loans	2,647.8	3,118.4	3,359.2
Long-term payable	140.9	203.0	228.7
Deferred income	38.8	36.9	46.3
Total non-Current liabilities	2,827.5	3,358.3	3,634.2
Current liabilities			
Accounts and notes payables	467.1	738.9	765.4
Other payables	90.3	101.2	140.0
Taxes payables	27.1	26.8	15.6
Short-term loans	1,401.2	1,151.2	628.3
Current portion of long-term liabilities	784.5	565.1	604.0
Total Current liabilities	2,770.2	2,583.2	2,153.3
Total liabilities	5,597.7	5,941.5	5,787.5
TOTAL EQUITY AND LIABILITIES	6,967.7	7,594.5	8,103.7

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

47. Discontinued operations and assets held for sale (continued)

(2) Assets held for sale (continued)

(ii) Equity method

Assets held for sale in equity method consist of Huaibei Guoan and Zhangye Power generation. The book value of Investments in associates of these two disposal companies shown below:

<u>Name</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Huaibei Guoan	279.4	278.0	294.5
Zhangye Power	234.0	298.7	302.6
Total	513.4	576.7	597.1

48. Financial instruments and Risk Management

Financial instruments

The Group's financial assets comprise of restricted deposits, cash and cash equivalents, accounts and notes receivable, long terms receivables, fair value through profit and loss and fair value through other comprehensive income instruments.

The group's financial liabilities comprise of accounts and notes payables, other payables, dividends payables, short term loans, short term bonds, current portion of long term liabilities, long term loans, long term bonds, long terms payables and provisions.

All of the above are measured at the amortised basis with the exception of fair value through profit and loss and fair value through other comprehensive income statement instruments.

The Directors considered that the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values given the terms of the arrangements and the relatively stable interest rate environment.

As mentioned above, only the fair value through profit and loss and fair value through other comprehensive income statement instruments are held at fair value.

The total amount of the investments at 31 December 2019 was RMB1,149.6m, of which RMB859.2m was the level 1 financial asset being measured using quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

The remainder of these assets are held at cost being the amount paid for the investment. The Directors considered that as each of the investments remained in construction and were pre-revenue, the cost was the best indicator of the fair value at the balance sheet date.

Risk management

The Group's activities expose itself to a variety of financial risks, such as credit risk, foreign currency risk, liquidity risk and interest rate risk. The Group's overall risk management objective is to establish the risk management policy to minimise these risks without a significant impact on the Group's operations.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

48. Financial instruments and Risk Management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributed to its cash and cash equivalents, accounts and notes receivable and long terms receivable and the guarantees it has issued (see note 51).

The Group maintains most of its bank deposits and holds notes receivable in several major government-related financial institutions in the PRC and a non-bank financial institution which is a related party of the Group. With strong State support provided to those government-related financial institutions and the holding of directorship in the board of the related party non-bank financial institution, the directors are of the opinion that there is no significant credit risk on such assets.

The long term receivable is mainly from associates. The Group has regular access to financial information of the entity and does not consider such receivable to be a significant credit risk.

With regard to accounts receivables arising from power sales, most of the power plants of the Group sell electricity to their sole customers, being the power grid companies of their respective provinces or regions where the power plants operate. These power plants of the Group communicate with their individual grid companies periodically and believe that adequate allowance for expected credit losses has been made in the consolidated financial statements.

The provision for expected credit losses has been made using the below detail:

<u>2019/12/31</u>	<u>Not past due</u>	<u>180-360</u>	<u>360-720</u>	<u>720-1080</u>	<u>>1080</u>	<u>Others</u>	<u>Total</u>
	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>
Expected credit loss rate	0%	6%	12%	25%	81%	12%	—
Estimated total gross carrying							
amount at default	2,495.6	20.8	41.1	10.6	70.8	2,902.5	5,541.4
Lifetime ECL	0.5	1.3	5.1	2.6	57.1	351.3	417.9
Total	<u>2,495.1</u>	<u>19.5</u>	<u>36.0</u>	<u>8.0</u>	<u>13.7</u>	<u>2,551.2</u>	<u>5,123.5</u>
<u>2018/12/31</u>	<u>Not past due</u>	<u>180-360</u>	<u>360-720</u>	<u>720-1080</u>	<u>>1080</u>	<u>Others</u>	<u>Total</u>
	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>
Expected credit loss rate	0%	5%	10%	30%	90%	6%	—
Estimated total gross carrying							
amount at default	1,978.7	18.2	13.0	2.2	80.0	3,511.3	5,603.4
Lifetime ECL	—	0.9	1.3	0.6	72.0	198.2	273.0
Total	<u>1,978.7</u>	<u>17.3</u>	<u>11.7</u>	<u>1.6</u>	<u>8.0</u>	<u>3,313.1</u>	<u>5,330.4</u>
<u>2017/12/31</u>	<u>Not past due</u>	<u>180-360</u>	<u>360-720</u>	<u>720-1080</u>	<u>>1080</u>	<u>Others</u>	<u>Total</u>
	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>
Expected credit loss rate	0%	5%	10%	30%	99%	8%	—
Estimated total gross carrying							
amount at default	2,100.3	20.4	8.7	18.0	57.8	1,706.4	3,911.6
Lifetime ECL	—	1.0	0.9	5.4	57.1	137.4	201.8
Total	<u>2,100.3</u>	<u>19.4</u>	<u>7.8</u>	<u>12.6</u>	<u>0.7</u>	<u>1,569.0</u>	<u>3,709.8</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

48. Financial instruments and Risk Management (continued)

Credit risk (continued)

To measure expected credit losses, trade and other receivables have been grouped together based on shared credit risk characteristics and the days past due.

The expected loss rates are based on an ageing analysis performed on the receivables as well as historical loss rates. The historical loss rates are adjusted to reflect current and forward looking information that would impact the ability of the customer to pay.

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the receivable being over five years due.

Expected credit losses are reversed if the customer pays the full balance on which there has been credit losses applied.

Impairment losses on trade and other receivables are presented as impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Others included above are the accounts receivable of New Energy government grants, Chinese government credit is very good but the management takes account of time value to estimate the life time expected credit loss, and the expected credit loss rate is 6%-12%.

At 31 December 2019, accounts and notes receivables due from the top five debtors amounted to RMB3,349.9 m (2018: RMB3,560m, 2017: RMB2,231m), representing 67.5%% (2018: 68.0%, 2017: 60.2) of the total accounts receivables. Except for accounts receivables, the Group has no significant concentrations of credit risk.

Management have not determined to be any expected credit losses on guarantees given apart from where full provision has been made. See note 50 for further details.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

48. Financial instruments and Risk Management (continued)

Foreign exchange risk (continued)

At the year end, the Group's held cash and cash equivalents in the following currencies:

	2019	2018	2,017
	RMB (m)	RMB (m)	RMB (m)
RMB	6,792.6	7,243.5	4,508.7
USD	75.3	115.0	228.3
GBP	1,445.5	111.3	235.4
EURO	—	0.2	—
THB	134.4	—	—
	<u>8,447.8</u>	<u>7,470.0</u>	<u>4,972.4</u>

As of 31 December 2019 the Group's net monetary assets/ liabilities by functional currency of the Group's entities were as follow:

	Total
	RMB (m)
Currency of monetary asset/(liability)	
RMB	(119,876.9)
USD	(1,297.3)
GBP	(5,046.0)
EURO	—
THB	(182.7)
	<u>(126,402.9)</u>

The foreign currency risk of the Group mainly derives from some borrowings and deposits in GBP, THB and USD. The Board has reviewed the RMB/GBP, RMB/THB and RMB/USD exchange rate movement for the last two years and consider that a 10% movement would represent the maximum realistic exposure. The impact of such a change would not have a material impact on the reported results and therefore no sensitivity analysis is presented.

Interest rate risk

The Group is mainly exposed to cash flow interest rate risk from long-term loans at variable interest rate. All short term borrowings are at fixed rate. The Directors consider that given the past history of interest rate movements and the economic outlook that it is unlikely that there will be significant increase in interest rates. Should the interest rate increase by 1%, which is the Directors assessment of the highest realistic increase, then the interest charge would increase by RMB1,098.8m.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group seeks to achieve this aim by ensuring that it has sufficient lines of credit and borrowings facilities in order to meet its obligations as they fall due. In addition, the Group maintains relationships with financial institutions and is confident that it has the ability to restructure its facilities and modify the timing of its obligations.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

48. Financial instruments and Risk Management (continued)

Liquidity risk (continued)

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

<u>At 31 December 2019</u>	<u>Up to 6 months</u>	<u>Between 6 and 12 months</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>
Account payables	1,477.9	1,524.5	—	—	—
Other payables	3,294.0	3,248.2	—	—	—
Long term payables	108.1	—	172.0	—	—
Lease liability	1.7	98.0	60.0	274.2	385.4
Long term loans	3,446.3	7,622.7	9,798.1	21,120.6	78,960.8
Short term loans	2,666.5	2,617.3	—	—	—
Long term bonds	—	—	1,200.0	1,000.0	2,200.0
Short term bonds	1,500.0	—	—	—	—
Total	<u>12,494.5</u>	<u>15,110.7</u>	<u>11,230.1</u>	<u>22,394.8</u>	<u>81,546.2</u>
<u>At 31 December 2018</u>	<u>Up to 6 months</u>	<u>Between 6 and 12 months</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>
Account payables	928.0	3,749.8	—	—	—
Other payables	794.0	4,964.1	—	—	—
Long term payables	—	—	372.8	141.8	—
Lease liability	15.4	26.6	123.3	269.2	—
Long term loans	798.2	13,077.3	22,220.5	25,932.3	63,551.3
Short term loans	1,421.6	4,342.5	—	—	—
Long term bonds	1,800.0	—	—	2,200.0	—
Short term bonds	—	1,000.0	—	—	—
Total	<u>5,757.2</u>	<u>27,160.3</u>	<u>22,716.6</u>	<u>28,543.3</u>	<u>63,551.3</u>
<u>At 31 December 2017</u>	<u>Up to 6 months</u>	<u>Between 6 and 12 months</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>
Account payables	930.7	3,904.0	—	—	—
Other payables	795.8	6,335.6	—	—	—
Long term payables	—	—	489.9	—	—
Lease liability	240.0	774.7	115.5	242.3	—
Long term loans	1,023.0	11,944.7	11,703.1	25,961.6	71,222.1
Short term loans	910.0	3,831.3	—	—	—
Long term bonds	—	—	1,800.0	1,200.0	—
Short term bonds	1,000.0	200.0	—	—	—
Total	<u>4,899.5</u>	<u>26,990.3</u>	<u>14,108.5</u>	<u>27,403.9</u>	<u>71,222.1</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

48. Financial instruments and Risk Management (continued)

Liquidity risk (continued)

<u>At 31 December 2016</u>	<u>Up to 6 months</u>	<u>Between 6 and 12 months</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>	<u>RMB(m)</u>
Account payables	674.8	4,886.6	—	—	—
Other payables	41.9	7,787.1	—	—	—
Long term payables	—	—	—	520.0	—
Lease liability	560.0	329.9	597.9	1,179.1	—
Long term loans	975.6	6,811.6	9,820.6	27,890.9	65,824.0
Short term loans	2,588.7	5,329.2	—	—	—
Long term bonds	—	—	—	3,000.0	—
Short term bonds	2,500.0	2,000.0	—	—	—
Total	<u>7,341.0</u>	<u>27,144.4</u>	<u>10,418.5</u>	<u>32,590.0</u>	<u>65,824.0</u>

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the returns to the shareholders through the optimisation of the capital structure.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debts or sell assets to reduce debts.

The Group monitors capital on the basis of the assets-to-liabilities ratio. This ratio is calculated as total liabilities divided by total assets. The assets-to-liabilities ratio of the Group as at 31 December 2019 was 66.91% (2018: 68.22%, 2017: 70.85%).

Taking into consideration of the Group's expected operating cash flows, the available banking facilities and their past experience in refinancing short-term borrowings, the directors believe the Group can meet their current obligations when they fall due.

49. Business combinations completed in current and prior periods

(i) Yunnan Metallurgical New Energy Co., Ltd.

In accordance with the Group's strategy to focus on clean energy and accelerate the development of photovoltaic power generation. On 5 July 2018, the Company acquired 90% equity of Yunnan Metallurgy New Energy Co., Ltd. at the price of RMB540m, and consolidates Yunnan Metallurgy New Energy as a subsidiary.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

49. Business combinations completed in current and prior periods (continued)

(i) Yunnan Metallurgical New Energy Co., Ltd. (continued)

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u> <u>RMB(m)</u>
Property, plant and equipment	1,992.7
Intangibles	3.1
Other non-current assets	10.3
Receivables	598.7
Prepayments	1.0
Cash	29.3
Other current assets	138.4
Borrowings	(2,011.6)
Payables	(149.4)
Total net assets	612.5
Equity of minority shareholders	61.2
Fair value of consideration paid	
Cash	<u>540.0</u>

Acquisition costs of RMB1.2m arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income.

The main factor leading to the recognition of gain on bargain purchase of RMB11.3m was the Fair value of consideration paid was lower than the Fair value of acquired net identifiable asset, which has been included in other income and expense.

Yunnan Metallurgy New Energy contributed RMB137.5m to group revenues and RMB27.3m to group profit between the date of acquisition and 31 December 2018. If the acquisition had occurred on 1 January 2018, Yunnan Metallurgy New Energy would have contributed RMB297.1m to group revenues and RMB33.3m to group profit for the year ended 31 December 2018.

(ii) Afton Wind Farm Limited

In accordance with the Group's strategy to focus on clean energy and expand the Group's overseas business. On 10 October 2018, Red Rock Power Limited, a subsidiary of the Company, acquired 100% equity of Afton Wind Farm Limited at the price of 49.17 million pounds. Afton Wind Farm Limited also held 100% equity of Afton Wind Farm (Holdings) Limited engaged in offshore wind farm management and 100% equity of Afton Wind Farm (BMO) Limited. In the below table, the equity acquiring cost is converted at the exchange rate 8.6762 between RMB and GBP at end of report period.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

49. Business combinations completed in current and prior periods (continued)

(ii) Afton Wind Farm Limited (continued)

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u> <u>RMB(m)</u>
Property, plant and equipment	733.3
Intangibles	312.3
Receivables	45.1
Prepayments	0.8
Cash	0.7
Borrowings	(624.7)
Payables	(40.9)
Total net assets	<u>426.6</u>
Fair value of consideration paid	
Cash	<u>426.6</u>

The main factor leading to none of the recognition of goodwill was the Fair value of consideration paid and Fair value of acquired net identifiable asset are the same.

Afton Wind Farm Limited contributed RMB34.3m to group revenues and RMB2.6m to group profit between the date of acquisition and 31 December 2018. If the acquisition had occurred on 1 January 2018, Afton Wind Farm Limited would have contributed RMB63.7m to group revenues and RMB5.7m to group profit for the year ended 31 December 2018.

(iii) Baiyin Yellow River Hydropower Co., Ltd.

In accordance with the Group's strategy to focus on clean energy. On 30 November 2018, SDIC Xiaosanxia, a subsidiary of the Company received 100.00% equity of Baiyin Yellow River Hydropower Co., Ltd. for free of charge, and undertook all the assets and liabilities of Yellow River Company. The Company also had 46.56% equity of Baiyin Daxia Electric Power Co., Ltd.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u> <u>RMB(m)</u>
Property, plant and equipment	7.0
Other non-current assets	0.9
Receivables	11.8
Prepayments	50.1
Cash	17.4
Other current assets	0.8
Payables	(15.9)
Total net assets	<u>72.1</u>
Equity of minority shareholders	<u>36.6</u>
Fair value of consideration paid	
Cash	<u>23.2</u>

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

49. Business combinations completed in current and prior periods (continued)

(iii) Baiyin Yellow River Hydropower Co., Ltd. (continued)

The main factor leading to the recognition of other income of RMB12.3m was the Fair value of consideration paid was lower than the Fair value of acquired net identifiable asset, which has been included in other income and expense.

Baiyin Yellow River Hydropower contributed RMB2.3m to group revenues and RMB3.4m to group profit between the date of acquisition and 31 December 2018. If the acquisition had occurred on 1 January 2018, Baiyin Yellow River Hydropower would have contributed RMB28.5m to group revenues and RMB17.1 m to group profit for the year ended 31 December 2018.

(iv) Toksun County Trina Solar Co., Ltd.

In accordance with the Group's strategy to focus on clean energy. On 21 May 2019, the Company acquired 100% equity of Toksun County Trina Solar Co., Ltd. at the price of RMB447.1m, and consolidates Toksun County Trina Solar Co., Ltd. as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u>
	<u>RMB(m)</u>
Property, plant and equipment	805.8
Intangibles	42.0
Deferred tax assets	4.5
Receivables	267.9
Prepayments	0.3
Cash	40.4
Other current assets	142.6
Payables	(192.9)
Borrowings	(648.0)
Total net assets	<u>462.6</u>
Fair value of consideration paid	
Cash	<u>447.1</u>

Acquisition costs of RMB1.1m arose as a result of the transaction. The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the statement of comprehensive income.

The acquired business contributed revenues of RMB86.8m and net profit of RMB37.3m to the Group for the period from 21 May 2019 to December 2019. If the acquisition had occurred on 1 January 2019, consolidated revenue and consolidated profit after tax for the half-year ended 30 June 2019 would have been RMB147.5m and RMB43.6m respectively.

(v) Newsky (China) Environment & Tech Co., Ltd.

In accordance with the Group's strategy to focus on clean energy. On 21 May 2019, the Company acquired 60% equity of Newsky (China) Environment & Tech Co., Ltd. at the price of RMB403.2m, and consolidates Newsky (China) Environment & Tech Co., Ltd. as a subsidiary.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

49. Business combinations completed in current and prior periods (continued)

(v) *Newsy (China) Environment & Tech Co., Ltd. (continued)*

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u> <u>RMB(m)</u>
Property, plant and equipment	3.1
Intangibles	957.5
Deferred tax assets	18.5
Other non-current assets	17.4
Inventories	2.1
Receivables	62.3
Prepayments	24.9
Other receivables	67.4
Cash	580.6
Other current assets	40.6
Payables	(889.2)
Borrowings	(211.0)
Total net assets	674.2
Equity of minority shareholders	269.7
Fair value of consideration paid	
Cash	<u>403.2</u>

Acquisition costs of RMB2.5m arose as a result of the transaction. The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the statement of comprehensive income.

Newsy (China) Environment & Tech Co., Ltd. contributed RMB114.4m to group revenues and RMB19.5m to group profit between the date of acquisition and 31 December 2019. If the acquisition had occurred on 1 January 2019, Newsy (China) Environment & Tech Co., Ltd. would have contributed RMB188.4m to group revenues and RMB6.3 m to group profit for the year ended 31 December 2019.

(vi) *Huzhou Xianghui Photovoltaic Power Generation Co., Ltd.*

In accordance with the Group's strategy to focus on clean energy and accelerate the development of photovoltaic power generation. On 21 May 2019, the Company acquired 100% equity of Huzhou Xianghui Photovoltaic Power Generation Co., Ltd. at the price of RMB50m, and consolidates Huzhou Xianghui Photovoltaic Power Generation Co., Ltd. as a subsidiary.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

49. Business combinations completed in current and prior periods (continued)

(vi) *Huzhou Xianghui Photovoltaic Power Generation Co., Ltd. (continued)*

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u> <u>RMB(m)</u>
Property, plant and equipment	648.2
Intangibles	5.8
Inventories	
Receivables	151.6
Prepayments	0.4
Other receivables	51.7
Other current assets	1.4
Payables	(768.6)
Total net assets	<u>90.5</u>
Fair value of consideration paid	
Cash	<u>50.0</u>

Acquisition costs of RMB1.1m arose as a result of the transaction. The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the statement of comprehensive income.

Huzhou Xianghui Photovoltaic Power Generation Co., Ltd. contributed RMB51.4m to group revenues and RMB15.3m to group profit between the date of acquisition and 31 December 2019. If the acquisition had occurred on 1 January 2019, Huzhou Xianghui Photovoltaic Power Generation Co., Ltd. would have contributed RMB109.6m to group revenues and RMB33.7 m to group profit for the year ended 31 December 2019.

Acquisition costs and gain on bargain purchase as shown below:

<u>Items</u>	<u>Huzhou Xianghui Photovoltaic Power Generation Co., Ltd.</u>	<u>Newsky (China) Environment & Tech Co., Ltd.</u>	<u>Toksun County Trina Solar Co., Ltd.</u>	<u>Baiyin Yellow River Hydropower Co., Ltd.</u>	<u>Afton Wind Farm Limited</u>	<u>Yunnan Metallurgical New Energy Co., Ltd.</u>
Cost						
Of which: Cash	50.0	403.2	447.1	23.2	426.6	540.0
Total cost	50.0	403.2	447.1	23.2	426.6	540.0
Less-Recognisable fair value Share of net assets	90.5	404.5	462.7	35.5	426.6	551.3
Gain on bargain purchase	(40.5)	(1.3)	(15.6)	(12.3)	—	(11.3)

50. Subsequent event

An outbreak of a new type of severe pneumonia caused by novel coronavirus (COVID-19) was found to be spreading from person to person and spread globally around the beginning of 2020. However, in according to the statement in going concern in front of the report, it is a non-adjusting post balance sheet event.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

50. Subsequent event (continued)

Also, there are three new subsidiaries have been acquired after reporting date:

(i) In accordance with the Group's strategy to focus on clean energy and accelerate the development of photovoltaic power generation. Approved by the 143rd General meeting of SDIC Power, the Company acquired 100% equity of Dingbian Angli Photovoltaic Technology Co., Ltd from Jiangshan Yongtai Investment Holdings Co., Ltd. for RMB59m on January 14, 2020. Acquisition costs of RMB0.7m arose as a result of the transaction.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u>
	<u>RMB(m)</u>
Property, plant and equipment	663.0
Receivables	194.0
Prepayments	2.7
Cash	24.8
Other current assets	52.4
Payables	(857.2)
Total net assets	<u>79.6</u>
Fair value of consideration paid	
Cash	<u>59.0</u>

(ii) In accordance with the Group's strategy to focus on clean energy and accelerate the development of photovoltaic power generation. On 31 May 2020, the Company acquired 100% equity of Xiangshui Yongneng Solar Power Generation Co., Ltd. at the price of RMB100.0m, and consolidates Xiangshui Yongneng Solar Power Generation Co., Ltd. as a subsidiary. Acquisition costs of RMB0.6m arose as a result of the transaction, which include the acquisition of Xiangshui Hengneng as well.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u>
	<u>RMB(m)</u>
Property, plant and equipment	151.4
Receivables	178.2
Other current assets	20.0
Payables	(237.4)
Total net assets	<u>112.2</u>
Fair value of consideration paid	
Cash	<u>100.0</u>

(iii) In accordance with the Group's strategy to focus on clean energy and accelerate the development of photovoltaic power generation. On 31 May 2020, the Company acquired 100% equity of Xiangshui Hengneng Solar Power Generation Co., Ltd. at the price of RMB438.0m, and consolidates Xiangshui Hengneng Solar Power Generation Co., Ltd. as a subsidiary. Acquisition costs of RMB0.6 m arose as a result of the transaction, which include the acquisition of Xiangshui Yongneng as well.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

50. Subsequent event (continued)

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	Fair value
	RMB(m)
Property, plant and equipment	743.7
Intangibles	0.5
Receivables	799.1
Cash	0.1
Other current assets	94.3
Payables	(1,051.9)
Deferred income	(125.5)
Total net assets	460.3
Fair value of consideration paid	
Cash	438.0

Acquisition costs and gain on bargain purchase as shown below:

Items	Dingbian Angli Photovoltaic Technology Co., Ltd.	Xiangshui Yongneng Solar Power Generation Co., Ltd.	Xiangshui Hengneng Solar Power Generation Co., Ltd.
Cost			
Of which: Cash	59.0	100.0	438.0
Total cost	59.0	100.0	438.0
Less-Recognisable fair value share of net assets	79.6	112.2	460.3
Gain on bargain purchase	(20.6)	(12.2)	(22.3)

51. Parent company and related party transactions

In the opinion of the Directors, State Development and Investment Group Co Limited, a company incorporated in the PRC, is the ultimate parent company of the Group. The final controlling party is the State-owned Assets Supervision and Administration Commission of the State Council.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Significant transactions with government-related entities

Government-related entities, other than entities under SDIC Power which is a state-owned enterprise and its subsidiaries, directly or indirectly controlled by the Central People's Government of the PRC ("Government-Related Entities") are also regarded as related parties of the Group.

For the purpose of the related party transactions disclosure, the Group has established procedures for determination, to the extent possible, of the identification of the ownership structure of its customers and suppliers as to whether they are Government-Related Entities to ensure the adequacy of disclosure for all material related party transactions given that many Government-Related Entities have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatisation programs.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

During the years ended 31 December 2019, 2018 and 2017, the Group sold substantially all of its electricity to local government-related power grid companies.

The Group maintained most of its bank deposits in government-related financial institutions while lenders of most of the Group's loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

During the years ended 31 December 2019, 2018 and 2017, other collectively significant transactions with Government-Related Entities also included purchases of fuel and property, plant and equipment.

The balances with Government-Related Entities also included substantially all the accounts receivables of local government-related power grid companies, most of the bank deposits which placed in government-related financial institutions as well as accounts payables and accrued liabilities arising from the purchases of coal and property, plant and equipment. These balances are unsecured, interest-free and due within 12 months.

(i) Related transactions of purchase and sale of goods and rendering and receiving of service

Details of purchase of goods/ rendering of service RMB ('000):

Related party	Content of related transaction	2019	2018	2017
SDIC Meizhou Bay Port Co., Ltd.	Harbour handling charge	154,652.2	138,177.1	78,230.9
SDIC Qinzhou Harbour Co., Ltd.	Harbour handling charge	32,224.9	16,438.3	—
China National Investment Consultation Co., Ltd.	Supervision and survey service charge	1,987.0	3,377.4	1,726.4
China Electronic Engineering Design Institute Co., Ltd.	Consulting fee	990.0	1,027.2	806.6
SDIC Human Resource Service Co., Ltd.	Consigned management charge	139.2	83.10	—
SDIC Intelligence Co., Ltd.	Procurement of software and office equipment	2,201.4	—	—
Xiamen Meiya Pico Information Co., Ltd.	Training fee	2.2	—	—

Details of selling of goods/ rendering of service RMB ('000):

Related party	Content of related transaction	2019	2018	2017
Beatrice Offshore Windfarm Limited	Interest income	3,156.4	13,346.3	26,082.5
SDIC Qinzhou Harbour Co., Ltd.	Electric charge	3,166.6	3,260.0	1,548.9
State Development & Investment Group Co., Ltd.	Dwelling charge	—	11.9	—
Xiamen Haicang Thermal Energy Investment Co., Ltd.	Network charge	17,688.6	10,249.7	—
SDIC Guangdong Bioenergy Co., Ltd.	Coal sales	1,792.0	—	—
SDIC Qinzhou Harbour Co., Ltd.	Coal unloading service	10,362.1	—	—

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(ii) Related entrusted management/ contracting and consigned management/ outsourcing

List of entrusted management/ contracting of the Company RMB ('000):

31-Dec-19

Name of entrusting party/ outsourcing party	Name of trustee/ contractor	Name of entrusted/ contracted asset	Start date of entrusting/ contracting	End date of entrusting/ contracting	Reference for pricing of entrusting/ contracting income	Entrusting/ contracting income confirmed in current period
State Development & Investment Group Co., Ltd.	SDIC Power Holdings Co., Ltd.	Equity trusteeship	2019/1/1	2019/9/30	Agreement	141.5

Description of related entrusting/ contracting

Pursuant to Articles 4.2 and 4.3 of Entrusted Management Agreement between State Development & Investment Group Co., Ltd. and SDIC Huajing Electric Power Holding Co., Ltd. signed on June 4, 2009 and supplementary agreement signed in 2013, State Development & Investment Group Co., Ltd. entrusts the Company to manage 10% of equity of Green Coal Power Co., Ltd. The trusteeship fee was confirmed and received is RMB141,509.43 during this year.

31-Dec-18

Name of entrusting party/ outsourcing party	Name of trustee/ contractor	Name of entrusted/ contracted asset	Start date of entrusting/ contracting	End date of entrusting/ contracting	Reference for pricing of entrusting/ contracting income	Entrusting/ contracting income confirmed in current period
State Development & Investment Group Co., Ltd.	SDIC Power Holdings Co., Ltd.	Equity trusteeship	2018/1/1	2018/12/31	Agreement	188.7

Description of related entrusting/ contracting

Pursuant to Articles 4.2 and 4.3 of Entrusted Management Agreement between State Development & Investment Group Co., Ltd. and SDIC Huajing Electric Power Holding Co., Ltd. signed on June 4, 2009 and supplementary agreement signed in 2013, State Development & Investment Group Co., Ltd. entrusts the Company to manage 10% of equity of Green Coal Power Co., Ltd. The trusteeship fee was confirmed and received is RMB188,679.20 during this year.

31-Dec-17

Name of entrusting party/ outsourcing party	Name of trustee/ contractor	Name of entrusted/ contracted asset	Start date of entrusting/ contracting	End date of entrusting/ contracting	Reference for pricing of entrusting/ contracting income	Entrusting/ contracting income confirmed in current period
State Development & Investment Group Co., Ltd.	SDIC Power Holdings Co., Ltd.	Equity trusteeship	2017/1/1	2017/12/31	Agreement	200.0
SDIC Investment Management Corporation	SDIC Power Holdings Co., Ltd.	Equity trusteeship	2017/1/1	2017/12/31	Agreement	26.3

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(ii) Related entrusted management/ contracting and consigned management/ outsourcing (continued)

Description of related entrusting/ contracting

Pursuant to Articles 4.2 and 4.3 of Entrusted Management Agreement between State Development & Investment Group Co., Ltd. and SDIC Huajing Electric Power Holding Co., Ltd. signed on June 4, 2009 and supplementary agreement signed in 2013, State Development & Investment Group Co., Ltd. entrusts the Company to manage 10% of equity of Green Coal Power Co., Ltd. The trusteeship fee was confirmed and received RMB200,000.00 during this year.

On June 4, 2009, the Company signed the Entrusted Management Agreement with the SDIC Investment Management Co., Ltd. According to the agreement, the Company was authorised to manage 10% of the equity of Beijing Guoli Energy Investment Co., Ltd. in 2013, and the annual trusteeship fee is RMB200,000.00. The 10% equity of Beijing Guoli Energy Investment Co., Ltd. was transferred on February 17, 2017. The trusteeship fee was confirmed and received this year is RMB26,301.37.

(iii) Related lease

The Company acts as lessee RMB ('000):

<u>Name of lessor</u>	<u>Category of leased asset</u>	<u>31-Dec-19</u>	<u>31-Dec-18</u>	<u>31-Dec-17</u>
SDIC Finance Lease Co., Ltd.	Machine and equipment	125,365.5	128,573.3	165,658.0
Total		125,365.5	128,573.3	165,658.0

(iv) Related guarantee

The Company acts as guarantor:

2019/12/31 RMB ('000)

<u>Guarantee</u>	<u>Amount of guarantee</u>	<u>Start date of guarantee</u>	<u>End date of guarantee</u>	<u>If the guarantee completed</u>
SDIC Golmud Photovoltaic Power Generation Co., Ltd. . . .	105,951.8	2010-8-27	2025-8-27	No
SDIC Dunhuang Photovoltaic Power Generation Co., Ltd. . .	20,230.0	2010-8-19	2025-8-19	No
SDIC Dunhuang Photovoltaic Power Generation Co., Ltd. . .	32,420.0	2011-4-21	2025-8-19	No
SDIC Dunhuang Photovoltaic Power Generation Co., Ltd. . .	8,060.0	2011-3-15	2025-8-19	No
SDIC Dunhuang Photovoltaic Power Generation Co., Ltd. . .	43,650.0	2012-8-30	2030-8-30	No
SDIC Dunhuang Photovoltaic Power Generation Co., Ltd. . .	59,500.0	2012-11-23	2030-11-23	No
SDIC Shizuishan Photovoltaic Power Generation Co., Ltd.	9,650.0	2010-10-20	2025-10-20	No
SDIC Shizuishan Photovoltaic Power Generation Co., Ltd.	21,540.0	2011-4-8	2025-10-20	No
SDIC Shizuishan Photovoltaic Power Generation Co., Ltd.	6,960.0	2011-1-19	2025-10-20	No
SDIC Shizuishan Photovoltaic Power Generation Co., Ltd.	77,760.0	2013-12-6	2028-12-6	No
Toksun County Trina Solar Co., Ltd.	676,250.0	2019-7-20	2030-5-22	No
Inch Cape Offshore Limited	45,750.5	2016-5-11	2064-10-10	No
Yunnan Metallurgy New Energy Co., Ltd.	532,000.0	2018-11-2	2030-11-26	No

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(iv) Related guarantee (continued)

2018/12/31 RMB ('000)

<u>Guarantee</u>	<u>Amount of guarantee</u>	<u>Start date of guarantee</u>	<u>End date of guarantee</u>	<u>If the guarantee completed</u>
SDIC Golmud Photovoltaic Power Generation Co., Ltd.	123,878.2	2010/8/27	2025/8/27	No
SDIC Dunhuang Photovoltaic Power Generation Co., Ltd.	185,020.0	2010/8/19	2030/11/23	No
SDIC Shizuishan Photovoltaic Power Generation Co., Ltd.	134,940.0	2010/10/20	2028/12/6	No
Beatrice Wind Limited	1,093,698.3	2016/5/16	2019/9/20	No
Inch Cape Offshore Limited	43,381.0	2016/5/11	2064/10/10	No
Beatrice Offshore Windfarm Limited	3,363.6	2016/8/20	2021/12/31	No
Jaderock Investment Singapore Pte Ltd.	1,647,168.0	2016/5/27	2019/5/27	No
Yunnan Metallurgy New Energy Co., Ltd. ...	584,000.0	2018/11/2	2030/11/26	No
Yunnan Metallurgy New Energy Co., Ltd. ...	538,761.2	2018/11/2	2030/11/26	No

2017/12/31 RMB ('000)

<u>Guarantee</u>	<u>Amount of guarantee</u>	<u>Start date of guarantee</u>	<u>End date of guarantee</u>	<u>If the guarantee completed</u>
SDIC Golmud Photovoltaic Power Generation Co., Ltd.	139,974.6	2010/8/27	2025/8/27	No
SDIC Dunhuang Photovoltaic Power Generation Co., Ltd.	198,410.0	2010/8/19	2030/11/23	No
SDIC Shizuishan Photovoltaic Power Generation Co., Ltd.	147,880.0	2010/10/20	2028/12/6	No
Beatrice Wind Limited	2,328,753.7	2016/5/16	2019/9/20	No
Inch Cape Offshore Limited	43,896.0	2016/5/11	2064/10/10	No
Beatrice Offshore Windfarm Limited	3,403.5	2016/8/20	2021/12/31	No
Meteorite investment	1,568,208.0	2016/5/27	2019/5/27	No
Lesteri Listrik Pte. Ltd.	606,736.5	2016/5/31	2017/4/10	No

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(iv) Related guarantee (continued)

The subsidiary of the Company acts as guarantor:

2019/12/31 RMB ('000)

<u>Guarantee</u>	<u>Amount of guarantee</u>	<u>Start date of guarantee</u>	<u>End date of guarantee</u>	<u>If the guarantee completed</u>
Guizhou Newsky Environment & TECH Co., Ltd.	364,000.0	2017-6-5	2029-6-5	No
ICOL	23,446.5	2019-2-15	2020-12-31	No
Afton (Project office)	642,785.3	2019-5-2	2034-5-1	No
NEWSKY Energy (Thailand) Co., Ltd.	174,589.1	2017-3-1	2022-3-1	No
NEWSKY Energy (Bangkok) Co., Ltd.	143,508.8	2019-5-17	2020-5-6	No
C&G Environment Protection (Thailand)	167,044.6	2017-3-1	2022-3-1	No

2018/12/31 RMB ('000)

<u>Guarantee</u>	<u>Amount of guarantee</u>	<u>Start date of guarantee</u>	<u>End date of guarantee</u>	<u>If the guarantee completed</u>
PT. Lesteri Banten Energi	832,250.2	2016/6/1	2029/12/31	No

2017/12/31 RMB ('000)

<u>Guarantee</u>	<u>Amount of guarantee</u>	<u>Start date of guarantee</u>	<u>End date of guarantee</u>	<u>If the guarantee completed</u>
PT. Lesteri Banten Energi	792,354.7	2016/6/1	2029/12/31	No

The Company acts as guarantee:

2019/12/31 RMB ('000)

<u>Guarantor</u>	<u>Amount of guarantee</u>	<u>Start date of guarantee</u>	<u>End date of guarantee</u>	<u>If the guarantee completed</u>
State Development & Investment Group Co., Ltd.	2,000,000.0	2012/5/4	2019/5/3	YES

2018/12/31 RMB ('000)

<u>Guarantor</u>	<u>Amount of guarantee</u>	<u>Start date of guarantee</u>	<u>End date of guarantee</u>	<u>If the guarantee completed</u>
State Development & Investment Group Co., Ltd.	2,000,000.0	2012/5/4	2019/5/3	No

2017/12/31 (RMB ('000))

<u>Guarantor</u>	<u>Amount of guarantee</u>	<u>Start date of guarantee</u>	<u>End date of guarantee</u>	<u>If the guarantee completed</u>
State Development & Investment Group Co., Ltd.	5,000,000.0	2012/5/4	2019/5/3	No

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(v) Borrowings of related parties

2019/12/31 RMB ('000)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>Start date</u>	<u>End date</u>	<u>Description</u>
<i>Borrowings:</i>				
State Development & Investment Group Co., Ltd.	10,710.0	2019-3-15	2022-3-15	Long-term borrowing
State Development & Investment Group Co., Ltd.	8,740.0	2019-5-28	2022-5-28	Long-term borrowing
State Development & Investment Group Co., Ltd.	133,735.0	2008-7-25	2026-5-10	Long-term borrowing
State Development & Investment Group Co., Ltd.	1,054,490.0	2017-11-13	2020-11-13	Long-term borrowing
State Development & Investment Group Co., Ltd.	520,000.0	2018-6-26	2021-6-26	Long-term borrowing
State Development & Investment Group Co., Ltd.	151,980.0	2018-9-14	2021-9-14	Long-term borrowing
State Development & Investment Group Co., Ltd.	351,010.0	2018-9-29	2021-9-29	Long-term borrowing
State Development & Investment Group Co., Ltd.	117,520.0	2019-3-22	2022-3-22	Long-term borrowing
State Development & Investment Group Co., Ltd.	1,280,600.0	2016-8-26	2022-8-26	Long-term borrowing
State Development & Investment Group Co., Ltd.	21,090.0	2019-5-28	2022-5-28	Long-term borrowing
SDIC Finance Co., Ltd.	329,400.0	2019-1-1	2019-12-31	Short-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2019-2-19	2020-2-19	Short-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2019-3-11	2020-3-11	Short-term borrowing
SDIC Finance Co., Ltd.	4,000.0	2019-3-15	2020-3-15	Short-term borrowing
SDIC Finance Co., Ltd.	14,000.0	2019-5-15	2020-5-15	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2019-5-16	2020-5-16	Short-term borrowing
SDIC Finance Co., Ltd.	8,000.0	2019-5-16	2020-5-16	Short-term borrowing
SDIC Finance Co., Ltd.	17,000.0	2019-5-17	2020-5-17	Short-term borrowing
SDIC Finance Co., Ltd.	6,000.0	2019-5-17	2020-5-17	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2019-5-17	2020-5-17	Short-term borrowing
SDIC Finance Co., Ltd.	45,000.0	2019-5-20	2020-5-20	Short-term borrowing
SDIC Finance Co., Ltd.	100,000.0	2019-6-3	2019-12-3	Short-term borrowing
SDIC Finance Co., Ltd.	50,000.0	2019-6-6	2020-6-6	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2019-6-10	2020-6-10	Short-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2019-6-18	2020-6-18	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2019-6-19	2020-6-19	Short-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2019-6-19	2020-6-19	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2019-7-1	2020-7-1	Short-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2019-7-4	2020-7-4	Short-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2019-8-23	2020-8-23	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2019-9-21	2020-9-21	Short-term borrowing
SDIC Finance Co., Ltd.	15,500.0	2019-10-10	2020-10-10	Short-term borrowing
SDIC Finance Co., Ltd.	48,000.0	2019-10-16	2020-10-16	Short-term borrowing
SDIC Finance Co., Ltd.	40,000.0	2019-11-15	2020-11-15	Short-term borrowing
SDIC Finance Co., Ltd.	60,000.0	2019-11-18	2020-11-18	Short-term borrowing

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(v) Borrowings of related parties (continued)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>Start date</u>	<u>End date</u>	<u>Description</u>
SDIC Finance Co., Ltd.	10,000.0	2019-11-20	2020-11-20	Short-term borrowing
SDIC Finance Co., Ltd.	8,000.0	2019-11-20	2020-11-20	Short-term borrowing
SDIC Finance Co., Ltd.	25,000.0	2019-11-29	2020-11-29	Short-term borrowing
SDIC Finance Co., Ltd.	27,000.0	2019-12-6	2020-12-6	Short-term borrowing
SDIC Finance Co., Ltd.	40,000.0	2019-12-16	2020-12-16	Short-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2019-12-16	2020-12-16	Short-term borrowing
SDIC Finance Co., Ltd.	75,000.0	2019-12-16	2020-12-16	Short-term borrowing
SDIC Finance Co., Ltd.	14,000.0	2019-12-19	2020-12-19	Short-term borrowing
SDIC Finance Co., Ltd.	22,000.0	2019-12-20	2020-12-20	Short-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2019-12-20	2020-12-20	Short-term borrowing
SDIC Finance Co., Ltd.	12,000.0	2019-12-21	2019-12-31	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2019-12-23	2020-12-23	Short-term borrowing
SDIC Finance Co., Ltd.	80,000.0	2019-12-27	2020-12-27	Short-term borrowing
SDIC Finance Co., Ltd.	654,500.0	2010-10-8	2034-10-7	Long-term borrowing
SDIC Finance Co., Ltd.	87,025.0	2012-9-11	2030-9-10	Long-term borrowing
SDIC Finance Co., Ltd.	32,380.0	2016-6-14	2020-10-16	Long-term borrowing
SDIC Finance Co., Ltd.	12,439.3	2016-12-19	2031-12-16	Long-term borrowing
SDIC Finance Co., Ltd.	200.0	2017-4-25	2020-4-25	Long-term borrowing
SDIC Finance Co., Ltd.	500,000.0	2017-6-2	2020-6-2	Long-term borrowing
SDIC Finance Co., Ltd.	500,000.0	2017-6-2	2020-6-2	Long-term borrowing
SDIC Finance Co., Ltd.	300,000.0	2017-9-19	2020-9-19	Long-term borrowing
SDIC Finance Co., Ltd.	4,500.0	2018-2-7	2021-2-7	Long-term borrowing
SDIC Finance Co., Ltd.	4,700.0	2018-2-23	2021-2-23	Long-term borrowing
SDIC Finance Co., Ltd.	11,600.0	2018-2-23	2021-2-23	Long-term borrowing
SDIC Finance Co., Ltd.	200.0	2018-4-13	2021-4-13	Long-term borrowing
SDIC Finance Co., Ltd.	4,700.0	2018-4-18	2021-4-18	Long-term borrowing
SDIC Finance Co., Ltd.	14,600.0	2018-5-18	2021-5-18	Long-term borrowing
SDIC Finance Co., Ltd.	160,000.0	2019-1-9	2022-1-9	Long-term borrowing
SDIC Finance Co., Ltd.	60,000.0	2019-3-25	2022-3-25	Long-term borrowing
SDIC Finance Co., Ltd.	60,000.0	2019-4-16	2020-4-16	Short-term borrowing
SDIC Finance Co., Ltd.	60,000.0	2019-4-29	2022-4-29	Long-term borrowing
SDIC Finance Co., Ltd.	8,740.0	2019-5-27	2022-5-26	Long-term borrowing
SDIC Finance Co., Ltd.	50,000.0	2019-6-27	2020-6-27	Short-term borrowing
SDIC Finance Co., Ltd.	80,000.0	2019-9-19	2020-3-19	Short-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2019-10-18	2022-10-18	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2019-10-29	2020-4-29	Short-term borrowing
SDIC Finance Co., Ltd.	500,000.0	2019-12-26	2020-12-26	Short-term borrowing
Rongshi International Holding Co., Ltd.	660,319.2	2018-3-19	2021-3-19	Long-term borrowing
Rongshi International Holding Co., Ltd.	360,000.0	2017-6-21	2020-6-15	Long-term borrowing
Rongshi International Holding Co., Ltd.	341,199.3	2019-2-25	2022-2-25	Long-term borrowing
Rongshi International Holding Co., Ltd.	40,000.0	2019-3-18	2020-3-17	Short-term borrowing
Rongshi International Holding Co., Ltd.	40,000.0	2019-6-27	2020-6-26	Short-term borrowing
Rongshi International Holding Co., Ltd.	40,000.0	2019-9-20	2020-9-19	Short-term borrowing
Rongshi International Holding Co., Ltd.	35,000.0	2019-12-18	2020-12-17	Short-term borrowing
Rongshi International Holding Co., Ltd.	220,000.0	2018-1-16	2021-1-16	Long-term borrowing
Rongshi International Holding Co., Ltd.	220,000.0	2018-1-16	2021-1-16	Long-term borrowing

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(v) Borrowings of related parties (continued)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>Start date</u>	<u>End date</u>	<u>Description</u>
Rongshi International Holding Co., Ltd.	500,000.0	2016-5-23	2021-5-22	Long-term borrowing
Rongshi International Holding Co., Ltd.	380,000.0	2017-8-15	2020-8-15	Long-term borrowing
Rongshi International Holding Co., Ltd.	500,000.0	2016-6-20	2021-6-16	Long-term borrowing
Rongshi International Holding Co., Ltd.	48,916.9	2018-9-19	2021-9-17	Long-term borrowing
Rongshi International Holding Co., Ltd.	1,376,915.4	2018-7-23	2021-7-23	Long-term borrowing
Rongshi International Holding Co., Ltd.	78,344.3	2019-9-1	2020-8-31	Short-term borrowing
Rongshi International Holding Co., Ltd.	1,395,240.0	2019-5-21	2022-5-20	Long-term borrowing
China National Investment and Guaranty Corporation	317,820.0	2017-12-14	2020-12-11	Long-term borrowing

2018/12/31 RMB ('000)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>State date</u>	<u>End date</u>	<u>Description</u>
<i>Borrowings:</i>				
State Development & Investment Group Co., Ltd.	204,235.0	2008/7/25	2026/5/10	Long-term borrowing
State Development & Investment Group Co., Ltd.	1,054,490.0	2017/11/13	2020/11/13	Long-term borrowing
State Development & Investment Group Co., Ltd.	520,000.0	2018/6/26	2021/6/26	Long-term borrowing
State Development & Investment Group Co., Ltd.	151,980.0	2018/9/14	2021/9/14	Long-term borrowing
State Development & Investment Group Co., Ltd.	351,010.0	2018/9/29	2021/9/29	Long-term borrowing
State Development & Investment Group Co., Ltd.	7,130.0	2018/11/30	2021/11/30	Long-term borrowing
State Development & Investment Group Co., Ltd.	10,710.0	2016/3/15	2019/3/15	Long-term borrowing
State Development & Investment Group Co., Ltd.	117,520.0	2016/3/22	2019/3/22	Long-term borrowing
State Development & Investment Group Co., Ltd.	1,280,600.0	2016/8/26	2019/8/26	Long-term borrowing
SDIC Finance Co., Ltd.	11,500.0	2018/2/12	2019/2/12	Short-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2018/2/12	2019/2/12	Short-term borrowing
SDIC Finance Co., Ltd.	14,000.0	2018/3/15	2019/3/15	Short-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2018/5/16	2019/5/16	Short-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2018/5/23	2019/5/23	Short-term borrowing
SDIC Finance Co., Ltd.	50,000.0	2018/6/19	2019/6/18	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2018/8/16	2019/8/16	Short-term borrowing
SDIC Finance Co., Ltd.	56,790.0	2018/8/24	2019/8/24	Short-term borrowing
SDIC Finance Co., Ltd.	25,000.0	2018/8/24	2019/8/24	Short-term borrowing
SDIC Finance Co., Ltd.	15,500.0	2018/10/10	2019/10/10	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2018/10/17	2019/10/16	Short-term borrowing
SDIC Finance Co., Ltd.	24,070.0	2018/11/2	2019/11/2	Short-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2018/11/15	2019/11/14	Short-term borrowing
SDIC Finance Co., Ltd.	25,000.0	2018/11/20	2019/5/19	Short-term borrowing
SDIC Finance Co., Ltd.	28,000.0	2018/11/20	2019/11/20	Short-term borrowing

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(v) Borrowings of related parties (continued)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>State date</u>	<u>End date</u>	<u>Description</u>
SDIC Finance Co., Ltd.	5,000.0	2018/11/20	2019/11/20	Short-term borrowing
SDIC Finance Co., Ltd.	105,500.0	2018/11/29	2019/11/29	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2018/12/7	2019/12/7	Short-term borrowing
SDIC Finance Co., Ltd.	16,000.0	2018/12/7	2019/12/7	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2018/12/10	2019/12/9	Short-term borrowing
SDIC Finance Co., Ltd.	35,000.0	2018/12/12	2019/12/12	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2018/12/19	2019/12/19	Short-term borrowing
SDIC Finance Co., Ltd.	60,000.0	2018/12/20	2019/12/19	Short-term borrowing
SDIC Finance Co., Ltd.	85,000.0	2009/4/24	2024/6/15	Long-term borrowing
SDIC Finance Co., Ltd.	9,580.0	2010/8/19	2025/8/18	Long-term borrowing
SDIC Finance Co., Ltd.	110,090.0	2010/8/23	2025/8/23	Long-term borrowing
SDIC Finance Co., Ltd.	19,500.0	2010/8/27	2024/11/25	Long-term borrowing
SDIC Finance Co., Ltd.	668,500.0	2010/10/8	2035/10/7	Long-term borrowing
SDIC Finance Co., Ltd.	16,960.0	2010/10/20	2025/10/20	Long-term borrowing
SDIC Finance Co., Ltd.	94,825.0	2012/9/11	2030/9/10	Long-term borrowing
SDIC Finance Co., Ltd.	15,000.0	2013/7/2	2023/6/30	Long-term borrowing
SDIC Finance Co., Ltd.	9,000.0	2013/7/2	2023/6/30	Long-term borrowing
SDIC Finance Co., Ltd.	90,542.5	2013/10/25	2027/10/25	Long-term borrowing
SDIC Finance Co., Ltd.	60,000.0	2014/7/23	2028/7/2	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2015/4/20	2035/4/19	Long-term borrowing
SDIC Finance Co., Ltd.	17,730.0	2016/8/10	2031/6/13	Long-term borrowing
SDIC Finance Co., Ltd.	560,000.0	2016/10/24	2021/10/23	Long-term borrowing
SDIC Finance Co., Ltd.	5,089.3	2016/12/19	2031/12/16	Long-term borrowing
SDIC Finance Co., Ltd.	21,250.0	2016/12/27	2030/12/27	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/2/27	2020/2/27	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/3/6	2020/3/6	Long-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/3/15	2020/3/15	Long-term borrowing
SDIC Finance Co., Ltd.	40,000.0	2017/3/15	2020/3/14	Long-term borrowing
SDIC Finance Co., Ltd.	11,000.0	2017/3/20	2020/3/20	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/3/31	2020/3/31	Long-term borrowing
SDIC Finance Co., Ltd.	19,800.0	2017/4/27	2020/4/27	Long-term borrowing
SDIC Finance Co., Ltd.	800,000.0	2017/5/10	2022/5/9	Long-term borrowing
SDIC Finance Co., Ltd.	45,000.0	2017/5/15	2020/5/15	Long-term borrowing
SDIC Finance Co., Ltd.	500,000.0	2017/6/2	2020/6/2	Long-term borrowing
SDIC Finance Co., Ltd.	1,962.5	2017/6/7	2032/6/7	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/6/16	2020/4/27	Long-term borrowing
SDIC Finance Co., Ltd.	6,000.0	2017/6/20	2020/6/20	Long-term borrowing
SDIC Finance Co., Ltd.	300,000.0	2017/6/26	2023/6/26	Long-term borrowing
SDIC Finance Co., Ltd.	16,750.0	2017/7/28	2032/6/27	Long-term borrowing
SDIC Finance Co., Ltd.	100,000.0	2017/8/21	2020/8/21	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/9/15	2020/5/15	Long-term borrowing
SDIC Finance Co., Ltd.	11,000.0	2017/9/18	2020/9/18	Long-term borrowing
SDIC Finance Co., Ltd.	300,000.0	2017/9/19	2020/9/19	Long-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/10/17	2020/10/17	Long-term borrowing
SDIC Finance Co., Ltd.	40,000.0	2017/11/1	2020/11/1	Long-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/11/15	2020/11/15	Long-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2017/11/15	2020/11/15	Long-term borrowing

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(v) Borrowings of related parties (continued)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>State date</u>	<u>End date</u>	<u>Description</u>
SDIC Finance Co., Ltd.	2,000.0	2017/11/16	2020/11/16	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/11/28	2020/11/28	Long-term borrowing
SDIC Finance Co., Ltd.	50,000.0	2017/12/5	2020/12/5	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/12/18	2020/12/18	Long-term borrowing
SDIC Finance Co., Ltd.	105,000.0	2017/12/19	2020/12/19	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/1/15	2021/6/14	Long-term borrowing
SDIC Finance Co., Ltd.	1,000.0	2018/1/24	2021/1/24	Long-term borrowing
SDIC Finance Co., Ltd.	9,800.0	2018/2/7	2021/2/7	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/2/7	2021/2/7	Long-term borrowing
SDIC Finance Co., Ltd.	7,500.0	2018/2/12	2021/2/12	Long-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2018/2/12	2032/2/11	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2018/2/13	2021/2/13	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/2/23	2021/2/23	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/3/13	2021/3/13	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/3/13	2021/3/13	Long-term borrowing
SDIC Finance Co., Ltd.	15,000.0	2018/3/13	2021/3/13	Long-term borrowing
SDIC Finance Co., Ltd.	1,000.0	2018/3/19	2021/3/19	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/3/19	2032/3/18	Long-term borrowing
SDIC Finance Co., Ltd.	6,000.0	2018/3/19	2021/3/19	Long-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2018/3/19	2021/3/19	Long-term borrowing
SDIC Finance Co., Ltd.	8,000.0	2018/4/2	2021/4/2	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/4/18	2021/4/18	Long-term borrowing
SDIC Finance Co., Ltd.	27,900.0	2018/4/25	2021/4/25	Long-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2018/5/9	2021/5/9	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/5/10	2021/5/10	Long-term borrowing
SDIC Finance Co., Ltd.	4,000.0	2018/5/14	2021/5/14	Long-term borrowing
SDIC Finance Co., Ltd.	9,000.0	2018/5/15	2021/5/15	Long-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2018/5/15	2021/5/15	Long-term borrowing
SDIC Finance Co., Ltd.	15,000.0	2018/5/16	2021/5/16	Long-term borrowing
SDIC Finance Co., Ltd.	5,500.0	2018/5/17	2021/5/17	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/5/18	2021/5/18	Long-term borrowing
SDIC Finance Co., Ltd.	1,500.0	2018/5/18	2021/5/18	Long-term borrowing
SDIC Finance Co., Ltd.	11,500.0	2018/5/18	2021/5/18	Long-term borrowing
SDIC Finance Co., Ltd.	12,000.0	2018/5/18	2021/5/18	Long-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2018/6/6	2021/6/6	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2018/6/8	2021/6/8	Long-term borrowing
SDIC Finance Co., Ltd.	4,000.0	2018/6/12	2021/6/12	Long-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2018/6/12	2021/6/12	Long-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2018/6/12	2021/6/12	Long-term borrowing
SDIC Finance Co., Ltd.	9,000.0	2018/6/13	2021/6/13	Long-term borrowing
SDIC Finance Co., Ltd.	4,000.0	2018/6/13	2021/6/13	Long-term borrowing
SDIC Finance Co., Ltd.	8,000.0	2018/6/14	2021/6/14	Long-term borrowing
SDIC Finance Co., Ltd.	4,000.0	2018/6/14	2021/6/14	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/6/15	2021/6/15	Long-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2018/6/15	2021/6/15	Long-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2018/6/15	2021/6/15	Long-term borrowing
SDIC Finance Co., Ltd.	37,000.0	2018/8/9	2021/8/9	Long-term borrowing

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(v) Borrowings of related parties (continued)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>State date</u>	<u>End date</u>	<u>Description</u>
SDIC Finance Co., Ltd.	5,000.0	2018/8/16	2021/8/16	Long-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2018/8/30	2021/8/30	Long-term borrowing
SDIC Finance Co., Ltd.	16,000.0	2018/9/7	2021/9/7	Long-term borrowing
SDIC Finance Co., Ltd.	15,000.0	2018/9/12	2021/9/12	Long-term borrowing
SDIC Finance Co., Ltd.	13,000.0	2018/9/12	2021/9/12	Long-term borrowing
SDIC Finance Co., Ltd.	4,000.0	2018/9/14	2021/9/14	Long-term borrowing
SDIC Finance Co., Ltd.	4,500.0	2018/9/17	2021/9/16	Long-term borrowing
SDIC Finance Co., Ltd.	9,500.0	2018/9/18	2021/9/18	Long-term borrowing
SDIC Finance Co., Ltd.	15,000.0	2018/10/15	2032/10/14	Long-term borrowing
SDIC Finance Co., Ltd.	8,000.0	2018/10/17	2021/10/16	Long-term borrowing
SDIC Finance Co., Ltd.	6,550.0	2018/10/18	2032/10/17	Long-term borrowing
SDIC Finance Co., Ltd.	2,450.9	2018/10/18	2032/10/17	Long-term borrowing
SDIC Finance Co., Ltd.	7,000.0	2018/11/19	2021/11/19	Long-term borrowing
SDIC Finance Co., Ltd.	8,150.0	2018/12/12	2033/12/12	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2018/12/14	2021/12/14	Long-term borrowing
SDIC Finance Co., Ltd.	140,000.0	2016/4/12	2019/8/2	Long-term borrowing
SDIC Finance Co., Ltd.	19,600.0	2016/9/23	2019/9/23	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2016/11/24	2019/11/24	Long-term borrowing
SDIC Finance Co., Ltd.	9,000.0	2016/12/20	2019/12/20	Long-term borrowing
Rongshi International Holding Co., Ltd.	520,572.0	2018/3/19	2019/3/19	Short-term borrowing
Rongshi International Holding Co., Ltd.	34,316.0	2018/8/16	2019/8/15	Short-term borrowing
Rongshi International Holding Co., Ltd.	1,822,002.0	2017/8/14	2022/4/20	Long-term borrowing
Rongshi International Holding Co., Ltd.	589,981.6	2018/3/19	2021/3/19	Long-term borrowing
Rongshi International Holding Co., Ltd.	1,074,130.9	2018/7/23	2021/7/23	Long-term borrowing
China National Investment and Guaranty Corporation	247,820.0	2017/12/14	2020/12/11	Long-term borrowing
China National Investment Consultation Co., Ltd.	8,000.0	2018/8/23	2019/8/23	Short-term borrowing

2017/12/31 RMB ('000)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>State date</u>	<u>End date</u>	<u>Description</u>
<i>Borrowings:</i>				
SDIC Trust Co., Ltd.	237,835.0	2008/7/25	2026/5/10	Long-term borrowing
State Development & Investment Group Co., Ltd.	520,000.0	2015/6/15	2018/6/15	Long-term borrowing
State Development & Investment Group Co., Ltd.	151,980.0	2015/9/15	2018/9/15	Long-term borrowing
State Development & Investment Group Co., Ltd.	351,010.0	2015/9/29	2018/9/29	Long-term borrowing
State Development & Investment Group Co., Ltd.	117,520.0	2016/3/22	2019/3/22	Long-term borrowing
State Development & Investment Group Co., Ltd.	1,280,600.0	2016/8/26	2019/8/26	Long-term borrowing
State Development & Investment Group Co., Ltd.	10,710.0	2016/3/15	2019/3/15	Long-term borrowing
State Development & Investment Group Co., Ltd.	1,054,490.0	2017/11/13	2020/11/13	Long-term borrowing

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(v) Borrowings of related parties (continued)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>State date</u>	<u>End date</u>	<u>Description</u>
SDIC Finance Co., Ltd.	5,000.0	2017/1/18	2018/1/18	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/1/19	2018/1/19	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2017/1/20	2018/1/19	Short-term borrowing
SDIC Finance Co., Ltd.	13,000.0	2017/1/25	2018/1/25	Short-term borrowing
SDIC Finance Co., Ltd.	60,000.0	2017/2/22	2018/2/22	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/2/24	2018/2/24	Short-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/3/14	2018/3/14	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/3/15	2018/3/15	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/3/15	2018/3/15	Short-term borrowing
SDIC Finance Co., Ltd.	7,000.0	2017/3/16	2018/3/16	Short-term borrowing
SDIC Finance Co., Ltd.	8,000.0	2017/3/16	2018/3/16	Short-term borrowing
SDIC Finance Co., Ltd.	27,000.0	2017/3/16	2018/3/15	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/3/17	2018/3/17	Short-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2017/3/17	2018/3/17	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2017/3/22	2018/3/21	Short-term borrowing
SDIC Finance Co., Ltd.	35,000.0	2017/4/12	2018/4/11	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/4/19	2018/4/19	Short-term borrowing
SDIC Finance Co., Ltd.	500,000.0	2017/4/26	2018/4/26	Short-term borrowing
SDIC Finance Co., Ltd.	40,000.0	2017/4/27	2018/4/27	Short-term borrowing
SDIC Finance Co., Ltd.	40,000.0	2017/4/27	2018/4/27	Short-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2017/5/16	2018/5/16	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/5/17	2018/5/17	Short-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2017/5/23	2018/5/23	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2017/5/24	2018/5/23	Short-term borrowing
SDIC Finance Co., Ltd.	6,000.0	2017/5/24	2018/5/24	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/6/13	2018/6/13	Short-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/6/15	2018/6/15	Short-term borrowing
SDIC Finance Co., Ltd.	100,000.0	2017/6/19	2018/6/18	Short-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2017/6/19	2018/6/19	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/6/20	2018/6/20	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2017/7/13	2018/7/13	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2017/7/14	2018/7/14	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/8/9	2018/8/9	Short-term borrowing
SDIC Finance Co., Ltd.	3,000.0	2017/8/23	2018/8/23	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/9/14	2018/9/14	Short-term borrowing
SDIC Finance Co., Ltd.	7,500.0	2017/9/19	2018/9/19	Short-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2017/9/19	2018/9/19	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/10/9	2018/10/9	Short-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/10/11	2018/10/11	Short-term borrowing
SDIC Finance Co., Ltd.	43,500.0	2017/11/22	2018/11/22	Short-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2017/11/22	2018/11/22	Short-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/11/22	2018/11/22	Short-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/12/6	2018/12/5	Short-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/12/11	2018/12/11	Short-term borrowing
SDIC Finance Co., Ltd.	16,000.0	2017/12/13	2018/12/13	Short-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2017/12/18	2018/12/18	Short-term borrowing
SDIC Finance Co., Ltd.	15,000.0	2017/12/27	2018/12/27	Short-term borrowing
SDIC Finance Co., Ltd.	85,000.0	2009/4/24	2024/6/15	Long-term borrowing
SDIC Finance Co., Ltd.	10,780.0	2010/8/19	2025/8/18	Long-term borrowing

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(v) Borrowings of related parties (continued)

<u>Related party</u>	<u>Amount of borrowing</u>	<u>State date</u>	<u>End date</u>	<u>Description</u>
SDIC Finance Co., Ltd.	126,370.0	2010/8/23	2025/8/23	Long-term borrowing
SDIC Finance Co., Ltd.	21,780.0	2010/8/27	2024/11/25	Long-term borrowing
SDIC Finance Co., Ltd.	668,500.0	2010/10/8	2035/10/7	Long-term borrowing
SDIC Finance Co., Ltd.	18,650.0	2010/10/20	2025/10/20	Long-term borrowing
SDIC Finance Co., Ltd.	14,000.0	2011/9/15	2034/10/22	Long-term borrowing
SDIC Finance Co., Ltd.	102,475.0	2012/9/11	2030/9/10	Long-term borrowing
SDIC Finance Co., Ltd.	26,200.0	2013/7/2	2023/6/30	Long-term borrowing
SDIC Finance Co., Ltd.	92,660.5	2013/10/25	2027/10/25	Long-term borrowing
SDIC Finance Co., Ltd.	60,000.0	2014/7/23	2028/7/2	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2015/4/20	2035/4/19	Long-term borrowing
SDIC Finance Co., Ltd.	170,000.0	2015/8/11	2018/11/16	Long-term borrowing
SDIC Finance Co., Ltd.	140,000.0	2016/4/12	2019/8/2	Long-term borrowing
SDIC Finance Co., Ltd.	19,130.0	2016/8/10	2031/6/13	Long-term borrowing
SDIC Finance Co., Ltd.	19,800.0	2016/9/23	2019/9/23	Long-term borrowing
SDIC Finance Co., Ltd.	600,000.0	2016/10/24	2021/10/23	Long-term borrowing
SDIC Finance Co., Ltd.	49,000.0	2016/11/24	2019/11/24	Long-term borrowing
SDIC Finance Co., Ltd.	5,789.3	2016/12/19	2031/12/16	Long-term borrowing
SDIC Finance Co., Ltd.	23,750.0	2016/12/27	2030/12/27	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/3/6	2019/9/23	Long-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/3/15	2020/3/15	Long-term borrowing
SDIC Finance Co., Ltd.	40,000.0	2017/3/15	2020/3/14	Long-term borrowing
SDIC Finance Co., Ltd.	18,900.0	2017/3/28	2020/3/28	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/3/31	2019/9/23	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/4/27	2020/4/27	Long-term borrowing
SDIC Finance Co., Ltd.	800,000.0	2017/5/10	2022/5/9	Long-term borrowing
SDIC Finance Co., Ltd.	45,000.0	2017/5/15	2020/5/15	Long-term borrowing
SDIC Finance Co., Ltd.	500,000.0	2017/6/2	2030/6/2	Long-term borrowing
SDIC Finance Co., Ltd.	2,000.0	2017/6/7	2032/6/7	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/6/16	2020/4/27	Long-term borrowing
SDIC Finance Co., Ltd.	300,000.0	2017/6/26	2023/6/26	Long-term borrowing
SDIC Finance Co., Ltd.	17,000.0	2017/7/28	2032/6/27	Long-term borrowing
SDIC Finance Co., Ltd.	100,000.0	2017/8/21	2020/8/21	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/9/15	2020/5/15	Long-term borrowing
SDIC Finance Co., Ltd.	300,000.0	2017/9/19	2020/9/19	Long-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/10/17	2020/10/17	Long-term borrowing
SDIC Finance Co., Ltd.	40,000.0	2017/11/1	2020/11/1	Long-term borrowing
SDIC Finance Co., Ltd.	10,000.0	2017/11/15	2020/11/15	Long-term borrowing
SDIC Finance Co., Ltd.	30,000.0	2017/11/15	2020/11/15	Long-term borrowing
SDIC Finance Co., Ltd.	20,000.0	2017/11/28	2020/11/28	Long-term borrowing
SDIC Finance Co., Ltd.	50,000.0	2017/12/5	2020/12/5	Long-term borrowing
SDIC Finance Co., Ltd.	5,000.0	2017/12/18	2020/12/18	Long-term borrowing
SDIC Finance Co., Ltd.	105,000.0	2017/12/19	2020/12/19	Long-term borrowing
China National Investment and Guaranty Corporation	247,820.0	2017/12/14	2020/12/11	Long-term borrowing
China National Investment Consultation Co., Ltd.	8,000.0	2017/8/11	2018/8/11	Short-term borrowing
Rongshi International Holding Co., Ltd.	1,843,632.0	2017/8/14	2022/4/20	Long-term borrowing

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(v) Borrowings of related parties (continued)

Interest expense for related borrowing RMB ('000):

<u>Related party</u>	<u>Item</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
SDIC Finance Co., Ltd.	Interest expense	259,288.1	296,921.9	200,553.8
State Development & Investment Group Co., Ltd.	Interest expense	97,378.6	118,829.7	112,084.5
Rongshi International Holding Co., Ltd.	Interest expense	32,683.5	63,807.2	15,840.1
China National Investment and Guaranty Corporation ...	Interest expense	11,855.4	11,235.6	621.3
China National Investment Consultation Co., Ltd.	Interest expense	248.7	348.5	292.3

(vi) Assets transfer and debt restructuring of related parties RMB ('000)

<u>Item</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Salaries of key management personnel	10,717.30	7,940.1	7,098.0

(vii) Receivables from or payables to related parties

Receivables RMB ('000)

<u>Items</u>	<u>Related Party</u>	<u>2019</u>		<u>2018</u>		<u>2017</u>	
		<u>Book balance</u>	<u>Bad debt reserve</u>	<u>Book balance</u>	<u>Bad debt reserve</u>	<u>Book balance</u>	<u>Bad debt reserve</u>
Account receivables ...	SDIC Qinzhou Harbor Co., Ltd.	266.0	—	308.8	—	—	—
Interest receivable ...	SDIC Finance Co., Ltd.	1,729.7	—	3,320.4	—	7,158.1	—
Advance payment	China National Investment Consultation Co., Ltd.	—	—	7.7	—	—	—
Long-term account receivables	Lestari Listrik Pte. Ltd.	376,376.5	—	562,741.9	—	472,718.4	—
	SDIC Financial Leasing Co., Ltd.	120,161.7	—	—	—	—	—
	Beatrice Offshore Wind farm Limited	100,341.8	—	516,737.0	—	—	—

Payables RMB('000)

<u>Items</u>	<u>Related Party</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Accounts payables	SDIC Meizhou Bay Harbor Co., Ltd.	—	43,139.1	21,770.6
	Beijing CEEDI Engineering & Technology Co., Ltd.	105.0	105.0	—
	China Electronics Engineering Design Institute Co., Ltd	434.1	100.0	196.0
Long-term payables	Beijing Century Benefits Co., Ltd.	—	—	2,128.5
.....	SDIC Finance Lease Co., Ltd.	297,554.4	2,361,800.0	1,236,973.2
Liabilities held for sale-				
Long-term payables	SDIC Finance Lease Co., Ltd.	120,000.0	—	—
Other payables	State Development & Investment Group Co., Ltd.	—	—	0.9
	SDIC High-tech Investment Co., Ltd.	7,412.8	7,412.8	7,412.8

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

51. Parent company and related party transactions (continued)

Significant transactions with government-related entities (continued)

(vii) Receivables from or payables to related parties (continued)

Items	Related Party	2019	2018	2017
Interest payables	Rongshi International Holding Co., Ltd.	—	43,694.8	3,540.3
	SDIC Finance Co., Ltd.	—	14,318.2	7,869.0
	SDIC Finance Lease Co., Ltd.	—	4,481.4	4,951.0
	State Development & Investment Group Co., Ltd.	—	2,946.0	2,984.0
	China Investment & Financing Guarantee Co., Ltd.	—	1,348.1	621.3
	China National Investment Consultation Co., Ltd.	—	11.2	10.6
Long-term borrowings-Interest payables	State Development & Investment Group Co., Ltd.	191.1	—	—
	China National Investment and Guaranty Corporation	1,582.0	—	—
	SDIC Finance Co., Ltd.	3,764.8	—	—
	Rongshi International Holding Co., Ltd.	3,276.0	—	—
Short-term borrowings-Interest payables	SDIC Finance Co., Ltd.	1,195.9	—	—
	Rongshi International Holding Co., Ltd.	291.5	—	—
Long-term borrowings	SDIC Finance Co., Ltd.	3,251,624.1	4,778,430.2	4,761,784.8
	State Development & Investment Group Co., Ltd.	2,577,537.8	3,697,675.0	3,724,145.0
	Rongshi International Holding Co., Ltd.	3,778,690.5	3,486,114.5	1,843,632.0
	SDIC Finance Lease Co., Ltd.	1,370,000.0	2,517,201.4	2,010,000.0
	China National Investment and Guaranty Corporation	317,820.0	247,820.0	247,820.0
Liabilities held for sale-Long-term borrowings . . .	State Development & Investment Group Co., Ltd.	10,710.0	—	—
	SDIC Finance Co., Ltd.	228,500.0	—	—
Non-current liabilities due within 1 year	State Development & Investment Group Co., Ltd.	1,055,561.3	1,408,830.0	—
	SDIC Finance Lease Co., Ltd.	858,916.9	—	—
	SDIC Finance Co., Ltd.	549,185.0	173,600.0	—
Short-term borrowings	SDIC Finance Co., Ltd.	1,331,224.8	629,360.0	1,306,000.0
	Rongshi International Holding Co., Ltd.	—	554,888.0	—
	SDIC Finance Lease Co., Ltd.	—	175,000.0	45,000.0
	China National Investment Consultation Co., Ltd.	—	8,000.0	8,000.0
Liabilities held for sale-Short-term borrowings . . .	SDIC Finance Lease Co., Ltd.	155,000.0	—	—

52. Contingent liabilities

At the end of FY2019, all guarantee responsibility has been fulfilled. There were no material contingent liabilities need to be disclosed.

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

53. Capital commitments

Capital commitments authorised and contracted for at the end of the reporting period but not yet incurred are as follows:

	2019	2018	2017
	RMB (m)	RMB (m)	RMB (m)
Property, plant and equipment	19,959.9	24,329.4	29,173.1
Equity investment	110.0	—	—
Total	20,069.9	24,329.4	29,173.1

54. Notes to cash flow statement

	Long term loans RMB(m)	Long term bonds RMB(m)	Long term payables and lease liabilities RMB(m)	Short term loans RMB(m)	Short term bonds RMB(m)	Current portion of long term liabilities RMB(m)	Total RMB(m)
At 1 January 2017	103,535.5	3,000.0	2,297.0	7,917.9	4,500.0	8,677.1	129,927.5
Cash flows	—	—	—	—	—	—	—
Inflows	20,649.3	—	107.1	7,883.2	1,200.0	—	29,839.6
outflows	(2,460.8)	—	(541.7)	(11,059.8)	(4,500.0)	(8,677.1)	(27,239.4)
Non-cash flows	—	—	—	—	—	—	—
Amounts recognised on business combinations	—	—	—	—	—	—	—
Effects of foreign exchange	130.5	—	—	—	—	—	130.5
Loans and borrowings classified as noncurrent at 31 December 2017 becoming current during 2018	(12,967.7)	—	(1,014.7)	—	—	13,982.4	—
At 31 December 2017	108,886.8	3,000.0	847.7	4,741.3	1,200.0	13,982.4	132,658.2
At 1 January 2018	108,886.8	3,000.0	847.7	4,741.3	1,200.0	13,982.4	132,658.2
Cash flows	—	—	—	—	—	—	—
Inflows	17,991.5	1,000.0	70.0	8,525.1	1,000.0	—	28,586.6
outflows	(3,896.6)	—	(96.9)	(7,502.3)	(1,200.0)	(13,982.4)	(26,678.2)
Non-cash flows	—	—	—	—	—	—	—
Amounts recognised on business combinations	2,616.1	—	—	—	—	—	2,616.1
Effects of foreign exchange	(17.3)	—	—	—	—	—	(17.3)
Others	—	—	127.4	—	—	—	127.4
Loans and borrowings classified as noncurrent at 31 December 2018 becoming current during 2019	(13,876.4)	(1,800.0)	(41.1)	—	—	15,717.5	—
At 31 December 2018	111,704.1	2,200.0	907.1	5,764.1	1,000.0	15,717.5	137,292.8

Notes forming part of the consolidated financial statements
For the three years ended 31 December 2019 (continued)

54. Notes to cash flow statement (continued)

	Long term loans RMB(m)	Long term bonds RMB(m)	Long term payables and lease liabilities RMB(m)	Short term loans RMB(m)	Short term bonds RMB(m)	Current portion of long term liabilities RMB(m)	Total RMB(m)
At 1 January 2019	111,704.1	2,200.00	907.1	5,764.1	1,000.0	15,717.5	137,292.8
Cash flows							
Inflows	16,820.4	2,200.00	381.5	7,352.5	1,500.0	—	28,254.4
outflows	(5,172.0)	—	(41.4)	(6,431.5)	(1,000.0)	(15,717.5)	(28,362.4)
Non-cash flows							
Amounts recognised on business combinations	637.3	—	—	—	—	56.5	693.8
Held for sale liabilities	(2,647.9)	—	(140.9)	(1,401.3)	—	(392.3)	(4,582.4)
Effects of foreign exchange	(57.6)	—	(6.9)	—	—	—	(64.5)
Loans and borrowings classified as noncurrent at 31 December 2019 becoming current during							
2020	(11,404.8)	—	(207.8)	—	—	11,612.6	—
At 31 December 2019	<u>109,879.5</u>	<u>4,400.0</u>	<u>891.6</u>	<u>5,283.8</u>	<u>1,500.0</u>	<u>11,276.8</u>	<u>133,231.7</u>

55. Transition to IFRS

These are the first set of financial statements prepared by the Group under IFRS. Previously the group reported under PRC GAAP. There have been GAAP differences between IFRS and PRC GAAP. The Group has taken advantage of the exemption available not to restate business combinations that occurred prior to the transition date of 1 January 2017.

Under PRC GAAP, the transfer of Water supply, power supply, heating and property to government without consideration is offset with the undistributed profits.

Under IFRS, the transfer of water supply, power supply, heating and property to government without consideration go through other profit/(loss).

	Profit for the year attributable to owners of the company			Equity attributable to owner of the company		
	2019	2018	2017	2019	2018	2017
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
PRC GAAP	4,755.5	4,364.1	3,232.3	40,382.5	37,691.7	30,555.3
Adjustment:						
The transfer of Water supply, power supply, heating and property to government without consideration	(29.0)	(34.9)	—	(2.2)	—	—
IFRS	<u>4,726.5</u>	<u>4,329.2</u>	<u>3,232.3</u>	<u>40,380.3</u>	<u>37,691.7</u>	<u>30,555.3</u>

Review report on Half Year Historical Financial Information



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
SDIC Power Holdings Co., Ltd
12F, No. 147 Building
Xizhimen Nanxiao Street
Xicheng District
Beijing 100034

19 October 2020

Dear Sir or Madam

SDIC Power Holdings CO., LTD (the “Company”) and its subsidiaries (together, the “Group”)

Introduction

We report on the condensed interim financial information as at and for the six months ended 30 June 2020 set out on pages F-106 to F-130 for the Group. This financial information has been prepared for inclusion in the Prospectus dated 19 October 2020 of the Company (the “Prospectus”) on the basis of the accounting policies set out in note 2 to the condensed interim financial information. This report is required by item 18.2.1 of annex 1 of the Commission Delegated Regulation (EU) No. 2019/980 supplementing Commission Regulation (EU) 2017/1129 (the “Delegated Regulation”) and is given for the purpose of complying with that item and for no other purpose. We have not audited or reviewed the condensed interim financial information for the six months ended 30 June 2019 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

Our responsibility is to express an independent conclusion based on our review of the financial statements. We conducted our review in accordance with International Standard on Review Engagements 2400 (Revised), Engagements to review historical financial statements (ISRE 2400) issued by the international Auditing and Assurance Standards Board and ICAEW Technical Release TECH 09/13AAF Assurance review engagements on historical financial statements.

Save for any responsibility arising under item 1.2 of annex 1 of the Delegated Regulation to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of annex 1 of the Delegated Regulation consenting to its inclusion in the Prospectus.

Scope of review

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with the requirements of item 18.2 of Annex 1 of the Delegated Regulation.

Declaration

For the purposes of item 1.2 of annex 1 of the Delegated Regulation, we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of annex 1 of the Delegated Regulation.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2020 and 30 June 2019

	Notes	2020 RMB (m) (unaudited)	2019 RMB (m) (unaudited)
Continuing operations:			
Revenue	3	17,470.3	17,190.4
Cost of sales		(9,199.2)	(9,566.8)
Gross profit		8,271.1	7,623.6
Administrative cost		(510.3)	(481.5)
Taxes and surcharges		(411.6)	(405.0)
Distribution cost		(10.8)	(1.5)
Impairment of financial assets		(131.3)	(86.0)
Impairment reversal of inventory		0.4	—
Other income and expense		111.0	59.2
Operating profit		7,318.5	6,708.8
Shares of profits of associates		398.3	416.6
Investment income		29.8	—
Fair value movements on financial instrument measured at fair value through profit and loss		(20.3)	5.5
Finance income		47.0	70.6
Finance costs		(2,209.2)	(2,292.9)
Profit before tax from continuing operations		5,564.1	4,908.6
Income tax expense	5	(1,059.1)	(762.3)
Profit for the year from continuing operations		4,505.0	4,146.3
Profit for the year from discontinued operations	22	541.9	(44.2)
Profit for the year		5,046.9	4,102.1
Other comprehensive income:			
Items that will or may be reclassified to profit and loss			
Shares of other comprehensive loss of associates		(53.9)	(154.5)
Cash flow hedging instrument		(30.4)	(29.4)
Exchange differences on translating foreign operations		44.4	3.9
Items that will not or may not be reclassified to profit and loss			
Valuation gains/(losses) in fair value through other comprehensive income		3.2	(53.1)
Other comprehensive income net of tax		(36.7)	(233.1)
Total comprehensive income for the year		5,010.2	3,869.0

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the six months ended 30 June 2020 and 30 June 2019 (continued)

		2020	2019
		RMB (m)	RMB (m)
	Notes	(unaudited)	(unaudited)
Profit for the year attributable to:			
Owners of the Company		3,074.7	2,275.0
Non-controlling interests		1,972.2	1,827.1
Total comprehensive income for the year attributable to:			
Owners of the Company		3,039.4	2,040.8
Non-controlling interests		1,970.8	1,828.2
		RMB	RMB
Earnings per share			
Basic and diluted:			
From continuing and discontinued operations	6	0.4378	0.3184
From continuing operations	6	0.3580	0.3212
From discontinued operations	6	0.0799	(0.0029)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020 and 31 December 2019

		2020	2019
	Notes	30 June RMB (m) (unaudited)	31 December RMB (m) (audited)
ASSETS			
<i>Non-current assets:</i>			
Property, plant and equipment	7	187,200.5	184,487.5
Investment properties		89.7	96.6
Intangible assets	8	2,490.6	2,633.8
Goodwill	9	406.0	431.5
Investments in associates		9,582.9	9,707.3
Fair value through other comprehensive income investment	10	123.5	116.1
Long-term receivable	11	481.7	511.4
Deferred tax assets		448.2	400.3
Other non-current assets	12	1,795.3	1,521.5
Total non-current assets		202,618.4	199,906.0
<i>Current assets:</i>			
Inventories		1,045.0	1,158.9
Accounts and notes receivables	13	6,961.4	5,599.2
Prepayments and other receivables		336.3	474.5
Tax recoverable		793.3	925.1
Cash and cash equivalents		9,862.6	8,281.6
Restricted deposits		170.7	154.1
Fair value through profit and loss investment	14	838.9	859.2
Other current assets		2.1	—
Assets held-for-sale		—	7,481.1
Total current assets		20,010.3	24,933.7
TOTAL ASSETS		222,628.7	224,839.7
EQUITY AND LIABILITIES			
EQUITY			
<i>Equity attributable to owners of the Company</i>			
Share capital		6,786.0	6,786.0
Other equity instruments	15	4,499.0	3,999.0
Reserves		8,391.1	8,418.8
Retained earnings/(accumulated losses)		22,483.1	21,176.4
Equity attributable to owners of the Company		42,159.2	40,380.2
Non-controlling interests		32,557.9	34,011.8
Total equity		74,717.1	74,392.0
LIABILITIES			
<i>Non-current liabilities:</i>			
Long-term loans	16	106,418.3	109,879.5
Long-term bonds	17	5,400.0	4,400.0
Long-term payable		64.8	172.0
Lease liabilities		852.7	719.6
Provision		283.5	296.7
Deferred income		327.7	204.9
Deferred tax liabilities		41.3	42.0
Total non-current liabilities		113,388.3	115,714.7
<i>Current liabilities:</i>			
Accounts and notes payables	19	2,956.5	3,654.7
Other payables	20	5,821.6	6,542.2
Income tax payables		628.4	277.3
Other taxes payable	21	396.9	421.5
Dividends payables	22	3,477.1	147.1
Short-term loans	23	5,052.2	5,283.8
Short-term bonds	18	3,500.0	1,500.0
Current portion of long-term liabilities	24	12,624.2	11,276.8
Cash flow hedging instrument		66.4	31.9
Liability held-for-sale		—	5,597.7
Total current liabilities		34,523.3	34,733.0
Total liabilities		147,911.6	150,447.7
TOTAL EQUITY AND LIABILITIES		222,628.7	224,839.7

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2020 and 30 June 2019

		2020	2019
		RMB (m)	RMB (m)
	Notes	(unaudited)	(unaudited)
Cash flows from operating activities:			
Profit for the year		4,505.0	4,146.3
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	7	3,383.6	3,302.2
Amortisation of intangible assets	9	155.7	148.8
Impairment losses		130.9	86.0
Finance income		(47.0)	(70.6)
Finance expense		2,196.2	2,278.6
Share of post-tax profits of equity accounted associates		(398.3)	(416.6)
Investment income		(29.8)	—
Fair value change income		20.3	(5.5)
Loss/(gain) on the scrap of fixed assets		0.2	2.5
Loss/(gain) on sale of property, plant and equipment		(0.6)	(0.7)
Income tax expense		1,059.1	762.3
Decrease/(increase) in trade and other receivables		20.0	(454.8)
Decrease/(increase) in inventories		113.8	(31.8)
Increase/(decrease) in trade and other payables		(1,664.8)	(400.8)
Increase/(decrease) in provisions		—	(70.6)
Increase/(decrease) in employee benefit		(65.9)	33.5
Cash generated from operations		9,378.4	9,308.8
Income taxes paid		(708.1)	(659.9)
Cash flows from continuing operating activities		8,670.3	8,648.9
Cash flows (used in)/from discontinued operating activities		(1.3)	269.5
Net cash flows from operating activities		8,669.0	8,918.4
Investing activities:			
Disposal of subsidiaries-net of cash acquired		—	0.3
Sale of tradable financial assets		85.5	—
Receive of shareholder loan		346.6	—
Dividends and interests from associates		454.0	350.0
Investment income during the holding period of trading financial assets		29.8	—
Interest received		47.0	72.7
Disposal of property, plant and equipment and other long-term assets		0.9	1.1
Purchases of property, plant and equipment		(4,749.7)	(4,641.8)
Purchase of intangibles		(4.6)	—
Purchase of subsidiaries		(533.2)	(384.4)
Purchase of associates		(27.0)	(20.0)
Purchases of fair value through profit and loss		(85.4)	—
Purchase of other equity instruments		(4.3)	(30.0)
Prepayment for acquisition of subsidiaries		—	(150.0)
Prepayment for fair value through profit and loss		(5.0)	—
Shareholder loan to associates		—	(344.5)
Other cash outflows related to investing activities		—	0.5
Cash flow from continued operations		(4,445.4)	(5,146.1)
Cash flow from/(used in) discontinued operations		1,566.4	(81.1)
Net cash flows used in investing activities		(2,879.0)	(5,227.2)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2020 and 30 June 2019 (continued)

		2020	2019
	Notes	RMB (m) (unaudited)	RMB (m) (unaudited)
Financing activities:			
Issue of other equity instruments		500.0	—
Issue of ordinary shares to non-controlling interests		—	384.0
Fiscally subsidised interest rate of subsidiaries		12.4	13.5
Proceeds from loans and borrowings		14,447.1	19,310.7
Repayment of loans and borrowings		(15,144.7)	(17,814.3)
Interest paid on loans and borrowings		(2,878.2)	(3,033.8)
Interest paid on perpetual bonds		(106.0)	(106.0)
Dividends paid to non-controlling interests		(1,134.0)	(1,551.3)
Financial charges		(3.5)	(6.9)
Cash flow from continued operations		(4,306.9)	(2,804.1)
Cash flow from discontinued operations		—	(400.5)
Net cash (used in) financing activities		(4,306.9)	(3,204.6)
Net (decrease)/increase in cash and cash equivalents from continuing operations		(82.0)	698.7
Net increase/(decrease) in cash and cash equivalents from discontinued operations		1,565.1	(212.1)
Net increase in cash and cash equivalents		1,483.1	486.6
Cash and cash equivalents at beginning of year			
Exchange (losses)/gains on cash and cash equivalents		(68.3)	8.4
Add: the beginning balance of cash and cash equivalents from continuing operations		8,281.6	7,090.6
the beginning balance of cash and cash equivalents from discontinued operations		166.2	379.4
Cash and cash equivalents from continuing operations		8,297.5	7,797.7
Cash and cash equivalents from discontinued operations		1,565.1	167.3
Cash and cash equivalents at end of year		9,862.6	7,965.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(for the six months ended 30 June 2020 and 30 June 2019)

	Share capital	Subordinated bonds	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Portion of other comprehensive income of associates	Foreign currency translation reserve	Fair value through other comprehensive income instruments	Cash flow hedging instruments	Retained earnings/accumulated losses	Total controlling interests	Total equity
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
At 1 January 2019	6,786.0	3,999.0	6,468.8	1,731.6	2.4	150.2	7.7	(0.9)	—	18,546.9	37,691.7	70,183.1
Profit for the period	—	—	—	—	—	—	—	—	—	2,275.0	2,275.0	4,102.1
Other comprehensive income	—	—	—	—	—	(155.6)	3.9	(53.1)	(29.4)	—	(234.2)	(233.1)
Total comprehensive income for the period	—	—	—	—	—	(155.6)	3.9	(53.1)	(29.4)	2,275.0	2,040.8	3,869.0
Investment by non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	384.0
Changes in capital reserve of associates	—	—	0.2	—	—	—	—	—	—	—	0.2	0.2
Dividends declared	—	—	—	—	—	—	—	—	—	(1,628.9)	(1,628.9)	(4,980.5)
At 30 June 2019	<u>6,786.0</u>	<u>3,999.0</u>	<u>6,469.0</u>	<u>1,731.6</u>	<u>2.4</u>	<u>(5.4)</u>	<u>11.6</u>	<u>(54.0)</u>	<u>(29.4)</u>	<u>19,193.0</u>	<u>38,103.8</u>	<u>69,455.8</u>
At 1 January 2020	<u>6,786.0</u>	<u>3,999.0</u>	<u>6,461.5</u>	<u>2,096.2</u>	<u>2.4</u>	<u>(75.2)</u>	<u>(14.8)</u>	<u>(25.8)</u>	<u>(25.5)</u>	<u>21,176.4</u>	<u>40,380.2</u>	<u>74,392.0</u>
Profit for the period	—	—	—	—	—	—	—	—	3,074.7	3,074.7	1,972.2	5,046.9
Other comprehensive income	—	—	—	—	—	(52.5)	44.4	3.2	(30.4)	—	(35.3)	(36.7)
Total comprehensive income for the period	—	—	—	—	—	(52.5)	44.4	3.2	(30.4)	3,074.7	3,039.4	5,010.2
Issue of the other equity instruments ..	—	500.0	—	—	—	—	—	—	—	—	500.0	500.0
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(622.7)
Changes in capital reserve of associates	—	—	7.6	—	—	—	—	—	—	—	7.6	7.6
Interest to holders of other equity instruments	—	—	—	—	—	—	—	—	—	(103.4)	(103.4)	(103.4)
Dividends declared	—	—	—	—	—	—	—	—	—	(1,664.6)	(1,664.6)	(4,466.6)
At 30 June 2020	<u>6,786.0</u>	<u>4,499.0</u>	<u>6,469.1</u>	<u>2,096.2</u>	<u>2.4</u>	<u>(127.7)</u>	<u>29.6</u>	<u>(22.6)</u>	<u>(55.9)</u>	<u>22,483.1</u>	<u>42,159.2</u>	<u>74,717.1</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020

1. GENERAL INFORMATION

SDIC Power Holdings Co Limited ('SDIC Power') was incorporated in the People's Republic of China (the 'PRC'). The registered address of the Company is: No. 1108, 11F, No. 147 Building, Xizhimen Nanxiao Street, Xicheng District, Beijing. The Group's principal activity covers investment, construction, operation and management of energy projects with electric power production as primary; development and operation of wind, solar and other sustainable power projects, high and new technology and environmental protection industry development; operation of electric power products as well as information and consultation services.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the period ended 30 June 2020 have been prepared in accordance with International Accounting Standard ("IAS") 34 '*Interim Financial Reporting*' issued by the International Accounting Standards Board (the "IASB").

The interim report does not include all the information and disclosures required in the annual financial statements. Accordingly, this report is to be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019 which have been prepared in accordance with International Finance Reporting Standards ("IFRS").

The consolidated financial statements are presented in Chinese Yuan rounded to the nearest million. The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measure at fair value, as appropriate.

The same accounting policies, presentation and methods of computation are consistent with those of the previous financial year.

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB and although not yet endorsed by the EU:

- Amendment to IFRS 3 "Definition of a Business", and
- Amendment to IAS 1 and IASB 8 "Definition of Material".

The Group's work to assess the impact of the above accounting changes has shown that the changes are not expected to have a material impact on the consolidated results.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is nearly entirely comprised of the power sales of the respective national grids in the company of operations, and the price is determined by national policies. Revenue is recognised at the point in time when energy service is provided and is invoiced on a monthly basis with limited accruing or deferral of revenue.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

A breakdown of the revenue by type and geography is provided below:

		For the six months ended 30 June	
		2020	2019
		RMB (m)	RMB (m)
		(unaudited)	(unaudited)
Primary Geographic Markets			
China		17,362.1	17,141.7
Others		108.2	48.7
		17,470.3	17,190.4
		For the six months ended 30 June	
		2020	2019
		RMB (m)	RMB (m)
		(unaudited)	(unaudited)
Revenue type			
Hydropower		8,354.8	8,247.6
Coal-fired power		7,601.5	7,820.7
Wind, solar and other sustainable power		1,255.8	853.1
Others		258.2	269.0
		17,470.3	17,190.4

An outbreak of a new type of severe pneumonia caused by novel coronavirus (COVID-19) was found to be spreading from person to person and spread globally around the beginning of 2020. Chinese government has taken certain hygiene measures, which include restrictive measures that adversely affected and slowed down the economic development during the period. However, due to the industry characteristics of the power industry and the nature of downstream customers, the COVID-19 outbreak will not likely adversely affect the Group's business operations and its financial condition and operation results for the interim period of 2020, including but not limited to material negative impact to the Group's total revenues and results of operations. Instead, the revenue has increased for the interim period of 2020 even though there was a lockdown during the reporting period.

4. SEGMENT INFORMATION

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with PRC GAAP. Inter-segment sales are priced along the same lines as sales to external customers. This policy was applied consistently throughout the current and prior period.

Senior Management considers the business from a product perspective. Senior Management primarily assesses the performance of coal-fired power generation, hydropower generation, and wind, solar and other sustainable power generation and others separately. Other operating activities primarily include sales of coal ash and special investment vehicles, etc., which are defined as "others".

During the reporting period, the Group sold substantially all of its electricity to local government-related power grid companies.

Senior Management assesses the performance of the operating segments based on a measure of profit before tax as indicated below. Sales between operating segments are contracted close to market price and have been eliminated at consolidation level.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

4. SEGMENT INFORMATION (continued)

(i) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Coal-fired power	Hydropower	Wind, solar and other sustainable power	Others	Elimination of intersegment	Total
	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)
Segment revenues and results:						
For the six months ended 30 June 2020						
Revenue from external customers	7,601.5	8,354.8	1,255.8	258.2	—	17,470.3
Cost of sales	5,917.1	2,741.1	524.0	17.0	—	9,199.2
Segment result—profit/(loss) before tax	1,326.6	3,849.4	183.0	3,354.2	(3,149.1)	5,564.1
Depreciation and amortisation	1,192.8	1,947.2	463.5	4.1	(68.3)	3,539.3
Impairment losses on assets	17.2	—	112.7	1.1	(0.1)	130.9
Finance expense	386.9	1,331.9	314.6	198.0	(22.2)	2,209.2
For the six months ended 30 June 2019						
Revenue from external customers	7,820.7	8,247.6	853.1	269.0	—	17,190.4
Cost of sales	5,970.9	2,754.2	338.7	503.0	—	9,566.8
Segment result—profit/(loss) before tax	973.1	3,624.9	209.4	3,792.4	(3,691.2)	4,908.6
Depreciation and amortisation	1,205.1	1,952.3	310.4	6.4	(23.2)	3,451.0
Impairment losses on assets	40.9	—	64.9	5.0	(24.8)	86.0
Finance expense	508.0	1,432.0	198.5	178.7	(24.3)	2,292.9

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Coal-fired power	Hydropower	Wind, solar and other sustainable power	Others	Elimination of intersegment	Total
	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)
Segment assets and liabilities:						
At 30 June 2020						
Segment assets	31,222.7	155,691.7	19,120.7	55,969.7	(39,376.1)	222,628.7
Segment liabilities	18,489.2	98,526.6	16,562.3	15,115.2	(781.7)	147,911.6
At 31 December 2019						
Segment assets	39,141.1	153,994.6	17,869.4	51,616.4	(37,781.8)	224,839.7
Segment liabilities	25,250.5	98,024.4	15,144.5	12,659.0	(630.7)	150,447.7

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

5. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as following:

	For the six months ended 30 June	
	2020	2019
	RMB (m) (unaudited)	RMB (m) (unaudited)
<i>Current tax—PRC Enterprise Income Tax</i>		
Provision for the year	1,102.1	829.0
Deferred tax	(43.0)	(66.7)
	<u>1,059.1</u>	<u>762.3</u>

The reconciliation between the income tax expense and the product profit before tax from continuing operations multiplied by the PRC Enterprise Income Tax rate is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB (m) (unaudited)	RMB (m) (unaudited)
Profit before tax from continuing operations	5,564.1	4,908.6
Tax at the PRC Enterprise Income Tax rate of 25%	1,391.0	1,227.2
Different tax rate applicable to subsidiary companies	(400.2)	(408.6)
Adjustments to prior year provisions	74.5	40.6
Non-taxable income	(113.5)	(85.8)
Non-deductible expenses	(6.5)	—
Utilisation of tax losses not previously recognised	113.0	9.3
Deferred tax assets not recognised	0.8	(9.4)
Others	—	(11.0)
Income tax expense relating to continuing operations	<u>1,059.1</u>	<u>762.3</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

6. EARNING/ (LOSS) PER SHARE

	<u>30-Jun-20</u> <u>RMB (m)</u> <u>(unaudited)</u>	<u>30-Jun-19</u> <u>RMB (m)</u> <u>(unaudited)</u>
Profit for the year attributable to shareholders of the parent company (from continuing and discontinued operations)	3,074.7	2,275.0
Interest of perpetual bond (relating to continuing operations)	<u>(103.5)</u>	<u>(114.5)</u>
	2,971.2	2,160.5
Profit for the year attributable to shareholders of the parent company (from continuing operations)	2,532.8	2,294.5
Interest of perpetual bond (relating to continuing operations)	<u>(103.5)</u>	<u>(114.5)</u>
	2,429.3	2,180.0
Profit for the year attributable to shareholders of the parent company (from discontinued operations)	541.9	(19.5)
Weighted average number of shares used in basic EPS	6,786.0	6,786.0
Earnings per share:		
Basic and diluted:		
From continuing and discontinued operations	0.4378	0.3184
From continuing operations	0.3580	0.3212
Loss per share:		
Basic and diluted:		
From discontinued operations	0.0799	(0.0029)

There are no outstanding share options or warrants being exercised on or before the Record Date, which would have a dilutive impact on earnings per share.

The interest from the perpetual bond accounted for as part of equity been included to reduce the earnings as it is interest attributable to the parent company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

7. PROPERTY, PLANT AND EQUIPMENT

	Land use rights	Buildings and structures	Mechanical equipment	Transportation facilities	Office equipment and others	Construction in progress	Construction materials	Highway use right	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
<i>Cost:</i>									
<i>At 1 January 2020</i>	1,589.7	128,224.2	66,943.0	371.9	484.0	48,588.9	301.9	1,667.7	248,171.3
<i>Additions:</i>									
Purchased	16.8	—	86.2	8.2	23.8	4,309.1	290.2	—	4,734.3
Transfer from construction in progress	—	71.0	407.1	—	17.1	(495.2)	—	—	—
Increased by business merger	0.5	260.4	1,244.1	0.1	0.2	—	—	—	1,505.3
Disposals	—	—	(9.1)	(6.5)	(5.4)	—	—	—	(21.0)
Others	(0.9)	(422.5)	(92.2)	0.1	0.9	475.4	(475.4)	342.0	(172.6)
<i>At 30 June 2020</i>	1,606.1	128,133.1	68,579.1	373.8	520.6	52,878.2	116.7	2,009.7	254,217.3
<i>Accumulated Depreciation and Impairment Loss:</i>									
<i>At 1 January 2020</i>	298.3	31,986.8	30,112.4	251.7	382.3	74.7	—	577.6	63,683.8
<i>Additions:</i>									
Depreciation for the period	17.6	1,575.1	1,717.4	12.6	35.8	—	—	25.1	3,383.6
Disposals	—	—	(8.6)	(5.8)	(5.3)	—	—	—	(19.7)
Others	4.8	2.4	(1.8)	—	(19.4)	—	—	(16.9)	(30.9)
<i>At 30 June 2020</i>	320.7	33,564.3	31,819.4	258.5	393.4	74.7	—	585.8	67,016.8
<i>Carrying Amount:</i>									
<i>At 31 December 2019</i>	1,291.4	96,237.4	36,830.6	120.2	101.7	48,514.2	301.9	1,090.1	184,487.5
<i>At 30 June 2020</i>	1,285.4	94,568.8	36,759.7	115.3	127.2	52,803.5	116.7	1,423.9	187,200.5

Note: 'Others' mainly includes the original value adjustment, transfer from investment property, transfer to investment property, and others.

(i) Construction in progress

Significant construction in progress is mainly including the Lianghekou Hydropower Project and the Yangfanggou Hydropower Project, which have a final balance of RMB38, 648.6 million (2019: RMB35,856.8 million) and RMB8,798.8 million (2019: RMB7,844.3 million) respectively. As of 30 June 2020, the accumulated amount of interest capitalised for significant construction in progress is RMB6,380.4 million (2019: RMB5,742.3 million).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020 (continued)

8. INTANGIBLE ASSETS

Intangible assets consisted of the following:

	Software	House Use Right	Sea Area Use Right	BOT Concession Right	Carbon Emission Right	Renewables Obligation Certificate	Total
	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
<i>Cost:</i>							
At 1 January 2020	304.5	6.7	198.5	5,884.7	0.1	314.1	6,708.6
Additions	2.5	—	30.9	2.1	—	—	35.5
Increased by business merger	—	—	—	—	—	—	—
Disposals	—	—	—	(7.0)	—	—	(7.0)
Other decrease	(0.4)	—	—	(8.3)	—	(14.9)	(23.6)
At 30 June 2020	306.6	6.7	229.4	5,871.5	0.1	299.2	6,713.5
<i>Accumulated Amortisation and Impairment Losses:</i>							
At 1 January 2020	187.4	3.4	45.4	3,816.0	—	22.6	4,074.8
Amortisation for the Year	13.8	0.1	2.9	130.5	—	8.4	155.7
Increased by business merger	—	—	—	—	—	—	—
Disposals	—	—	—	(5.3)	—	—	(5.3)
Other increase	(0.3)	—	—	(0.9)	—	(1.1)	(2.3)
At 30 June 2020	200.9	3.5	48.3	3,940.3	—	29.9	4,222.9
<i>Carrying Amount:</i>							
At 31 December 2019	117.1	3.3	153.1	2,068.7	0.1	291.5	2,633.8
At 30 June 2020	105.7	3.2	181.1	1,931.2	0.1	269.3	2,490.6

The government has signed a concession agreement with Pacific, granting Pacific the right to undertake the investment, financing, construction and maintenance of the coal-fired power plant. Within the concession period stipulated in the agreement, the government granted Pacific the right to finance the construction and operation of the coal-fired power plant, and allowed Pacific to recover the invested capital and earn profits. The government has supervisory and regulatory authority over the infrastructure and the Pacific needs to transfer the coal-fired power plant to the government for free upon expiration of the concession at June of 2025.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

9. GOODWILL AND IMPAIRMENT

Cost	RMB (m)
At 31 December 2019	431.5
Exchange differences	(20.3)
Disposal of subsidiary	(5.2)
At 30 June 2020	406.0

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

	30-Jun-20	31-Dec-19
	RMB (m)	RMB (m)
Name of invested entity or goodwill-generating event	(unaudited)	(audited)
SDIC Xuancheng	—	5.2
Red Rock Power Limited	406.0	426.3
	406.0	431.5

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The recoverable amounts of the cash-generating units (CGUs) have been determined on the basis of their value in use using discounted cash flow (DCF) method. The key assumptions for the DCF method for power generation units include the expected tariff rates, demands of electricity in specific regions where these power plants are located and fuel cost.

The key assumptions for the DCF method are based on past practices and future expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the best estimated period. The Group expects cash flows beyond the respective forecast periods below will be similar to that of last year of respective forecast based on existing production capacity.

The lifetime of project Beatrice of Redrock is 25 years, which is the period over which the cash flows have been projected, the power price is GBP 140/MWh, and the main cost is operation maintenance. The discount rates used in respective value in use calculations are ranged from 6.0% to 9.0%, and the inflation rate are ranged from 2.0% to 3.0%. Based on these assessments, the Group believes that there is no impairment of goodwill at 30 June 2020.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

10. FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME INVESTMENT

	Beginning balance		Increase/ Decrease in cost	Fair Value changes	Ending balance	
	Investment Cost	Fair Value			Investment Cost	Fair Value
	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)	RMB (m) (unaudited)
Guian New Area Distribution Power Co., Ltd	60.0	68.3	—	(0.3)	60.0	68.0
Yunnan Coal Chemical Industry Group Co., Ltd . . .	53.1	20.8	—	3.5	53.1	24.3
National Coal Trading Center	12.0	12.0	—	—	12.0	12.0
SDIC Hami Industrial Co., Ltd.	10.0	8.4	—	(0.1)	10.0	8.3
Beijing Power Exchange Center	6.6	6.6	—	—	6.6	6.6
Tianjin Power Exchange Center Co., Ltd.	—	—	3.0	—	3.0	3.0
Sichuan Power Exchange Center Co., Ltd.	—	—	1.3	—	1.3	1.3
	<u>141.7</u>	<u>116.1</u>	<u>4.3</u>	<u>3.1</u>	<u>146.0</u>	<u>123.5</u>

11. LONG-TERM RECEIVABLE

Long-term receivable consisted of the following:

	30-Jun-20	31-Dec-19
	RMB (m) (unaudited)	RMB (m) (audited)
Shareholder Loans	448.8	476.7
Others	64.4	66.2
Impairment	(31.5)	(31.5)
	<u>481.7</u>	<u>511.4</u>

Most of shareholder loans are interest free and repayable on demand. It has been classified as non-current based on expectation of recovery rather than terms of legal agreement.

12. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following:

	30-Jun-20	31-Dec-19
	RMB (m) (unaudited)	RMB (m) (audited)
VAT recoverable	1422.8	1,090.0
Prepayments	372.5	431.5
	<u>1,795.3</u>	<u>1,521.5</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

13. ACCOUNTS AND NOTES RECEIVABLES

Accounts and notes receivables of the Group primarily represent receivables from regional or provincial grid companies for tariff revenue and coal sales and comprise the following:

	30-Jun-20	31-Dec-19
	RMB (m)	RMB (m)
	(unaudited)	(audited)
Notes receivables	775.7	636.7
Accounts receivables	6,185.7	4,962.5
	<u>6,961.4</u>	<u>5,599.2</u>
	30-Jun-20	31-Dec-19
	RMB (m)	RMB (m)
	(unaudited)	(audited)
Accounts receivables	6,700.6	5,330.8
Less: provisions for impairment of trade receivables	(514.9)	(368.3)
Accounts receivables—net	<u>6,185.7</u>	<u>4,962.5</u>

Movements in the impairment allowance for trade receivables are as follows:

	30-Jun-20	31-Dec-19
	RMB (m)	RMB (m)
	(unaudited)	(audited)
Opening provision	368.3	215.5
Increase during the year	153.9	175.7
Reversal of impairment	(7.3)	(22.8)
Written off	—	(0.1)
At end of period	<u>514.9</u>	<u>368.3</u>

14. FAIR VALUE THROUGH PROFIT AND LOSS INVESTMENT

	30-Jun-20	31-Dec-19
	RMB (m)	RMB (m)
	(unaudited)	(audited)
Fair value through profit and loss investment	5.3	6.4
Of which: Equity instrument investment	5.3	6.4
Designated as fair value through profit and loss investment	833.6	852.8
Of which: Debt instrument investment	833.6	852.8
	<u>838.9</u>	<u>859.2</u>

Movements in fair value through profit and loss investment are as follows:

FVTPL	Investment varieties	Beginning balance			Increase in the current period		Decrease in the current period		Ending balance		
		Investment Cost	Changes in fair Value	Subtotal	Investment Cost	Changes in fair Value	Investment Cost	Changes in fair Value	Investment Cost	Changes in fair Value	Subtotal
		RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)	RMB (m)
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Equity instrument investment	Stock	6.7	(0.3)	6.4	—	(1.1)	—	—	6.7	(1.4)	5.3
Debt instrument investment	Convertible bond	—	—	—	85.5	—	85.5	—	—	—	—
Debt instrument investment	Exchange bond	800.0	52.8	852.8	—	(19.2)	—	—	800.0	33.6	833.6
		<u>806.7</u>	<u>52.5</u>	<u>859.2</u>	<u>85.5</u>	<u>(20.3)</u>	<u>85.5</u>	<u>—</u>	<u>806.7</u>	<u>32.2</u>	<u>838.9</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

15. OTHER EQUITY INSTRUMENTS

During the reporting period the company has newly issued the renewable corporate bonds, the details are as follows:

<u>Number of newly issue</u>	<u>Renewable corporate bonds issued openly in 2020 (Tranche 1)</u>
Approval No.	ZJXK (2019) No. 1297
Date of issue	From June 3 rd to 4 th , 2020
Total amount issued actually	RMB0.5 billion RMB
Time limit	The basic period of bonds of this tranche is 3 years; at the end of agreed basic period or at the end of every period, the issuer is entitled to exercise the renewal option, and extend for one period as per the agreed basic period; if the issuer does not exercise the renewal option, the due bonds shall be cashed in full amount. The issuer can exercise the renewal option indefinitely.
Renewal option	One period of bonds of this tranche is 3 years. At end of every period, the issuer is entitled to extend the period of bonds for 1 period, or cash the bonds of this period in full amount at end of this period. The issuer shall publish a bulletin about exertion of renewal option on the relevant media at least 30 workdays before the interest paying data in the year when the renewal option is exercised.
Right of redemption	(1) Issuer redeems due to changes in tax policy Due to the change or amendment of related laws and regulations, the issuer has to pay extra taxes and fees for the continuity of current bonds, and the issuer has the right to redeem the current-period bonds when it cannot avoid paying or reimbursing these taxes. (2) Issuer redeems due to changes in accounting standards According to the “Accounting Standards for Enterprises No. 37—Financial Instruments presentation” (Accounting [2014] No. 23) and the “Notice on Issuance of Distinction between Financial Liabilities and Equity Instruments and Relevant Accounting Processing Regulations” (Accounting [2014] No. 13), the issuer has classified the current bonds as equity instruments. If in the future, due to the change of accounting standards or other relevant laws and regulations, the issuer has the right to redeem this bond. The issuer will redeem all current-period bonds from the investors at the par value plus current-period interest and deferred interest and their compound interest (if any). The payment method of redemption is the same as the payment of principal and interest at maturity of current-period bonds, the list of bondholders shall be counted according to the relevant provisions of the current-period bond registration institution and processing in accordance with the relevant provisions of the current-period bond registration agency. If the issuer does not exercise the option of redemption, the current-period bonds will continue to rollover.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

15. OTHER EQUITY INSTRUMENTS (continued)

Number of newly issue	Renewable corporate bonds issued openly in 2020 (Tranche 1)
	In addition to the above two cases, the issuer has no right or obligation to redeem this current-period bond. The issuer has the right to defer the payment of interest. The issuer can, at its own discretion, defer the current interest payment and any compound interest to the next interest payment date without any time limitation. The issuer is only required to make interest payments in case a dividend is declared. If the issuer does not exercise the right of deferred payment of interest, the interest is required to be paid once a year.
Interest rate for newly issued	Tranche 3 In the first three interest-accrual years, the nominal interest rate is 3.40%. If the issuer does not exercise the right of redemption, the nominal interest rate shall be reset once every three years starting from the fourth interest-accrual year, and the new interest rate shall be current basic interest rate + initial interest margin upon issuance + 300 basic points.

List of changes in preferred shares, perpetual bonds or other financial instrument:

	30-Jun-20	31-Dec-19
	RMB (m) (unaudited)	RMB (m) (audited)
Renewable corporate bonds in 2018 (Tranche 1)	499.9	499.9
Renewable corporate bonds in 2018 (Tranche 2)	1,499.7	1,499.7
Renewable corporate bonds in 2018 (Tranche 3)	1,999.4	1,999.4
Renewable corporate bonds in 2020 (Tranche 1)	500.0	—
	4,499.0	3,999.0

16. LONG-TERM LOANS

Long-term loans consisted of the following:

	30-Jun-20	31-Dec-19
	RMB (m) (unaudited)	RMB (m) (audited)
Secured loans	8,737.9	9,527.0
Guaranteed loans	307.0	338.9
Unsecured loans	97,373.4	100,013.6
	106,418.3	109,879.5

17. LONG-TERM BONDS

Long-term bonds consisted of the following:

	30-Jun-20	31-Dec-19
	RMB (m) (unaudited)	RMB (m) (audited)
Corporate bonds	5,400.0	4,400.0
	5,400.0	4,400.0

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

17. LONG-TERM BONDS (continued)

Corporate bonds were issued by the Company on 25 April 2019 with a par value of RMB100 each totaling RMB1.0 billion. The bonds have a 5-year term with fixed annual coupon and nominal interest rate of 3.93%.

Corporate bonds were issued by the Company on 12 June 2019 with a par value of RMB100 each totaling RMB1.2 billion. The bonds have a 10-year term with fixed annual coupon and nominal interest rate of 4.59%.

Corporate bonds were issued by the Company on 8 April 2020 with a par value of RMB100 each totaling RMB1.0 billion. The bonds have a 3-year term with fixed annual coupon and nominal interest rate of 2.93%.

18. SHORT-TERM BONDS

	<u>30-Jun-20</u>	<u>31-Dec-19</u>
	RMB (m)	RMB (m)
	(unaudited)	(audited)
Corporate bonds	3,500.0	1,500.0
	<u>3,500.0</u>	<u>1,500.0</u>

Short-term bonds issued by Yalong River Hydropower Development Company, Ltd. on 19 March, 2020, totaling RMB500.0 million. The bonds have a 180-day term with fixed annual coupon and nominal interest rate of 2.2%. The company will repay the principal and interest once it matures.

Short-term bonds issued by Yalong River Hydropower Development Company, Ltd. on 2 April, 2020, totaling RMB1,000.0 million. The bonds have a 180-day term with fixed annual coupon and nominal interest rate of 1.89%. The company will repay the principal and interest once it matures.

Short-term bonds issued by Yalong River Hydropower Development Company, Ltd. on 14 May, 2020, totaling RMB1,000.0 million. The bonds have a 180-day term with fixed annual coupon and nominal interest rate of 1.4%. The company will repay the principal and interest once it matures.

Short-term bonds issued by Yalong River Hydropower Development Company, Ltd. on 30 June, 2020, totaling RMB1,000.0 million. The bonds have a 180-day term with fixed annual coupon and nominal interest rate of 1.4%. The company will repay the principal and interest once it matures.

19. ACCOUNTS AND NOTES PAYABLES

Accounts and notes payables consisted of the following:

	<u>30-Jun-20</u>	<u>31-Dec-19</u>
	RMB (m)	RMB (m)
	(unaudited)	(audited)
Notes payable	361.4	506.4
Accounts payable	2,414.7	3,002.4
Advance receipt	180.4	145.9
	<u>2,956.5</u>	<u>3,654.7</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

20. OTHER PAYABLES

	<u>30-Jun-20</u>	<u>31-Dec-19</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>
	<u>(unaudited)</u>	<u>(audited)</u>
Salaries payable	164.0	229.9
Interest of long-term borrowing	409.5	415.8
Debenture interest	152.7	95.0
Interest payable of short-term borrowing	4.0	19.6
Project fund and security deposit	2,036.3	2,531.9
Reservoir zone fund	1,797.8	1,537.2
Insurance compensation	16.4	14.6
Social security fund	10.5	18.7
Project purchase payment	19.8	29.4
Withheld payment	3.0	2.5
Special fund	51.9	49.8
Others	1,155.7	1,597.8
	<u>5,821.6</u>	<u>6,542.2</u>

21. OTHER TAXES PAYABLES

Taxes payables consisted of the following:

	<u>30-Jun-20</u>	<u>31-Dec-19</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>
	<u>(unaudited)</u>	<u>(audited)</u>
Value-added tax	169.0	163.7
Personal income tax	2.8	44.0
Urban maintenance and construction tax	14.4	13.6
House tax	7.8	5.5
Education fee surcharge	9.5	9.0
Resource tax	91.1	83.8
Land use tax	2.4	4.3
Environmental protection tax	1.0	—
Others	98.9	97.6
	<u>396.9</u>	<u>421.5</u>

22. DIVIDENDS PAYABLES

Dividends payables consisted of the following:

	<u>30-Jun-20</u>	<u>31-Dec-19</u>
	<u>RMB (m)</u>	<u>RMB (m)</u>
	<u>(unaudited)</u>	<u>(audited)</u>
Dividend payables	<u>3,477.1</u>	<u>147.1</u>

On 17th April 2020, the Group's 2019 profit distribution scheme has been deliberated and approved at the 11th meeting of 11th Board of Directors. The scheme proposed to distribute a cash dividends (tax included) of RMB0.2453 per share based on the equity registration date of the implementation of equity distribution, and the total cash dividends is expected to be RMB1,664.6 million.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

23. SHORT-TERM LOANS

Short-term loans consisted of the following:

	<u>30-Jun-20</u>	<u>31-Dec-19</u>
	RMB (m)	RMB (m)
	(unaudited)	(audited)
Unsecured loans	5,052.2	5,283.8
	<u>5,052.2</u>	<u>5,283.8</u>

24. CURRENT PORTION OF LONG-TERM LIABILITIES

Current portion of long-term liabilities consisted of the following:

	<u>30-Jun-20</u>	<u>31-Dec-19</u>
	RMB (m)	RMB (m)
	(unaudited)	(audited)
Long-term loans due within one year	12,346.7	11,069.0
Long-term payable and lease liabilities due within one year	277.5	207.8
	<u>12,624.2</u>	<u>11,276.8</u>

25. BUSINESS COMBINATION

(i) Dingbian Angli Photovoltaic Technology Co., Ltd.

In accordance with the Group's strategy to focus on clean energy and accelerate the development of photovoltaic power generation. Approved by the 143rd General meeting of SDIC Power, the Company acquired 100% equity of Dingbian Angli Photovoltaic Technology Co., Ltd from Jiangshan Yongtai Investment Holdings Co., Ltd. for RMB59.0m on January 14, 2020.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u>
	RMB (m)
	(unaudited)
Property, plant and equipment	663.0
Receivables	194.0
Prepayments	2.7
Cash	24.8
Other current assets	52.4
Payables	(857.2)
Total net assets	<u>79.6</u>
<i>Fair value of consideration paid:</i>	
Cash	59.0
Bargain purchase	<u>(20.6)</u>

Acquisition costs of RMB0.7m arose as a result of the transaction. The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the statement of comprehensive income.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

25. BUSINESS COMBINATION (continued)

(i) Dingbian Angli Photovoltaic Technology Co., Ltd. (continued)

Dingbian Angli Photovoltaic Technology Co., Ltd. contributed RMB64.0m to group revenues and RMB26.4m to group profit between the date of acquisition and 30 June 2020.

(ii) Xiangshui Yongneng Solar Power Generation Co., Ltd.

In accordance with the Group's strategy to focus on clean energy and accelerate the development of photovoltaic power generation. On 31 May 2020, the Company acquired 100% equity of Xiangshui Yongneng Solar Power Generation Co., Ltd. at the price of RMB100.0m, and consolidates Xiangshui Yongneng Solar Power Generation Co., Ltd. as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u> <u>RMB (m)</u> <u>(unaudited)</u>
Property, plant and equipment	151.4
Receivables	178.2
Other current assets	20.0
Payables	(237.4)
Total net assets	<u>112.2</u>
<i>Fair value of consideration paid:</i>	
Cash	<u>100.0</u>
Bargain purchase	<u>(12.2)</u>

Acquisition costs of RMB0.6m arose as a result of the transaction, which include the acquisition of Xiangshui Hengneng as well. The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the statement of comprehensive income.

Xiangshui Yongneng Solar Power Generation Co., Ltd. contributed RMB2.3m to group revenues and RMB1.0m to group profit between the date of acquisition and 30 June 2020. If the acquisition had occurred on January 2020, Xiangshui Yongneng would have contributed RMB14.6m to group revenues and RMB6.0m to group profit for the year ended 30 June 2020.

(iii) Xiangshui Hengneng Solar Power Generation Co., Ltd.

In accordance with the Group's strategy to focus on clean energy and accelerate the development of photovoltaic power generation. On 31 May 2020, the Company acquired 100% equity of Xiangshui Hengneng Solar Power Generation Co., Ltd. at the price of RMB438.0m, and consolidates Xiangshui Hengneng Solar Power Generation Co., Ltd. as a subsidiary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

25. BUSINESS COMBINATION (continued)

(iii) Xiangshui Hengneng Solar Power Generation Co., Ltd. (continued)

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

	<u>Fair value</u> <u>RMB (m)</u> <u>(unaudited)</u>
Property, plant and equipment	743.7
Intangibles	0.5
Receivables	799.1
Cash	0.1
Other current assets	94.3
Payables	(1,051.9)
Deferred income	(125.5)
Total net assets	460.3
<i>Fair value of consideration paid:</i>	
Cash	438.0
Bargain purchase	(22.3)

Acquisition costs of RMB0.6m arose as a result of the transaction, which include the acquisition of Xiangshui Hengneng as well. The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the statement of comprehensive income.

Xiangshui Hengneng Solar Power Generation Co., Ltd. contributed RMB9.7m to group revenues and RMB3.4m to group profit between the date of acquisition and 30 June 2020. If the acquisition had occurred on January 2020, Xiangshui Hengneng would have contributed RMB57.1m to group revenues and RMB18.4m to group profit for the year ended 30 June 2020.

26. DISCONTINUED OPERATIONS

On November 11 2019, the Group signed a “Property rights transaction contract” with Guangxi Investment Group Co., Ltd., transferring 55% equity of SDIC Beibu Gulf Power Generation Co., Ltd which belonged to the coal-fired power segment. The transfer price is RMB591 million and the Group has obtained a total of RMB424.8 million disposal gains.

In accordance with the Group’s strategy to focus on clean energy, on December 27 2019, the Group signed a “Property rights transaction contract” with China Coal Energy Group Co., Ltd., transferring 51% equity of SDIC Xuancheng, 60% equity of SDIC Yili, 51.22% equity of Jingyuan Second Power, 35% equity of Huaibei Guoan and 45% equity of Zhangye Power Generation. These sold companies are all coal-fired power plants. The total transfer price is RMB1,809.1 million. As of 13 January 2020, China Coal Energy Group Co., Ltd. had paid the full price and completed the management change. The Group has obtained a total of RMB543.1 million disposal gains.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

26. DISCONTINUED OPERATIONS (continued)

Profit for the six months ended 30 June 2020 and 30 June 2019 from discontinued operations as shown below:

	<u>30-Jun-20</u> <u>RMB (m)</u> <u>(unaudited)</u>	<u>30-June-19</u> <u>RMB (m)</u> <u>(audited)</u>
Unadjusted profits-(see below)	—	(53.9)
Disposal income	543.1	9.7
Disposal fee	(1.2)	—
Total	<u>541.9</u>	<u>(44.2)</u>

Unadjusted profits for the six months ended 30 June 2020 and 30 June 2019:

	<u>2020</u> <u>RMB (m)</u> <u>(unaudited)</u>	<u>2019</u> <u>RMB (m)</u> <u>(unaudited)</u>
Continuing operations:		
Revenue	—	2,419.1
Cost of sales	—	(2,272.7)
Gross profit	—	146.4
Administrative cost	—	(56.6)
Taxes and surcharges	—	(31.7)
Distribution cost	—	(0.3)
Other income and expense	—	14.8
Operating profit	—	72.6
Finance income	-	2.1
Finance costs	—	(142.3)
Profit before tax from continuing operations	—	(67.6)
Income tax expense	—	13.7
Profit for the year from discontinued operations	<u>—</u>	<u>(53.9)</u>

27. CAPITAL COMMITMENTS

Capital commitments authorised and contracted for at the end of the reporting period but not yet incurred are as follows:

	<u>30-Jun-20</u> <u>RMB (m)</u> <u>(unaudited)</u>	<u>31-Dec-19</u> <u>RMB (m)</u> <u>(audited)</u>
Property, plant and equipment	18,753.7	19,959.9
Equity investment	50.0	110.0
	<u>18,803.7</u>	<u>20,069.9</u>

28. EVENTS OCCURRING AFTER THE REPORTING PERIOD

With the approval of SDIC Power's board of directors and the general meeting of shareholders, and the approval of the China Securities Regulatory Commission, the Group plans to issue Global Depositary Receipts (GDR). The underlying A shares represented by the GDR issued will not exceed 10% of the Group's common stock before the issuance and listing. The Group's issuance and listing must be approved by relevant securities regulatory authorities of United Kingdom before it can be implemented.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2020 (continued)

29. SEASONALITY OF OPERATIONS

Certain activities of the Group are affected by weather and hydrological conditions. As a result of this, the amounts reported for the interim period may not be indicative of the amounts that will be reported for the full year due to seasonal fluctuations in customer demand for gas, electricity and services, the impact of hydrological condition and weather on demand, renewable generation output, market changes in commodity prices and changes in retail tariffs. In networks, the volumes of electricity distributed or transmitted across network assets are dependent on levels of customer demand which are generally higher in the third quarter winter months. As a result, the revenue in the first half of the year is lower than the revenue in the second half year.

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