中国广核 CGN

Stock Code: 1816

中國廣核電力股份有限公司
CGN Power Co., Ltd.*

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

2018 Interim Report

* For identification purpose only

CGN Power Co., Ltd. ("**CGN Power**", the "**Company**", "**our Company**" or "**We**") was established on March 25, 2014 and listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") on December 10, 2014. CGN Power is the sole platform for nuclear power generation of China General Nuclear Power Corporation ("**CGNPC**"). The Company is committed to providing nuclear power and energy supply that are safe and effective, stable and reliable, clean and low-carbon, as well as related nuclear power professional services.

Our Vision

A world-class nuclear power supplier and service provider with international competitiveness

Our basic principles

Safety First, Quality Foremost, Pursuit of Excellence

Our core value

Doing Things Right in One Go

Contents

In this report, we will present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2018 (the "**Period**", the "**Reporting Period**" or the "**first half of 2018**") together with the comparative figures for the corresponding period in 2017, and summarize the progress in implementing our development strategy.

Unless otherwise defined in this Interim Report, the terms used in this Interim Report shall have the same meanings as those defined in the 2017 Annual Report of the Company. This Interim Report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail, except for the report on review of condensed consolidated financial statements and the condensed consolidated financial statements and its notes prepared in accordance with International Accounting Standards, of which the English version shall prevail.

Summary of Interim Results

In the first half of 2018, China's economy was generally stable with positive trend, leading to an increase in the growth rate of total power consumption in China. The growth rate of installed capacity within China slowed down, the growth rate of power consumption in China outpaced the growth of installed capaclty, and the utilization hours of power generating facilities increased over the corresponding period of the previous year. The condition of slight oversupply of power in China was improved. The national power system reform continued to proceed, the share of marketized electricity traded in each region further expanded.

We to adhere to our basic principle of "Safety First, Quality Foremost, Pursuit of Excellence", strive to commit the safe and stable operation of all units in operation, ensure a safe and orderly progression of all units under construction, and actively deal with the challenges and opportunities brought by the changes in the external environment of the Company.

For the six months ended June 30, 2018,

In operation: 20 nuclear power generating units, with a total installed capacity of 21,470 MW (including our associates)

On-grid power generation of

71,405.11 GWh,

representing an increase of 12.49%

Emissions reduction contribution:

CO_2

reduction of approximately

57.70 million tons of carbon dioxide emission for on-grid power generation (including our associates) equivalent

Under construction: eight nuclear power generating units, with a total installed capacity of 10,270 MW (including our associates)

On-grid power generation of our subsidiaries

59,917.46 GWh,

representing an increase of 9.23% over the corresponding period in 2017

1 in civil construction phase → equipment installation phase

2 in commissioning phase → grid connection phase

Operation results

Revenue

RMB million

23,007.348

Increase of 7.5% over the corresponding period in 2017(Restated)

Profit for the Period attributable to owners of the Company

RMB million

4,375.919

Decrease of 28.1% over the corresponding period in 2017(Restated)

Ningde Nuclear has become a subsidiary of the Group since January 1, 2017 and has been included in the Group's scope of consolidation. The change of Ningde Nuclear from a joint venture into a subsidiary of the Group generated a re-valuation gain of RMB1,785.082 million. The impact on the profit attributable to the owners of the Company amounted to RMB1,434.393 million. After deducting the above main impact and other one-off profit and loss*, the profit attributable to owners of the Company for the period was RMB4,347,816,000, representing a decrease of 4.3% over the corresponding period in 2017 (restated).

* For details of the one-off profit and loss, please refer to the section headed "Financial Results and Analysis" of this report (page 7).

Financial Highlights

Highlights of the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended June 30,	
	2018 RMB'000	2017 (Restated)* RMB'000
Revenue	23,007,348	21,410,456
Gross profit	10,160,142	10,384,392
Profit before taxation	7,609,384	8,825,893
Taxation	(782,463)	(1,018,947)
Profit for the period	6,826,921	7,806,946
Profit for the period attributable to:		
– Owners of the Company	4,375,919	6,090,204
– Non-controlling interests	2,451,002	1,716,742
Earnings per share attributable to owners of the Company		
– Basic (RMB)	0.096	0.134

Highlights of the Condensed Consolidated Statement of Financial Position

	At June 30, 2018 RMB'000	At December 31, 2017 (Restated)* RMB'000
Total non-current assets	307,797,095	303,156,058
Total current assets	55,614,078	56,412,938
Total assets	363,411,173	359,568,996
Total current liabilities	52,139,807	60,467,215
Total non-current liabilities	202,700,988	196,339,187
Total liabilities	254,840,795	256,806,402
Equity attributable to owners of the Company	67,722,296	66,067,132
Non-controlling interests	40,848,082	36,695,462
Total equity	108,570,378	102,762,594

* The Company completed the acquisition of the 100% equity interest in both CGN Ocean Power Co., Ltd. ("**Ocean Power**") and CGN Hebei Thermal Power Co., Ltd. ("**Hebei Thermal Power**") from our ultimate holding company CGNPC, and the acquisition of the 100% equity interest in CGN Power Sales Co., Ltd. ("**Power Sales Company**") from Shenzhen Nengzhihui Investment Co., Ltd. ("**Nengzhihui**"), a wholly-owned subsidiary of CGN (collectively, the "**Acquisitions**") in April 2018. Therefore, the condensed consolidated statement of profit or loss and other comprehensive income , and the condensed consolidated statement of financial position as at December 31, 2017 of our Group for the six months ended June 30, 2017 was restated as if the combination had occurred prior to the start of the earliest period presented.

Shareholder Value

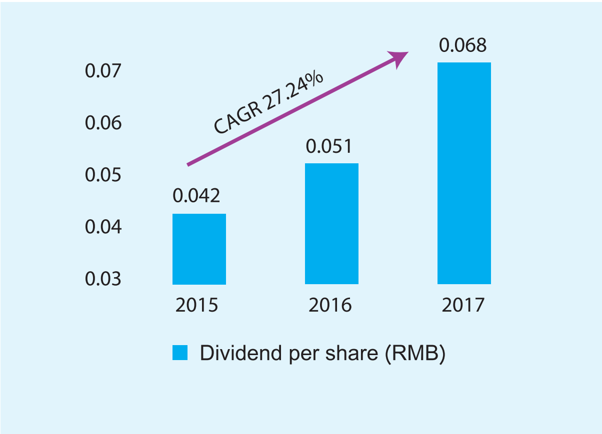
The Board, the management and employees of the Company are responsible for increasing the value for our shareholders. As such, the Company continues to maintain stable operational development and steady growth, we will take an active and transparent approach with integrity for a close communication with our shareholders and safeguard the shareholders' trust and confidence on the Company with rewards to them. On June 30, 2018, the Company had 3,838 registered shareholders, and the actual number of investors would be much higher if taking into account individual shareholders and institutional shareholders holding equity interests in the Company indirectly through intermediaries such as nominees, investment funds and the Hong Kong Central Clearing and Settlement System (CCASS), the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

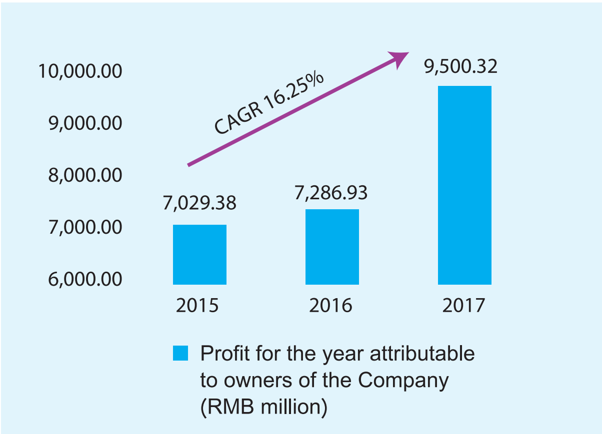
Dividend Distribution

During the Reporting Period, a final dividend of RMB0.068 per share (tax inclusive) in respect of the year ended December 31, 2017 was declared to the owners of the Company amounting to approximately RMB3,090,517,000 in total, which was approved by the Company's shareholders at the 2017 annual general meeting convened on May 30, 2018. The Company has paid the dividend by July 31, 2018.

Pursuant to the Company's dividend distribution policy, and based on the Company's actual results of operation in the first half of 2018, the Board does not recommend the payment of an interim dividend for the six months ended June 30, 2018.

When considering the dividend distribution ratio in the future, we will take into consideration the business performance of the Company for the year, the future development strategies of the Company and other factors, provided that it shall not be lower than 33% of the distributable net profits for the year. The Board and management attach great importance to the safe and stable operation of nuclear power generating units and strive to achieve the stable growth of the Company's overall operation. The Company intends to provide its shareholders with steady and growing dividend by maintaining a reasonable increase in dividend (subject to approval at the annual general meeting of the relevant financial year) in the three financial Years of 2018, 2019 and 2020 based on the annual dividend per share for 2017.





Communications with Shareholders and Investors for the First Half of 2018 and Shareholders' Diary of 2018

Hotline, investor-mail: Average 3.5 hotline calls per day and average 6 replies to investors' queries per week for the first half of 2018

January

- Released the 2017 fourth quarter operation briefing
- 2017 fourth quarter operation teleconference

March

- 2017 annual results announcement conference
- Organized 2017 annual results roadshow actlvities
- Published the 2017 Annual Report and ESG Report

April

- Released the 2018 first quarter operation briefing
- 2018 first quarter operation teleconference
- First extraordinary general meeting of 2018, the first H share class meeting of 2018 and the first domestic share class meeting of 2018

May

2017 AGM held in Hong Kong

June

Organized shareholders, investors and analysts to conduct reverse roadshow for "HPR1000" project in Shanghai and Shenzhen

July

- Released the 2018 second quarter operation briefing
- 2018 second quarter operation teleconference
- Distribution of 2017 final dividend

August

- Released the 2018 interim results and published the 2018 Interim Report
- 2018 interim results promotion

October

- Released the 2018 third quarter operation briefing
- 2018 third quarter operation teleconference

Note: Any changes to the above dates will be announced on the website of the Company.

Finance, Assets and Investments

Our investment and operational strategies affect our business performance, which in turn translates into the finance data combined in our financial statements.

Financial Performance and Analysis

Key Financial Indicators

Item	For the six months ended June 30, 2018	For the six months ended June 30, 2017 (Restated)
Indicators of profitability		
EBITDA margin (%) [(1)]	62.4	72.2
Net profit margin (%) [(2)]	29.7	36.5
Indicators of investment returns		
Return on equity attributable to owners of the Company (%) [(3)]	6.5	9.9
Return on total assets (%) [(4)]	2.9	3.7
Indicators of solvency		
Interest coverage [(5)]	2.1	2.4

Item	June 30, 2018	December 31, 2017 (Restated)
Indicators of solvency		
Asset-liability ratio (%) [(6)]	70.1	71.4
Debt to equity ratio (%) [(7)]	189.6	203.4

(1) The sum of profit before taxation, finance costs, depreciation and amortization divided by revenue and multiplied by 100%.

(2) Profit for the period divided by revenue and multiplied by 100%.

(3) Profit for the period attributable to owners of the Company divided by average equity attributable to owners of the Company (the arithmetic mean of the opening and closing balances) and multiplied by 100%.

(4) The sum of profit before taxation and finance costs divided by the average sum of current assets and non-current assets (the arithmetic mean of the opening and closing balances) and multiplied by 100%.

(5) The sum of profit before taxation and finance costs divided by the sum of finance costs and capitalized interest.

(6) The sum of current liabilities and non-current liabilities divided by the sum of current assets and non-current assets and multiplied by 100%.

(7) Net debt (the total amount of bank and other borrowings less cash and cash equivalents and other deposits over three months) divided by total equity and multiplied by 100%.

Financial Results and Analysis

Financial performance of the Company in the first half of 2018:

	Notes to the financial statements	2018 RMB'000	2017 (Restated) RMB'000	Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
		For the six months ended June 30,			
Revenue	4	23,007,348	21,410,456	1,596,892	7.5
Cost of sales and services		12,570,972	10,748,251	1,822,721	17.0
Other income (1)	5	1,186,556	1,118,950	67,606	6.0
Other gains and losses (2)	6	81,261	1,398,707	(1,317,446)	(94.2)
Share of results of associates (3)		342,587	253,573	89,014	35.1
Finance costs	8	2,972,352	3,149,914	(177,562)	(5.6)
One-off profit and loss (4)		36,512	1,931,293	(1,894,781)	(98.1)
Profit for the period attributable to the owners of the Company(5)		4,375,919	6,090,204	(1,714,285)	(28.1)
Profit for the period attributable to the owners of the Company (excluding the effect of one-off profit and loss)		4,347,816	4,541,147	(193,331)	(4.3)

(1) Other income mainly includes value-added tax refund, interest income, rental income and government grants, of which value-added refund and interest income increased slightly as compared with the corresponding period of the previous year.

Finance, Assets and Investments

(2) Among the other gains and losses, the main reasons for the sharp decline in the first half of 2018 over the corresponding period of the previous year were: i) the revaluation gain of RMB1,785.1 million from the change of Ningde Nuclear from a joint venture to a subsidiary in the corresponding period of 2017, and ii) the effects of exchange gains and losses, the net income from foreign exchange gains and losses in the first half of 2018 was RMB106.8 million, and the income from the effect on the profit attributable to owners of the Company was RMB43.2 million, mainly due to the depreciation of Euro against RMB. In the corresponding period of 2017, the net loss from exchange gains and losses was RMB456.0 million, and the loss from the effect on the profit attributable to owners of the Company was RMB217.6 million, mainly due to the sharp appreciation of Euro against RMB.

Exchange rate of Euro against RMB (Source: the People's Bank of China):

June 30, 2018	December 31, 2017	June 30, 2017	December 31, 2016
7.6515	7.8023	7.7496	7.3068

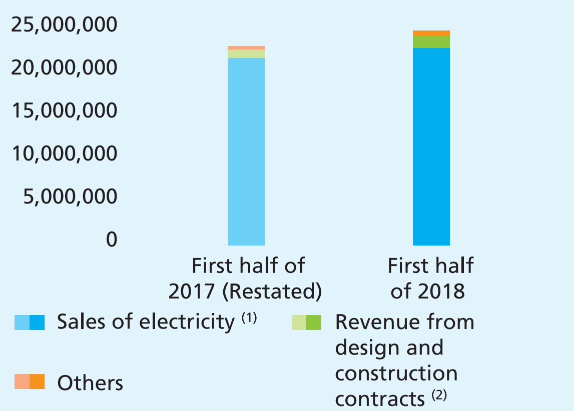
(3) The increase in the share of results of associates was mainly due to the increase in profit for Hongyanhe Nuclear over the corresponding period in 2017.

(4) One-off profit and loss (i.e. non-recurring profit and loss as defined by the China Securities Regulatory Commission ("**CSRC**") refers to earnings from transactions and events which are not directly related to normal business, or that are related to normal business but influence statement users' decisions in the Group business performance and profitability due to its special nature and contingency. The one-off profit and loss for the corresponding period of 2017 was mainly the gain of RMB1,785.1 million from turning Ningde Nuclear from a joint venture into a subsidiary and the gain of RMB71.5 million on disposal of a subsidiary.

(5) Profit for the period attributable to the owners of the Company (excluding the effects of one-off profit and loss) decreases as compared with the corresponding period of the previous year, mainly due to the increase in the number of outages of the Guangdong nuclear power generating units in the first half of 2018 as compared to the corresponding period in 2017 and the participation in the electricity market with the "full output with favourable price" model, and the completion of the transfer of 17% equity interest of Yangjiang Nuclear in December 2017 (the consideration for the transfer was approximately RMB5,300.8 million, which increased the capital reserve of the equity attributable to the owners of the Company by RMB2,549.1 million).

Revenue

Revenue (RMB'000)



(1) The increase in revenue from sales of electricity was primarily due to the year-on-year increase of 9.23% in our subsidiaries' on-grid power generation, which in turn was mainly caused by the commencement of commercial operation of Yangjiang Unit 4 on March 15, 2017, and the increase in the overall power generation utilization hours of the units.

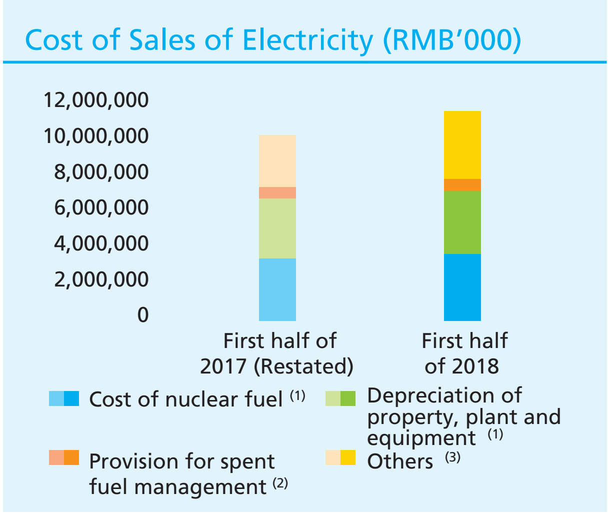
(2) The increase in revenue from design and construction contracts was primarily due to the significant increase in the construction volume of Hongyanhe Units 5 and 6 and the preliminary work of the proposed Ningde Phase II project (including Ningde Units 5 and 6) as compared with the corresponding period of the previous year.

Cost of Sales and Services

	For the six months ended June 30,			
	2018	2017 (Restated)	Movements increase/ (decrease)	Percentage change increase/ (decrease)
	RMB'000	RMB'000	RMB'000	%
Cost of sales of electricity	10,808,598	9,574,691	1,233,907	12.9
Cost of design and construction contracts [1]	1,308,015	860,606	447,409	52.0
Others	454,359	312,954	141,405	45.2
Total cost of sales and services	12,570,972	10,748,251	1,822,721	17.0

(1) The increase in cost of design and construction contracts was primarily due to the significant increase in the construction volume of Hongyanhe Units 5 and 6 and the preliminary work of the proposed Ningde Phase II project (including Ningde Units 5 and 6) as compared with the corresponding period of the previous year.

Cost of Sales of Electricity



(1) The increase in cost of nuclear fuel and depreciation of property, plant and equipment was primarily due to the commercial operation of Yangjiang Unit 4 on March 15, 2017, and the increase in electricity consumption of our subsidiaries over the corresponding period of the previous year.

(2) The increase in provision for spent fuel management was primarily due to the fact that Ningde Unit 1 started to make a provision for spent fuel management in April 2018 after the completion of its commercial operation for five years.

(3) The increase in other costs as compared with the corresponding period of the previous year was primarily due to the increase in the number of outages in the first half of 2018, and Guangdong nuclear power generating units' participation in the electricity market with the "full output with favourable price" model in accordance with the requirements of the power market reform.

Finance, Assets and Investments

Financial Position

The major assets, inventories, receivables, payables and borrowings of the Company are shown in the table below. Details of the financial position are set out in the notes to the condensed consolidated financial statements.

	As at June 30, 2018	As at December 31, 2017 (Restated)	**Movements increase/ (decrease)**	**Percentage Change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Property, plant, equipment and intangible assets	**285,791,456**	280,976,110	4,815,346	1.7
Inventories	**19,693,556**	19,738,837	(45,281)	(0.2)
Receivables (1)	**18,387,706**	22,566,854	(4,179,148)	(18.5)
Payables (2)	**19,267,382**	24,712,471	(5,445,089)	(22.0)
Bank and other borrowings (3)	**222,350,712**	221,375,747	974,965	0.4

(1) Receivables include amount due from customers for contract work, trade receivables and bills receivable, contract assets, and prepayments and other receivables in current assets. The main reason for the decrease in receivables was that CGN Engineering completed the settlement of partial work with Hongyanhe Nuclear.

(2) Payables include trade and other payables, amounts due to customers for contract work and contract liabilities. The main reason for the decrease in payables was that CGN Engineering complated the settlement of partial work with Hongyanhe Nuclear.

(3) Bank and other borrowings include bank borrowings, notes payable in the current and non-current liabilities, and loans from the ultimate holding company, a fellow subsidiary, an associate and non-controlling interests.

Cash Flow Analysis

In the first half of 2018, the Company's cash flow position was better than the corresponding period of the previous year, in which the net cash generated from operating activities increased as compared with the corresponding period of 2017, mainly because the income increased as compared with the corresponding period of 2017. Net cash used in investment activities decreased as compared with the corresponding period of 2017, mainly due to the part payment of the Group for the acquisition of 61% equity interest in Fangchenggang Nuclear, 100% equity interest in Lufeng Nuclear and 100% equity interest in CGN Engineering amounted to RMB 2,400.0 million in the first half of 2017; the net cash used in financing activities also decreased as compared with the corresponding period of 2017, mainly due to an increase in the amount of equity financing by RMB2,868.1 million from the corresponding period of 2017 and a decrease in the amount of net debt financing by RMB2,271.7 million from the corresponding period of 2017.

	As at June 30, 2018 RMB'000	As at June 30, 2017 (Restated) RMB'000	**Movements increase/ (decrease) RMB'000**	**Percentage change increase/ (decrease) %**
Net cash generated from operating activities	**14,105,708**	12,814,984	1,290,724	10.1
Net cash used in investing activities	**7,929,945**	10,723,314	(2,793,369)	(26.0)
Net cash used in financing activities	**2,091,601**	2,584,935	(493,334)	(19.1)

Assets and Investments

The Group was mainly engaged in the investment in construction of nuclear power generating units, technical improvement in the nuclear power plants ("**NPPs**") in operation, and research and development of technologies relating to nuclear power for the six months ended June 30, 2018.

Investment in Property, Plants and Equipment

For the six months ended June 30, 2018, the Group's investment in property, plants and equipment amounted to RMB8,397.7 million, representing an increase of RMB125.8 million or 1.5% from RMB8,271.9 million (restated) in the first half of 2017.

Finance, Assets and Investments

Major Investments in Equity

For the six months ended June 30, 2018, the Group increased its capital in an associate by RMB258.2 million, of which RMB31.4 million, RMB27.2 million and RMB199.6 million were made to CGN Fund Phase I, Ningde Second Nuclear and Hongyanhe Nuclear, respectively.

Major Acquisition and Disposal

The Company entered into an investment agreement with Shenzhen Guotong Clean Energy Partners Corporation (Limited Partnership) (深圳國同清潔能源合夥企業) ("**Shenzhen Guotong**") on December 29, 2017, pursuant to which the Company and Shenzhen Guotong proposed to establish Guangxi Fangchenggang CGN Nuclear Power Industry Investment Co., Ltd. (廣西防城港中廣核核電產業投資有限公司) ("**Fangchenggang Investment**") on January 10, 2018 to hold 61% equity interest in Fangchenggang Nuclear, a subsidiary of the Company. The Company and Shenzhen Guotong shall hold 60% and 40% equity interest in Fangchenggang Investment, respectively. Both Fangchenggang Investment and Fangchenggang Nuclear will be the subsidiaries of the Company and their financial results will be consolidated into the consolidated financial statements of the Group, with the procedures of the transfer of the relevant equity interest completed on February 11, 2018, the capital reserve of the equity attributable to owners of the Company increased by RMB169.1 million.

On March 8, 2018, the Company signed a share transfer agreement with CGNPC and Nengzhihui, pursuant to which the Company shall acquire 100% equity interest in Ocean Power and 100% equity interest in Hebei Thermal Power, both held by CGNPC, from CGNPC, and 100% equity interest in Power Sales Company from Nengzhihui, a subsidiary of CGNPC, respectively, at an equity transfer price of RMB235.0 million. The Company has completed the equity transfers on April 30, 2018.

Saved as the projects disclosed above, the Group had no other material acquisition or disposal for the six months ended June 30, 2018.

Use of Proceeds

The Company issued 10,148,750,000 H shares by way of global offering in December 2014 with net proceeds of approximately RMB21,603.5 million (in equivalent) from the offering after deducting various issuance costs. As of June 30, 2018, the Company had used RMB20,407.9 million of the net proceeds for the purposes as set out in the prospectus, representing 94.5% of the net proceeds from the offering.

Items	Movements RMB'000
Net proceeds from the listing	21,603,535
Less: Proceeds used	20,407,933
Among which: Acquisition of 60% of the equity interest in Taishan Investment and 12.5% of the equity interest in Taishan Nuclear	9,700,196
Capital expenditure for NPPs under construction	8,714,300
Research and development activities	660,037
Replenishment of working capital	1,333,400
Proceeds unused as of June 30, 2018	1,195,602

The remaining unused proceeds are intended to be used mainly for research and development activities and overseas market exploration. The proceeds intended to be used for research and development activities are being progressively used according to the annual research and development plan of the Company. As the Company has not carried out any overseas projects, the proceeds intended to be used for overseas market exploration remain unused and will be arranged according to the Company's needs of business development.

External Financing Environment

In the first half of 2018, the global economic recovery continued, but the momentum has slowed down and the global political and economic situation is complicated. The decline in economic growth rate in the Eurozone, the narrowed regional economic differentiation, the turbulent political situation and the trade friction between Europe and the US have threatened the recovery of the Eurozone. The US economy has been recovering well, tax reforms provided impetus for economic growth, and the Federal Reserve raised the Federal Funds Rate twice. China's gross domestic product (GDP) recorded a year-on-year growth of 6.8%. The national economy continued to be generally stable and has made steady progress, and the externally harsh trading environment put pressure on the Chinese economy. In the first half of 2018, interest rates in the domestic market have declined, and the pressure on corporate financing costs has eased. The exchange rate of the RMB against the US dollar has generally depreciated, while the exchange rate of the RMB against the Euro has generally appreciated. The RMB exchange rate fluctuates in both directions, and exchange rate risks still need attention.

Finance, Assets and Investments

In the first half of 2018, the Company comprehensively strengthened the organization, coordination, support and risk monitoring of financing, making full use of internal and external financing channels, ensuring capital security and controlling financing costs. At the same time, we continuously monitored foreign currency debt exchange rate exposure and prevented the risk of exchange rate fluctuations.

Equity Financing

Through equity financing, we consolidated the long-term capital of the Company. The overall capital structure of the Company was optimized according to changes in the external environment. The ability to resist the risk of fluctuations in the external economic and financial environment was consolidated and enhanced, which promoted the sustainable development of the Company's business. For those projects with huge capital expenditure and good earnings forecasts, we will prudently consider the use of equity financing to balance the risks and to enhance the value for our shareholders.

We plan to conduct an initial public offering of RMB-denominated ordinary shares (the "**A Shares**") for no more than 10% of the total share capital of the Company after issuance in China. The funds raised will be used for the construction of Yangjiang Units 5 and 6 and Fangchenggang Units 3 and 4 as well as replenishing the working capital of the Company. Upon the approval from the Board and general meeting, the Company has submitted application materials including the A Share prospectus to the CSRC for the purpose of A Share offering and has received a notice of acceptance in respect of the Company's application for A Share offering issued by the CSRC on June 22, 2018. After completion of fund-raising, our financial strength will be effectively improved, thereby appropriately reducing the financial costs and further enhancing the financial support capacity for the development of nuclear power projects. For details, please refer to the relevant announcements published in February, April and June 2018 and the relevant circular published in March 2018.

Debt Financing

In the first half of 2018, we continued to improve diversified ways of financing, reasonable mix of currencies and term structure so as to provide stable and economical source of funding for the business development of the Company. As of June 30, 2018, the Group's total amount of debt financing was approximately RMB222,350.7 million with major financing channels including bank borrowings (approximately 89.6%), issuance of public and private bonds (approximately 4.3%), loans from CGNPC, fellow subsidiaries and associates (approximately 5.6%), and loans from non-controlling interests (approximately 0.6%). We maintain a debt structure mainly comprising RMB-denominated and long-term debts, which not only satisfies our operational characteristics of focusing on nuclear power projects, but also effectively prevents liquidity risks and systematic exchange rate risks.

In the first half of 2018, the Company continued to strengthen its management in financing planning, actively expanded external financing channels, timely issued medium-term notes according to market changes, continuously optimized loan terms and interest rate structures, and strived to reduce the impact of changes in the financial environment on the Company's operations.

Debt Risk Management

In recent years, we proactively eliminated our exposure to risk on foreign exchange rate associated with debts denominated in foreign currencies by stages and in batches through various measures including forward transactions, debts replacement and early repayment, and actively changed our financing methods for foreign business contracts to exercise control over new debts denominated in foreign currencies, thereby effectively reducing the impact of major risks in exchange rate. In the first half of 2018, the Company adhered to the established strategies and continued to adopt relevant measures to minimize the impact from the fluctuation in foreign exchange rates. As compared with the end of 2017, the changes of the balance of the Group's bank borrowings and other borrowings denominated in foreign currencies at the end of the Reporting Period were relatively small.

To manage liquidity risks, we monitor and maintain our cash and cash equivalents as well as the level of unutilized banking facilities. As of June 30, 2018, we had credits for unutilized general banking facilities of over RMB100,000.0 million, credits for ultra-short-term financing notes being readily available for public offering of RMB8,000.0 million, credit for medium-term financing notes being readily available for public offering of RMB8,000.0 million and cash and cash equivalents of RMB14,399.1 million, which can provide sufficient cash support for the operation of the Company and reduce the impact from cash flow fluctuation.

Credit Rating

In May 2018, China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) assessed the credit rating of the Company, and based on the reasons that "the Company's projects under construction are being put into operation and the operation of nuclear power generating units in operation is stable", it concluded that "the power generation capacity of the Company will be further strengthened and the on-grid power generation will continue to increase with stronger profitability and cash generating ability" and maintained our AAA credit rating with stable outlook.

Contingencies

External Guarantees

The Group confirmed that, for the six months ended June 30, 2018, the Group had not provided any external guarantee.

Finance, Assets and Investments

Pledge of Assets

As at June 30, 2018, the Group's assets (comprising mainly property, plant and equipment) of RMB19,296.0 million in carrying value were pledged to banks and related parties to secure loans for the Group. As at December 31, 2017, the carrying value of the Group's assets pledged to banks and related parties was RMB19,242.3 million.

As at June 30, 2018 and December 31, 2017, the electricity tariff collection rights of Ling'ao Nuclear, Lingdong Nuclear, Yangjiang Nuclear, Fangchenggang Nuclear, Ningde Nuclear and Taishan Nuclear were pledged to secure the facilities and loans from banks and related parties.

Legal Proceedings

The Group confirmed that, for the six months ended June 30, 2018, there was no significant litigation against the Group, and the Board was not aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial conditions or operations of the Group.

Investment Direction

Based on the strategies and business development needs of the Company, the Company will finance the construction of NPPs under construction according to investment schedules, continue to fund the technology improvement in NPPs in operation, make continuous investment in the research, development and innovation of technologies, and fund the acquisitions of contingent assets in the second half of 2018. In addition, the Company will also carry out relevant investment activities at appropriate time by exercising its rights to acquire retained businesses as set out in the non-competition deed entered into between the Company and CGNPC, thereby laying a solid foundation for the Company's future development.

Business Performance and Outlook

Industry Overview

Safe and efficient development

On February 26, 2018, the National Energy Administration issued the 2018 Guidelines for Energy Development Work (《2018年能源工作指導意見》). On June 27, 2018, the State Council issued the Three-year Plan on Defending the Blue Sky (《打贏藍天保衛戰三年行動計劃》). Both documents suggested that nuclear power shall be developed safely and efficiently. According to the statistics of the China Electricity Council (the "**CEC**"), as of June 30, 2018, the installed capacity of the nuclear power generating units which were in commercial operations in China was 36.94 million kW, accounting for 2.14% of total power installed capacity in operation in China. The proportion of nuclear power in the energy generation structure is still low. In our opinion, the Chinese government still adheres to the principles of safe and efficient development in nuclear power. As a safe, efficient and clean energy, nuclear power should be further developed to contribute to the revamp of energy generation structure in China.

Improved industry conditions

In the first half of 2018, the economy of China grew steadily. According to the data released by the National Bureau of Statistics on July 16, 2018, the gross domestic product (GDP) increased by 6.8% over the corresponding period of previous year. The steady economic growth brought about an accelerated rebound in the growth of electricity consumption in the whole society. According to the Briefings on the Operation of the Power Industry from January to June in 2018 (《2018年1-6月份電力工業運行簡況》) issued by the CEC, for the first half of 2018, the electricity consumption in China increased by 9.4% over the corresponding period of previous year. Meanwhile, the scale of China's installed power generation capacity experienced a slowing growth, with a year-on-year increase of 6.2%. The growth of electricity consumption was greater than that of scale of the installed power generation capacity. According to the Briefings on the Operation of the Power Industry from January to June in 2018 (《2018年1-6月份電力工業運行簡況》) issued by the CEC, for the first half of 2018, the national average utilization hours of power generating units was 1,858 hours, representing a year-on-year increase of 68 hours. The national average utilization hours of nuclear power increased by 141 hours over the corresponding period of previous year and reached 3,548 hours. In our opinion, the balance between supply and demand of the power supply in China remained loose but was improving.

With the further reforms in the national power system, the trading mechanisms of electricity market were further improved, and the share of electricity traded in various markets further expanded. We actively communicated with the relevant state departments, local governments, power grids and other units to explore the methods of nuclear power offtake under the condition of securing nuclear safety, striving for favorable conditions to continuously improve the economy of our nuclear power units.

Business Performance and Outlook

Business performance and analysis

In the first half of 2018, we continued the implementation plan of lean management strategy and the "SCS" (Specialization, Centralization and Standardization) management strategies. The nuclear power generating units in operation managed by us operated safely and stably, and the construction of the nuclear power generating units under construction progressed orderly. We hereby report primarily on the business performance of our nuclear power generating units in operation and under construction during the first half of 2018, and our work in respect of human resources and social responsibilities.

Safety management

Safety is crucial to any company. We always adhere to the concept of "Nuclear Safety is Paramount" and our basic principles of "Safety First, Quality Foremost, Pursuit of Excellence", and apply them to various stages of the design, construction, operation and decommissioning of the NPPs. Based on our experience in nuclear power operation over the years, we have established a mature safety management system.

On January 1, 2018, the Nuclear Safety Law of the People's Republic of China (《中華人民共和國核安全法》) (the "**Nuclear Safety Law**") became effective. In the first half of 2018, the Company and NPPs prepared themselves to understand, promote and implement the Nuclear Safety Law. We organized a variety of learning activities to strictly adhere to the requirements of the Nuclear Safety Law and continuously improve the nuclear safety management system. With the management taking the lead, "On-site Management Presence" and "Compliance with Procedures" activities, the Company enhanced the safety quality of all members and continuously improved the safety management level of the Company.

In the first half of 2018, according to the International Nuclear and Radiological Event Scale (《國際核事件分級表》) (the "**INES**") set by the International Atomic Energy Agency, no nuclear event at level 1 or above occurred in NPPs we operated and managed in the first half of 2018, and a total of four deviations without safety significance occurred.

	Number of Operation Events	
	For the six months ended June 30,	
Base or NPP	2018	2017
Daya Bay Base (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)	1	0
Yangjiang Nuclear Power Station	1	2
Fangchenggang Nuclear Power Station	0	2
Ningde Nuclear Power Station	1	4
Hongyanhe Nuclear Power Station	1	2

Note: Nuclear incidents are classified into seven levels in the INES according to their impact on (i) people and the environment, (ii) radiological barriers and control, and (iii) defence-in-depth. Level 1 to Level 3 are termed as "incident," while Level 4 to Level 7 are termed to as "accidents." Events without safety significance are classified as "below scale/Level 0".

Nuclear power generating units in operation

For the six months ended June 30, 2018, we had 20 nuclear power generating units in operation. The on-grid power generation figures (unit: GWh) of our NPPs are as follows:

On-gird power generation from subsidiaries increased by

9.23%

	For the six months ended June 30,		Change rate for the same period
Name of NPP	2018	2017	(%)
From subsidiaries			
Daya Bay Nuclear Power Station	**7,340.11**	8,284.82	-11.40
Ling'ao Nuclear Power Station	**6,464.06**	7,097.99	-8.93
Lingdong Nuclear Power Station	**8,352.30**	7,182.29	16.29
Ningde Nuclear Power Station	**15,387.46**	12,652.34	21.62
Yangjiang Nuclear Power Station	**14,384.24**	14,272.79	0.78
Fangchenggang Nuclear Power Station	**7,989.30**	5,362.35	48.99
Subsidiaries, total	**59,917.46**	54,852.57	9.23
From associates			
Hongyanhe Nuclear Power Station	**11,487.65**	8,624.52	33.20
Subsidiaries and associates, total	**71,405.11**	63,477.09	12.49

In the first half of 2018, the Company adopted the established power sales strategy, actively promoted the effective implementation of relevant national policies in various provinces, strengthened communication with local governments and local power grid enterprises, and took advantage of seasonality to actively strive for planned power and market power, developed incremental markets, and participated in cross-regional power transmission. With our efforts, the aggregated on-grid electricity generation of the Group and its associates increased by 12.49% in the first half of 2018 as compared with the corresponding period of 2017. For details of the sales of electricity, please refer to section headed "Sales of Electricity" of this report.

Operation Performance

Capacity factor, load factor and utilization hours are the three indicators used by us to evaluate the utilization of nuclear power generating units. They are mainly subject to the effects of refueling outages for the generating units. According to the arrangements of the annual outage plan, there are certain differences between the duration of refueling outages for different generating units, and refueling outages may be implemented over to the next year. For the same type of refueling outage for the same type of generating unit, there may be small differences between the duration of outages in different years. Meanwhile, load factor and utilization hours of nuclear power generating units are also under the influence of temporary operation at reduced load or shutdown resulting from the demand and supply conditions of the electricity market.

Business Performance and Outlook

The details of the operation performance of generating units we operated and managed in the first half of 2018 are as follows:

Nuclear power generating unit	Capacity factor (%) For the six months ended June 30,		Load factor (%) For the six months ended June 30,		Utilization hours (hours) For the six months ended June 30,	
	2018	2017	2018	2017	2018	2017
From subsidiaries						
Daya Bay Unit 1[1]	78.35	99.98	79.22	101.23	3,442	4,398
Daya Bay Unit 2	99.45	99.99	100.63	101.00	4,372	4,388
Ling'ao Unit 1	75.35	78.13	74.20	77.50	3,222	3,366
Ling'ao Unit 2[2]	84.06	99.07	83.18	95.21	3,612	4,135
Lingdong Unit 1	99.97	73.78	98.02	72.28	4,254	3,137
Lingdong Unit 2[3]	96.66	99.99	90.23	90.07	3,916	3,909
Yangjiang Unit 1[4]	76.29	99.99	75.67	99.87	3,287	4,256
Yangjiang Unit 2	99.99	99.99	100.30	92.52	4,357	4,019
Yangjiang Unit 3[5]	83.49	71.30	82.60	72.98	3,588	3,170
Yangjiang Unit 4[6]	65.70	99.97	65.63	98.38	3,564	4,274
Fangchenggang Unit 1[7]	99.20	52.77	90.56	36.62	3,934	1,591
Fangchenggang Unit 2	99.97	96.78	89.85	86.16	3,903	3,743
Ningde Unit 1[8]	99.99	68.23	94.98	61.76	4,126	2,683
Ningde Unit 2[9]	80.13	99.81	78.41	86.14	3,406	3,742
Ningde Unit 3[10]	84.97	99.99	82.50	87.40	3,584	3,797
Ningde Unit 4	99.99	99.80	90.60	53.20	3,936	2,311
From associates						
Hongyanhe Unit 1	99.98	99.81	94.51	86.34	4,105	3,751
Hongyanhe Unit 2[11]	79.51	96.13	70.60	36.66	3,067	1,592
Hongyanhe Unit 3	82.21	65.90	44.16	31.90	1,918	1,386
Hongyanhe Unit 4	99.95	71.28	44.73	38.66	1,943	1,679
From subsidiaries and associates						
Average	89.26	88.63	81.53	75.29	3,534	3,223

Notes:

1. Daya Bay Unit 1 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.

2. Ling'ao Unit 2 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.

3. Lingdong Unit 2 did not conduct any refueling outage in the first half of 2018 and completed a refueling outage for the corresponding period in last year.

4. Yangjiang Unit 1 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.

5. Yangjiang Unit 3 completed a refueling outage in the first half of 2018 and refueling outage duration is shorter as compared with the corresponding period in last year.

6. Yangjiang Unit 4 completed the initial outage after commencement of operation on March 15, 2017 and its duration was longer, being similar to that of a 10-year outage. No refueling outage was conducted for the corresponding period in last year.

7. Fangchenggang Unit 1 did not conduct any refueling outage in the first half of 2018 and completed a refueling outage for the corresponding period in last year.

8. Ningde Unit 1 did not conduct any refueling outage in the first half of 2018 and completed a refueling outage for the corresponding period in last year.

9. Ningde Unit 2 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.

10. Ningde Unit 3 completed a refueling outage in the first half of 2018 and did not conduct any refueling outage for the corresponding period in last year.

11. Hongyanhe Unit 2 completed a refueling outage in the first half of 2018. Refueling outage duration is longer in the first half of 2018 as compared with the corresponding period in last year.

Based on the design of pressurized water reactor (the "**PWR**") NPPs, the nuclear reactor of each unit in operation must be shut down and refueled after a certain period of time. The refueling intervals of our NPPs are generally 12 to 18 months.

Business Performance and Outlook

Safety + Economy

The mission of refueling outage

Refueling

The NPP must replace part of nuclear fuel at the end of fuel life

Testing

In-service inspection and regular testing of equipment are conducted according to regulatory requirements

Maintenance

Preventive and corrective maintenance conducted to enhance the operation capability for the next fuel cycle

Modification

Modification to the system or equipment conducted during refueling outage to eliminate and solve the defects in design or installation of power generating units, ageing of equipment and to perform technical updates

Refueling outage

A cycle for nuclear power generating unit refueling outage (12/18 months)

Initial outage

The initial nuclear power generating unit refueling outage (in general 12 months)

10-year outage

Conducted every 10 years after the initial outage

To ensure that the nuclear power generating units maintain good operating conditions in the next cycle according to the design requirements

Considering the economic factors and arrangements for related works, refueling outages intervals of nuclear power generating units are not fixed at every 12 or 18 months. In order to ensure the safe operation of the generating units, we usually take local power load fluctuations into account and communicate with local power grid companies to reasonably arrange refueling outage plans for generating units. As the needs for inspection and maintenance projects are different, the duration of each refueling outage is not identical. More inspection items are required for the initial and 10-year outage, resulting in a longer inspection period as compared to that of a regular refueling outage. According to the specific operating conditions of each generating unit, we continue to enhance and develop targeted refueling outage plans, reasonably arrange inspection and maintenance projects, and actively adopt advanced technology to improve the efficiency of inspection and maintenance, in order to have good control over the duration of each refueling outage on the premise of ensuring the quality of safety.

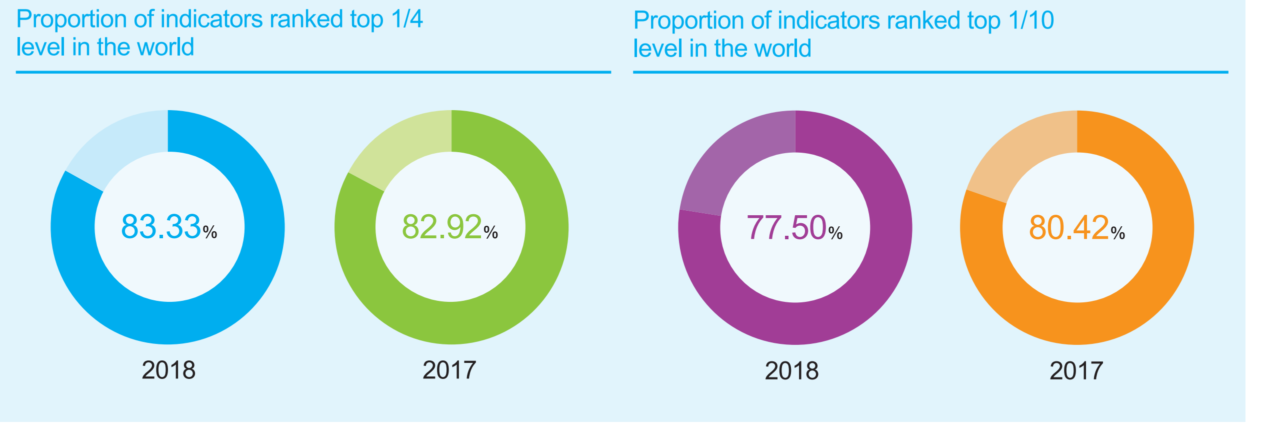
In the first half of 2018, we completed 10 refueling outages for 20 nuclear power generating units in operation, one of which is the initial outage that equivalent to a 10-year outage, and one of which was conducted over to the next year from 2017 to 2018. The total number of calendar days for refueling outages for the first half of 2018 was approximately 359 days.

Business Performance and Outlook

Pursuit of Excellence

"Pursuit of Excellence" is one of the basic principles of the Company. In order to discover our inadequacy and make sustained improvements, we continue to implement benchmarking with international counterparts. When compared with the one-year benchmark value of the 12 performance indicators for the PWR set by the World Association of Nuclear Operators ("**WANO**"), for our nuclear power units, the ratio of performance indicators achieving the world's top 1/4 level and top 1/10 level remained at a high level. The following table indicates the comparison of our nuclear power generating units for the six months ended June 30, 2018 and the one-year benchmark value of the 12 performance indicators for the PWR set by WANO in 2017:

	For the six months ended June 30,	
	2018	2017
Number of units	20	20
Total number of indicators	240	240
Including:		
Number of indicators ranked top 1/4 level in the world	200	199
Number of indicators ranked top 1/10 level in the world	186	193



Environmental Performance

In the first half of 2018, the radioactive waste management of each nuclear power generating unit in operation we operated and managed has strictly complied with the national laws and regulations, and has met the standards of the relevant technical specifications.

The following table sets forth the amounts and percentages of the various types of radioactive waste discharged at the NPPs for the periods indicated as a percentage of the national standards. The amounts of all of the radioactive substances discharged by all of our NPPs were below the applicable PRC limits.

	Daya Bay Base Area (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)		Yangjiang Nuclear Power Station		Fangchenggang Nuclear Power Station		Ningde Nuclear Power Station		Hongyanhe Nuclear Power Station	
	For the six months ended June 30									
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	0.20%	0.22%	0.18%	0.17%	0.17%	0.34%	0.16%	0.15%	0.12%	0.12%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	0.23%	0.23%	0.12%	0.14%	0.21%	0.19%	0.15%	0.17%	0.13%	0.07%
Solid radioactive waste (m^3)	98.4	99.6	3.4	18.4	20.1	55	57.2	57.2	108.8	149.6
Results of environmental monitoring	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal

Nuclear power is a clean energy source that contributes to energy saving and emissions reduction to the society. In the first half of 2018, our on-grid nuclear power generation in effect represented a reduction of approximately 22.06 million tons of standard coal consumption, approximately 57.70 million tons of CO_2 emissions, with an equivalent effect of planting a forest of approximately 160,000 hectares.

Business Performance and Outlook

Nuclear Power Generating Units under Construction

The quality of NPPs under construction is important for the safe and efficient operations of nuclear power units after commencement of operation. We meticulously organize project construction in strict compliance with the requirements of relevant laws and regulations. For all the major construction milestones being required to pass the inspection of the national regulatory authority, we would enter into the next phase of work only after passing the inspection of the national regulatory authority which confirmed our full compliance with the requirements. We also attach importance to learning from experience feedbacks of domestic and foreign NPP construction, and improving of the safety and quality of our construction work.

Safe and orderly

As of June 30, 2018, among eight nuclear power generating units we construct, two were in the grid connection phase, five were in the equipment installation phase and one was in the civil construction phase. All units under construction of the Company are under steady progress as planned, and meet the regulatory requirements of safety and quality.

	Nuclear Power Generating Units	Civil Construction Phase[1]	Equipment Installation Phase[2]	Commissioning Phase[3]	Grid Connection Phase[4]	Expected Date of Commencement of Operation
	From subsidiaries					
Qualified for commercial operation on July 12, 2018	Yangjiang Unit 5				√	Second half of 2018
	Yangjiang Unit 6		√			Second half of 2019
Entered into the grid connection phase on June 29, 2018	Taishan Unit 1				√	2018
Entered into the commissioning phase on July 3, 2018	Taishan Unit 2		√			2019
Entered into the equipment installation phase on May 23, 2018	Fangchenggang Unit 3		√			2022
	Fangchenggang Unit 4	√				2022
	From associates					
	Hongyanhe Unit 5		√			Second half of 2020
	Hongyanhe Unit 6		√			2021

1 "Civil construction" refers to activities within the construction phase, particularly the construction of various buildings and structures in accordance with the applicable blueprints.

2 "Equipment installation" refers to the entire process of placing and installing equipment in right positions and equipment integration during the construction phase.

3 "Commissioning" refers to the process of operating the installed systems and equipment and confirming whether their performance fulfils the requirements of their design and the applicable standards. During this phase, the National Nuclear Security Administration will issue an Approval for First Fuel Loading in Nuclear Power Plant (《核電廠首次裝料批准書》) or Operation License (《運行許可證》) which allows the first fuel loading in a nuclear power generating unit for carring out commissioning and trial runs of nuclear reactors.

4 "Grid connection" refers to the connection of a power generating unit's electricity transmission circuit to the electricity grid, and indicates that the power generating unit has the ability to transmit electricity from its internal systems.

The construction process of nuclear power may be affected by various factors including, among others, delivery delays, increase in the cost of key equipment and materials, delay in obtaining regulatory approvals, permits or licenses, unexpected engineering, environmental or geological problems, change of localization ratio as well as the implementation of additional PRC regulatory and safety requirements for nuclear safety, the actual date of commencement of operation may be different from such expected date. We will disclose updated information pursuant to the relevant requirements from time to time.

Business Performance and Outlook

Sales of Electricity

In the first half of 2018, the condition of oversupply of electricity in China has improved. As the economic development condition of each region differs, the demand for electricity consumption in some provinces where our nuclear power generating units are located varies. In light of the complex power market situation, the Company adopt the power sales strategy of "striving for more shares of planned on-grid power generation, striving for better market power generation and power tariff and striving for development and utilization of incremental market", which supported the implementation of our power plan for the first half-year and guaranteed the overall economic benefits of the Company.

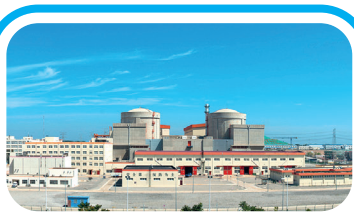
We actively communicated and coordinated with national competent departments to promote the efficient implementation of Provisional Measures for Nuclear Power Offtake under the Condition of Securing Nuclear Safety (《保障核電安全消納暫行辦法》) in various provinces. In the first half of 2018, the National Energy Administration has first included nuclear safety requirements in the "Clean Energy Safety Action Plan (2018-2020) Exposure Draft" (《清潔能源消納計劃 (2018-2020年) 徵求意見稿》) (the "**Action Plan**"), which clearly required a year-to-year increase in the annual nuclear power generating hours, and the implementation of securing nuclear power consumption in 2020. The Action Plan is now at the consultation stage and is expected to be issued and implemented in the second half of 2018, providing good conditions for securing nuclear power consumption.

The Company and Guangdong Provincial Government have agreed that, in order to maintain the unit utilization rate of nuclear power generating units and to prevent uncertainties caused by market volatility, the Company's nuclear power generating units in Guangdong province will participate in electricity market in the "full output with favourable price" model in 2018. The electricity consumption condition in Guangdong province has been positive this year. The electricity consumption in Guangdong province increased by 9.28% in the first half of 2018 over the corresponding period of previous year. Due to a lower precipitation in the first half of the year and other factors, there was shortage in electricity in some period of peak season for electricity consumption in summer. We actively communicated and coordinated with power grid enterprises to maximize the utilization rate of power generating units with our best efforts.

Fujian

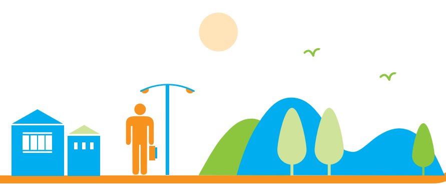
The electricity consumption in Fujian province increased by 13.6% in the first half of 2018 over the corresponding period of previous year. We have pursued more planned generation and market-based generation, and participated in cross-district electricity market transactions. In the first half of 2018, the on-grid power generation of Ningde Nuclear increased by 21.6% over the corresponding period of previous year.

Liaoning



The electricity consumption in Liaoning province increased by 10.7% in the first half of 2018 over the corresponding period of previous year. As the electricity transmission lines of Hongyanhe Nuclear have completed, we strived for expanding electricity export quota and electricity sales channels. In the first half of 2018, the on-grid power generation of Hongyanhe Nuclear increased by 33.2% over the corresponding period of previous year.

Guangxi



The electricity consumption in Guangxi Zhuang Autonomous Region increased by 19.9% in the first half of 2018 over the corresponding period of previous year. We have pursued more planned generation and market-based generation, seized opportunities to develop new market and participated in cross-district electricity export. In the first half of 2018, the on-grid power generation of Fangchenggang Nuclear increased by 49.0% over the corresponding period of previous year.

Business Performance and Outlook

For the six months ended June 30, 2018, our nuclear power generating units in operation achieved a total on-grid power generation of 71,405.11 GWh, representing a year-on-year increase of 12.49%, including the market-based power generation output of 19,279.00 GWh.

While striving to increase on-grid power generation, we also paid close attention to the on-grid tariffs of commercial units. In the first half of 2018, the on-grid tariffs of planned power generation by commercial nuclear power generating units of the Company remained stable without changes. As the oversupply condition of electricity improved, on-grid tariffs of market-based power generation became rational and its difference with on-grid tariffs of planned power generation was narrowed.

Taishan Unit 1 has already entered grid connection phase. The on-grid tariff of newly built units will be determined around the commencement date of commercial operation of the newly built units. We actively promoted the research on the third-generation nuclear power tariff by the relevant state departments. The pricing departments of the National and Guangdong provincial government supported the acceleration of nuclear power tariff determination for Taishan Nuclear. We will continue to track the development of tariff determination for third-generation nuclear power generating units, and participate in related research projects.

Human resources

According to the human resources plan of the Company, during the Reporting Period, the Company recruited 72 new employees. As of June 30, 2018, we had a total of 18,124 employees (excluding our affiliates).

We are highly concerned about the occupational health of our employees who participated in the work of NPPs, including our contractors and other personnel who enter into our workplace to carry out relevant activities. We ensure employees' occupational health through various means such as promotion and training, proactive prevention and identification and management of occupational hazards.

The average individual radiation exposure index among our personnel (including staff, contractors and other personnel) who entered into the control area to work at NPPs is lower than the national standard limit (20 mSv/year/person). The table below sets out information on the maximum individual radiation exposure index (Unit: mSv) among the personnel who entered into the control area to work in the first half of 2018 and that of 2017 at NPPs operated and managed by us:

	For the six months ended June 30,	
NNP/Unit	2018	2017
Daya Bay Nuclear Power Station	4.85	0.86
Ling'ao Nuclear Power Station	10.26	5.56
Lingdong Nuclear Power Station	0.96	4.92
Yangjiang Nuclear Power Station Units 1, 2, 3 and 4	7.96	5.76
Fangchenggang Nuclear Power Station Units 1 and 2	0.38	4.64
Ningde Nuclear Power Station	4.34	6.41
Hongyanhe Nuclear Power Station Units 1, 2, 3 and 4	5.18	7.80

Note: The changes in information are primarily due to the differences in outage schedules and maintenance projects during the Report Period.

Social Responsibilities

We constantly explore and improve a transparent communication mechanism and develop innovative communication means of communication. We strive to build interactive relationship and trust with various sectors of the society, and support sustainable development of surrounding communities with our abilities.

Business Performance and Outlook

Proactive Disclosure of Information

In the first half of 2018, we convened 12 press conferences and media conferences, including the DNMC and Yangjiang Nuclear Annual Press Conference and the announcement of the annual results announcement of the Company. We also utilize various channels, such as our website and social media, to disclose information on nuclear safety and environmental monitoring data to the public in a timely manner, and guarantee the public's right to information of operation of NPPs and nuclear safety. According to the INES, four deviations without safety significance occurred at NPPs operated and managed by us in the first half of 2018, all of them were disclosed in a timely manner according to regulatory requirements.

On April 12, 2018, DNMC convened a media conference and announced that Ling'ao Unit 1 had not commenced any unplanned shutdown or halt for 13 consecutive years.

Apart from the regular and normalized communication mechanism with the State-owned Assets Supervision and Administration Commission of the State Council, the National Energy Administration, the State Administration for Science, Technology and Industry for National Defense, the National Nuclear Safety Administration and provincial and municipal governments at all levels, we also enhanced communication with the society, media and communities surrounding our projects.

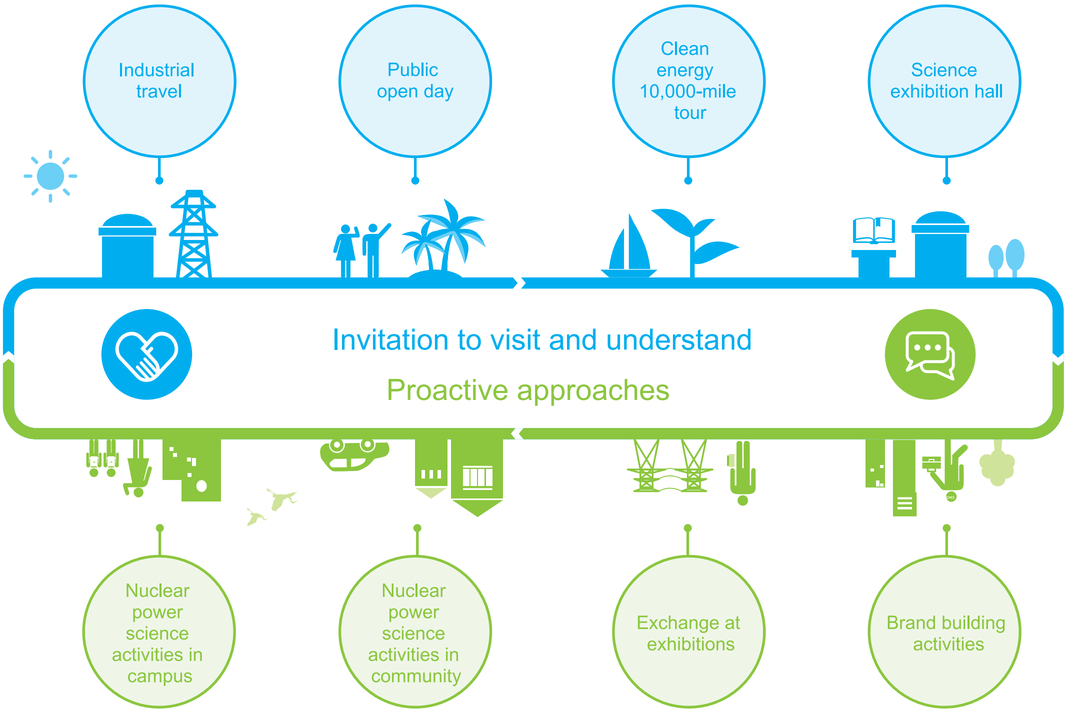
On May 24, 2018, we invited reporters from Economic Daily, Science and Technology Daily, China News Service and other national media institutions to visit Fangchenggang Nuclear Power Base and the construction site of Fangchenggang Phase II, our HPR1000 demonstration project.

Transparent Public Communication

In the first half of 2018, we proactively arranged face-to-face communication with the public. We interacted with cities, schools and communities and gained public support for nuclear power projects with transparency and sincerity.

Business Performance and Outlook

In order to increase public communication channels and enhance convenience for the public to learn about nuclear safety knowledge, Hongyanhe Nuclear established a nuclear power science exhibition hall at Dalian Exhibition Centre in early June 2018, which provides a professional and proper introduction to nuclear power knowledge for visitors.



In the afternoon of June 16, 2018, DNMC and relevant departments and organizations of Guangdong provincial government organized the "Nuclear Safety Knowledge in Schools – Science Seminar" activity at South China University of Technology.

During the 2018 National Technology Activity Week, Yangjiang Nuclear organized various promotional activities themed "Biological Nuclear Power". In the afternoon of May 24, 2018, we also organized the "Approaching Nuclear Power" science educational activity at Dongping Secondary School located near Yangjiang Nuclear Power Base.

A Win-win community development

We increased our input in community development, supported improvement of local people's livelihood, organized regular charity activities and grew together with the community.

For instance, we sponsored the new kiwifruit orchard in Leye County of Guangxi Zhuang Autonomous Region. We planned the project according to actual situation of the community and targeted to help the poor throughout the whole process of building, operating and commencing the orchard, ensuring that the "villages, homes, and people" are supported. All seeds were planted in March 2018 and are expected to be harvested in 2020.

Since 2011, Fangchenggang Nuclear has been conducting a spring visit for eight consecutive years. On February 1, 2018, Fangchenggang Nuclear led the organization to jointly express love and care to the centenarians in its neiberhood communities by sending blessings and concerns them so as to deepen the communication and exchanges between Fangchenggang Nuclear and its neiberhood communities.

Hongyanhe Nuclear actively participated in local education, and successively donated funds to build two schools and promoted educational assistance through various forms of activities. On June 26, 2018, Hongyanhe Nuclear held a consultation meeting for college entrance examination candidates in its neiberhood communities in respect of college application. Hongyanhe Nuclear invited the teachers of key secondary schools in Dalian to introduce the college entrance examination policy and answer the queries from students, and to give the college candidates in its neiberhood communities a helping hand in billing out and completing college applications.

Business Performance and Outlook

Outlook for the second half of the year

In the first half of 2018, the Company determined the annual planned power generation targets and most market-based power generation targets through proactive communication with local government and power grid enterprises. In the second half of 2018, we will maintain the safe and stable operation of all the generating units in operation, ensure smooth progress of the generating units under construction, formulate power generating strategy, seize market opportunities, strive to increase on-grid power generation and guarantee overall economic benefits.

In the second half of 2018, we plan to carry out the following initiatives:

Maintain safe and stable operation of all generating units in operation, with four planned refueling outages in the second half of the year;

Under the premises of safety and quality, ensure smooth progress of the projects under construction as planned, and prepare Taishan Unit 1 for commercial operation (Yangjiang Unit 5 was qualified for commercial operation on July 12 , 2018);

Continue implementation of our lean management strategy, enhance internal resources allocation and cooperation, effectively control construction cost of projects under construction and maintenance cost of operating units;

Proactively follow up the official issuance of the Clean Energy Safety Action Plan (2018-2020) Exposure Draft and promote the implementation of Provisional Measures for Nuclear Power Offtake under the Condition of Securing Nuclear Safety in various regions. We will proactively adapt to the changes in electricity market situation and response to factors including increase in precipitation in summer and heating provision periods in winter, seize opportunities to increase the unit utilization rate in the premise of ensuring implementation of determined power generating and according to regional electricity market conditions;

Closely follow the changes of domestic and international economic and financial environment, adhere to the principle of prudence, prioritize capital safety, pay attention to financing cost control, monitor capital risks, and strive to minimize the effects of domestic and foreign market volatility to the Company's operation by adjusting our strategies according to changes in market situation.

Corporate Governance

Compliance with Requirements of Appendix 14 to the Listing Rules

The Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**Stock Exchange Codes**") contained in Appendix 14 to the Listing Rules. The Board has approved and adopted the Corporate Governance Code of CGN Power Co., Ltd. (First Edition) (the "**Corporate Governance Code of the Company** ") on November 18, 2014. Based on the changes to Board committees and the revision of the Stock Exchange Codes in relation to risk management and internal control, the Board approved the revision of the Corporate Governance Code of the Company on January 6, 2016. After such revision, the Corporate Governance Code of the Company covers the basic requirements of the Stock Exchange Codes and stipulates standards which are higher than the recommended best practices in various aspects. During the Reporting Period, the Company complied with all the code provisions contained in the Stock Exchange Codes, except for the one of the recommended best practices proposed in the Stock Exchange Codes (namely a listed company should announce and publish quarterly results report). For the term that a listed company should announce and publish quarterly results report, we published quarterly operation briefings on a quarterly basis and quarterly financial statements for the domestic market in accordance with the requirements of the China's bond market and also published overseas regulatory announcements on the website of the Hong Kong Stock Exchange simultaneously to disclose the quarterly financial conditions based on the China Accounting Standards, and provided explanations on their discrepancies with the International Accounting Standards where appropriate.

During the Reporting Period, the Company held one annual general meeting, one extraordinary general meeting, one H share class meeting, one domestic share class meeting, three regular Board meetings, two extraordinary Board meetings and five meetings of the supervisory committee.

On April 25, 2018, the Company held the first extraordinary general meeting of 2018, the first H share class meeting of 2018 and the first domestic share class meeting of 2018 in Hong Kong. Resolutions relating to A share offering were considered and approved at the meetings, and we answered questions on the A share offering concerned by the shareholders.

The 2017 annual general meeting was held on May 30, 2018 in Hong Kong. The Board presented the Company's 2017 operation results and, operation results for the first quarter of 2018 and prospects for 2018 to all shareholders attended the meeting and responded to questions on issues concerned by shareholders.

Corporate Governance

Compliance with Domestic Regulatory Requirements

For the six months ended June 30, 2018, the corporate governance practices of the Company were in compliance with the laws and regulations of the PRC, the relevant regulatory requirements of CSRC and the Hong Kong Stock Exchange, and will continue to comply with the updated laws and regulations. The Company, its Directors, Supervisors and senior management were not subject to any administrative penalties, notice of criticism or reprimand.

Amendments to Documents of Governance such as Articles of Association

During the Reporting Period, there was no amendment to documents of governance of the Company such as the Articles of Association.

Changes in Directors, Supervisors and Senior Management

As of June 30, 2018, the list of names of the Board, Supervisory Committee and senior management of the Company are as follows:

Board of Directors

Non-executive Directors	Executive Director	Independent Non-executive Directors
Mr. Zhang Shanming (Chairman of Board)	Mr. Gao Ligang	Mr. Na Xizhi
Mr. Tan Jiansheng		Mr. Hu Yiguang
Mr. Shi Bing		Mr. Francis Siu Wai Keung
Ms. Zhong Huiling		
Mr. Zhang Yong		

Supervisory Committee

Non-employee representative	Employee representative
Mr. Chen Sui (Chairman)	Mr. Cai Zihua
Mr. Yang Lanhe	Mr. Wang Hongxin
Mr. Chen Rongzhen	

Senior Management

President	Vice President	Chief Financial Officer	Board Secretary
Mr. Gao Ligang	Mr. Su Shengbing	Mr. Yin Engang	Mr. Wei Qiyan
	Mr. Jiang Dajin		
	Mr. Chen Yingjian		

Corporate Governance

Mr. Chen Yingjian and Mr. Jiang Dajin were appointed as the Vice Presidents of the Company in the sixth meeting of the second session of the Board for a term of three years, with effect from May 29, 2018.

Mr. Chen Yingjian (陳映堅), born in 1962, has been the executive director and general manager of CGN Engineering since February 2016. He has been the chairman of Worldwide Engineering CGNPC AREVA Nuclear Co., Ltd. (中珐國際核能工程有限公司) since March 2016 and the chairman and general manager of CGN Design since April 2016. He is a senior engineer at researcher level. Mr. Chen had served as deputy general manager of Ningde Nuclear from March 2006 to January 2011; deputy general manager of CGN Engineering from January 2011 to February 2016; and general manager of nuclear power engineering department of the Company from May 2014 to March 2016. Mr. Chen obtained a bachelor's degree in engineering from East China Technical University of Water Resources Engineering (華東水利學院) in September 1982 with major studies in water resources, water and electrical engineering and construction, and he obtained a master's degree in engineering from Hohai University (formerly known as East China Technical University of Water Resources Engineering) in June 1985 with major studies in water works structural engineering.

Mr. Jiang Dajin (蔣達進), born in 1962, has been a director of Yangjiang Nuclear since December 2011. He has been appointed as the general manager of Yangjiang Nuclear since January 2012. He is a senior engineer at researcher level. Mr. Jiang had served as the manager of the maintenance and repairs department of DNMC from July 2006 to January 2009; and the assistant to general manager and head of design institute of CGN Engineering from January 2009 to January 2012. Mr. Jiang obtained a bachelor degree in engineering from Nanjing Institute of Technology (南京工學院) in July 1984 with major studies in electricity systems and automation.

Save as disclosed above, the Company has had no change of personnel situation regarding the Directors, Supervisors and senior management of the Company as of the date of this report. Meanwhile, the Directors, Supervisors and senior management of the Company have confirmed that there is no required disclosure of information pursuant to Rules 13.51B (1) of the Listing Rules. The above changes of the duties and personal information of the senior management have been updated on the website of the Company.

Compliance with Appendix 10 to the Listing Rules by Directors and Supervisors

The Company has formulated and adopted the Code for Securities Transactions by Directors and Specified Individuals, the provisions of which are no less stringent than the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. After making specific enquiries, all the Directors, Supervisors and senior management of the Company have confirmed that they have complied with the above two codes mentioned above throughout the Reporting Period.

Internal Control

The Company has been continuously improving the development of an internal control system and promoting workflow of business activities. Control measures were implemented at the corresponding risk points in the internal control workflow.

For the six months ended June 30, 2018, the general issues discovered in the internal control evaluation and internal audit of the Company for 2017 had been rectified as planned. At the same time, the Company had conducted various supervision activities such as management auditing and accountability audit in accordance with the auditing plans for 2018. No material issues which may affect shareholders were discovered.

Details of the standards, procedures and effectiveness of the internal control system of the Company were set out on pages 124 to 127 of the 2017 Annual Report.

Audit and Risk Management Committee

The Company has established the audit and risk management committee (the "**Audit and Risk Management Committee**") in compliance with the requirements of Rule 3.21 of the Listing Rules and the amendments to the Stock Exchange Codes with written terms of reference. On the date of this report, the Audit and Risk Management Committee comprises one non-executive Director (Mr. Zhang Yong) and two independent non-executive Directors (Mr. Na Xizhi and Mr. Francis Siu Wai Keung). Mr. Francis Siu Wai Keung, who possesses accounting qualification, acts as the chairman of the Audit and Risk Management Committee.

On August 17, 2018, the Audit and Risk Management Committee reviewed and confirmed the interim results announcement for the six months ended June 30, 2018 of the Group, this report and the unaudited interim financial statements for the six months ended June 30, 2018 prepared in accordance with the IAS 34 "Interim Financial Reporting".

Corporate Governance

Changes in Remuneration

The remuneration policy and system of the Company did not change as compared with that of last year. As of June 30, 2018, the remuneration standards and implementation basis for Directors, Supervisors and senior management of the Company remained the same as those in the corresponding period of 2017. In the 2017 annual general meeting of the Company convened on May 30, 2018, the resolutions on the Directors' and Supervisors' remuneration in 2018 were approved. The resolution on the remuneration of the Company's senior management in 2018 was approved at the fifth meeting of the second session of the Board on March 8, 2018. The resolution on the renumeration of the Company's new vice presidents (Mr. Jiang Dajin and Mr. Chen Yinjian) was approved at the sixth meeting of the second session of the Board on May 29, 2018.

For the six months ended June 30, 2018, the aggregate remuneration of the Directors, Supervisors and senior management of the Company is as follows:

	Fees RMB'000	Salaries, other allowances and discretionary bonus RMB'000	Pension scheme* contribution RMB'000	Total RMB'000
Directors	800	241	45	1,086
Supervisors	150	1,222	77	1,449
Senior management	—	1,961	135	2,096

* The Company contributes a certain proportion of the salaries of all the staff for their basic pension insurance according to the national and local regulations on pensions, and the staff will collect their pension according the local polices upon retirement. In addition, the Company has also launched a corporation pension plan. According to the plan, the Company will contribute an amount of not exceeding 5% of the individual contracted remuneration per month and the individuals will contribute an amount of not exceeding one-third of the contribution from the Company, and the staff can collect such pension from their individual accounts every month upon retirement. Other than this, the Company has no other responsibility for the pension scheme of the staff.

For the six months ended June 30, 2018, remuneration of Directors, Supervisors and senior management in aggregate amounted to RMB4.63 million and the total staff costs amounted to RMB4,168.1 million (excluding associates).

Share Capital

As of June 30, 2018, the registered share capital of the Company was RMB45,448,750,000, divided into 45,448,750,000 shares (with a nominal value of RMB1.00 each), comprising 34,285,125,000 domestic shares and 11,163,625,000 H shares, representing approximately 75.44% and 24.56% of the registered share capital, respectively.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2018.

Interests

Interest of Directors, Supervisors and chief executive officer

As recorded in the register required by Section 352 of Part XV of the Hong Kong Securities and Futures Ordinance, none of the Directors, Supervisors and chief executive officer of the Company held any interest/short position in the shares, underlying shares and debentures of the Company and its associated corporations as of June 30, 2018.

Interest of shareholders required to be disclosed under the Hong Kong Securities and Futures Ordinance

Pursuant to Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance, the interest/short position held by the following persons (other than Directors, Supervisors and chief executive officer of the Company) in the shares and underlying shares of the Company as of June 30, 2018 are set out in the table below.

Corporate Governance

Aggregate long positions in the shares and underlying shares of the Company

The Company has been notified by the following shareholders of the interests held in the shares of the Company (other than equity derivatives under share options, call warrants or convertible bonds) as of June 30, 2018 as follows:

Shareholders	Capacity as holder of shares	Number and class of the shares of the Company held	Approximate % of the relevant share classes	Approximate % of the issued shares of the Company
CGNPC	Beneficial owner/ interest of controlled corporation	29,176,641,375 domestic shares	85.10%	64.20%
Guangdong Hengjian Investment Holdings Co., Ltd.	Beneficial owner/ interest of controlled corporation	3,428,512,500 domestic shares	10.00%	7.54%
National Council for Social Security Fund	Beneficial owner	1,024,102,000 H shares	9.17%	2.25%

Interests of Other Persons

As of June 30, 2018, the Company has not been notified of any persons other than the above shareholders who had interests or short positions in the shares or underlying shares of the Company, under Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance.

Events after the Reporting Period

For the period from June 30, 2018 to the date of this report, there was no occurrence of event that had a significant impact on the Group's operation, financial and trading prospects.

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF CGN POWER CO., LTD.
中國廣核電力股份有限公司
(Established in the People's Republic of China with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of 中國廣核電力股份有限公司 CGN Power Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 46 to 148, which comprise the condensed consolidated statement of financial position as at June 30, 2018, and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, 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 Hong Kong Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 21, 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2018

	NOTES	Six months ended June 30, 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Revenue	4	**23,007,348**	21,410,456
Less: Tax surcharge		**(276,234)**	(277,813)
Cost of sales and services		**(12,570,972)**	(10,748,251)
Gross profit		**10,160,142**	10,384,392
Other income	5	**1,186,556**	1,118,950
Net gain arising from changes in fair value of derivative financial instruments at fair value through profit or loss		**2,366**	35,160
Selling and distribution expenses		**(44,797)**	(40,822)
Other expenses		**(170,281)**	(196,108)
Administrative expenses		**(978,373)**	(983,476)
Other gains and losses	6	**81,261**	1,398,707
Impairment loss, net of reversal	7	**2,454**	2,111
Share of results of associates		**342,587**	253,573
Share of results of a joint venture		**(179)**	3,320
Finance costs	8	**(2,972,352)**	(3,149,914)
Profit before taxation	9	**7,609,384**	8,825,893
Taxation	10	**(782,463)**	(1,018,947)
Profit for the period		**6,826,921**	7,806,946

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Other comprehensive (expenses) income:		
Items that will not be reclassified to profit or loss		
– Fair value loss on investments in equity instruments at fair value through other comprehensive income	(60,919)	—
– Income tax related to items that will not be reclassified to profit or loss	9,138	—
– Share of other comprehensive expense of an associate, net of related income tax	67,585	—
	15,804	—
Items that may be reclassified subsequently to profit or loss		
– Exchange differences arising on translation of a foreign operation	26,917	(158,612)
– Share of other comprehensive expenses of associates	—	(94,331)
– Others	(2,310)	(3,558)
	24,607	(256,501)
Other comprehensive income (expenses) for the period, net of income tax	40,411	(256,501)
Total comprehensive income for the period	6,867,332	7,550,445

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2018

		Six months ended June 30,	
	NOTES	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Profit for the period attributable to:			
Owners of the Company		4,375,919	6,090,204
Non-controlling interests		2,451,002	1,716,742
		6,826,921	7,806,946
Total comprehensive income for the period attributable to:			
Owners of the Company		4,409,690	5,873,471
Non-controlling interests		2,457,642	1,676,974
		6,867,332	7,550,445
Earnings per share attributable to owners of the Company, basic (RMB)	12	0.096	0.134

Condensed Consolidated Statement of Financial Position

As at June 30, 2018

	NOTES	June 30, 2018 RMB'000 (Unaudited)	December 31, 2017 RMB'000 (Audited and restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	**282,043,485**	277,280,937
Intangible assets	14	**3,747,971**	3,695,173
Investment properties		**223,310**	239,670
Goodwill	29	**419,243**	419,243
Interests in associates	15	**9,080,911**	8,346,444
Interests in a joint venture	16	**17,008**	17,187
Available-for-sale investments		**—**	195,310
Equity instruments at fair value through other comprehensive income	28	**448,265**	—
Deferred tax assets	17	**1,573,678**	1,552,572
Derivative financial instruments	28	**4,473**	1,857
Prepayments and value-added tax recoverable	22	**5,734,856**	6,688,555
Prepaid lease payments	18	**3,434,804**	3,485,679
Deposits for property, plant and equipment		**1,069,091**	1,233,431
		307,797,095	303,156,058

Condensed Consolidated Statement of Financial Position

As at June 30, 2018

	NOTES	June 30, 2018 RMB'000 (Unaudited)	December 31, 2017 RMB'000 (Audited and restated)
CURRENT ASSETS			
Inventories	19	19,693,556	19,738,837
Amounts due from customers for contract work		—	6,819,200
Prepaid lease payments	18	100,240	98,168
Trade and bills receivables	20	5,544,960	6,648,971
Contract assets	21	4,662,639	—
Prepayments and other receivables	22	8,180,107	9,098,683
Amounts due from related parties	23	861,222	1,619,516
Derivative financial instruments	28	2,679	2,735
Restricted bank deposits		11,595	11,367
Other deposits over three months		2,158,000	2,023,000
Cash and cash equivalents		14,399,080	10,352,461
		55,614,078	56,412,938

	NOTES	June 30, 2018 RMB'000 (Unaudited)	December 31, 2017 RMB'000 (Audited and restated)
CURRENT LIABILITIES			
Trade and other payables	24	17,119,551	24,213,296
Amounts due to customers for contract work		—	499,175
Amounts due to related parties	25	5,789,813	2,997,264
Loans from ultimate holding company	26	800,000	800,000
Loans from fellow subsidiaries	26	120,213	1,501,560
Loans from an associate	26	4,613,795	4,405,803
Loans from non-controlling interests	26	1,235,528	1,255,996
Income tax payable		497,912	671,399
Provisions		620,301	1,187,124
Contract liabilities	21	2,147,831	—
Bank borrowings - due within one year	27	16,966,019	21,904,038
Notes payable - due within one year		2,200,000	1,000,000
Derivative financial instruments	28	28,844	31,560
		52,139,807	60,467,215
NET CURRENT ASSETS (LIABILITIES)		3,474,271	(4,054,277)
TOTAL ASSETS LESS CURRENT LIABILITIES		311,271,366	299,101,781

Condensed Consolidated Statement of Financial Position

As at June 30, 2018

	NOTES	June 30, 2018 RMB'000 (Unaudited)	December 31, 2017 RMB'000 (Audited and restated)
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year	27	182,220,246	178,631,086
Notes payable - due after one year		7,291,513	6,995,867
Deferred tax liabilities	17	1,801,053	1,565,735
Deferred income		1,066,227	995,286
Provisions		3,369,515	3,244,866
Loans from fellow subsidiaries	26	3,865,273	1,750,500
Loans from an associate	26	3,038,125	3,130,897
Staff cost payables	34	49,036	24,950
		202,700,988	196,339,187
NET ASSETS		108,570,378	102,762,594
CAPITAL AND RESERVES			
Share capital		45,448,750	45,448,750
Reserves		22,273,546	20,618,382
Equity attributable to owners of the Company		67,722,296	66,067,132
Non-controlling interests		40,848,082	36,695,462
TOTAL EQUITY		108,570,378	102,762,594

The condensed consolidated financial statements on pages 46 to 148 were approved and authorised for issue by the board of directors on August 21, 2018 and are signed on its behalf by:

Zhang Shanming	Gao Ligang
DIRECTOR	DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2018

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000 (notes a and e)	Statutory surplus reserves RMB'000 (notes b and c)	Translation reserve RMB'000	Other reserves RMB'000 (note d)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2017, as previously stated	45,448,750	—	1,993,043	(1,322,938)	178,677	10,237,169	56,534,701	25,363,972	81,898,673
Effect of business combination of entities under common control (note 2)	—	230,000	—	—	—	(941)	229,059	—	229,059
At January 1, 2017 (Audited and restated)	45,448,750	230,000	1,993,043	(1,322,938)	178,677	10,236,228	56,763,760	25,363,972	82,127,732
Profit for the period	—	—	—	—	—	6,090,204	6,090,204	1,716,742	7,806,946
Other comprehensive expenses for the period	—	—	—	(118,959)	(97,774)	—	(216,733)	(39,768)	(256,501)
Total comprehensive (expenses) income for the period	—	—	—	(118,959)	(97,774)	6,090,204	5,873,471	1,676,974	7,550,445
Capital injections	—	—	—	—	—	—	—	216,200	216,200
Disposal of a subsidiary	—	—	—	—	—	—	—	(4,677)	(4,677)
Acquisition of a subsidiary (note 29)	—	—	—	—	—	—	—	6,509,513	6,509,513
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	(590,511)	(590,511)
Dividend recognised as distribution (note 11)	—	—	—	—	—	(2,317,845)	(2,317,845)	—	(2,317,845)
Appropriation of specific reserve	—	—	43,127	—	—	(43,127)	—	—	—
Utilization of specific reserve	—	—	(29,762)	—	—	29,762	—	—	—
Share of other changes in net assets of an associate	—	—	—	—	3,572	—	3,572	—	3,572
At June 30, 2017 (Unaudited and restated)	45,448,750	230,000	2,006,408	(1,441,897)	84,475	13,995,222	60,322,958	33,171,471	93,494,429

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2018

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000 (notes a and e)	Statutory surplus reserves RMB'000 (notes b and c)	Translation reserve RMB'000	Other reserves RMB'000 (note d)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2018 (Audited)	45,448,750	2,550,525	3,217,532	(1,644,642)	70,356	16,195,154	65,837,675	36,695,462	102,533,137
Effect of business combination of entities under common control (note 2)	—	230,000	318	—	—	(861)	229,457	—	229,457
Effect of accounting policy changes (note 3.2.2)	—	—	5,790	—	340,032	52,112	397,934	—	397,934
At January 1, 2018 (Audited and restated)	45,448,750	2,780,525	3,223,640	(1,644,642)	410,388	16,246,405	66,465,066	36,695,462	103,160,528
Profit for the period	—	—	—	—	—	4,375,919	4,375,919	2,451,002	6,826,921
Other comprehensive (expenses) income for the period	—	—	—	(20,188)	(143,820)	197,779 [note f]	33,771	6,640	40,411
Total comprehensive (expenses) income for the period	—	—	—	(20,188)	(143,820)	4,573,698	4,409,690	2,457,642	6,867,332
Capital injections	—	—	—	—	—	—	—	44,343	44,343
Acquisition under common control (note 2)	—	(235,017)	—	—	—	—	(235,017)	—	(235,017)
Capital injection and disposal of partial interests in a subsidiary without losing control (note g)	—	169,135	—	—	—	—	169,135	2,680,000	2,849,135
Capital injection to a subsidiary resulting in increase in interest in a subsidiary	—	957	—	—	—	—	957	(957)	—
Dividend declared to non-controlling interests	—	—	—	—	—	—	—	(1,028,408)	(1,028,408)
Dividend recognised as distribution (note 11)	—	—	—	—	—	(3,090,517)	(3,090,517)	—	(3,090,517)
Appropriation of specific reserve	—	—	64,616	—	—	(64,616)	—	—	—
Utilization of specific reserve	—	—	(50,078)	—	—	50,078	—	—	—
Appropriation of general reserve	—	—	21,195	—	—	(21,195)	—	—	—
Share of other changes in net assets of an associate	—	—	—	—	2,982	—	2,982	—	2,982
At June 30, 2018 (Unaudited)	45,448,750	2,715,600	3,259,373	(1,664,830)	269,550	17,693,853	67,722,296	40,848,082	108,570,378

Notes:

(a) Capital reserve

Capital reserve of the Group included deemed contribution from (distribution to) the ultimate holding company in relation to the nuclear power assets and liabilities transferred from the ultimate holding company to the Group before the completion of reorganization of the ultimate holding company (the "Reorganization"), the effects from change in Group's ownership interest in subsidiaries without loss of control as well as that from Reorganization, and capital injection from owners of the Company in excess of paid-in share capital and issued ordinary shares deducted by share issue cost.

(b) General reserve

As stipulated by the relevant laws in the People's Republic of China (the "PRC"), entities in PRC are required to maintain a statutory surplus reserve. The statutory surplus reserve is 10% of profit after taxation of the entities according to the PRC statutory financial statements. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the PRC entities registered capital. The surplus reserve can be used to make up losses, or for conversion into capital, or for other usage according to the relevant rules in PRC. The PRC subsidiaries may, upon the approval by a resolution of the owners, convert their surplus reserves into capital in proportion to their then existing capital contribution.

(c) Specific reserve

Pursuant to the relevant PRC regulations for construction companies, the Group's subsidiary, 中廣核工程有限公司 China Nuclear Power Engineering Co., Ltd. ("CGN Engineering") is required to set aside an amount to maintenance, improvement and other similar funds. The funds can be used for maintenance and improvements of safety at the construction sites, and are not available for distribution to owners of the subsidiaries.

(d) Other reserves

Prior to January 1, 2018, the amounts mainly represent the Group's share of the available-for-sale investment reserve of its associates under IAS 39.

Since January 1, 2018, with application of IFRS 9, the amounts mainly represent fair value through other comprehensive income ("FVTOCI") reserve of the Group and the Group's share of FVTOCI reserve of its associates.

(e) As stipulated by the relevant rules in PRC, for the acquisition under common control, if the consideration of the acquisition exceeds the capital reserve balance, the shortfall should be firstly deducted from the statutory surplus reserve, and then retained earnings if statutory surplus reserve is not sufficient to cover the shortfall.

(f) The amount of RMB197,779,000 represents the transfer of the Group's share of cumulative fair value gain in respect of the equity instruments at fair value through other comprehensive income ("FVTOCI") of its associate from other reserves to retained earnings upon the derecognition of the equity instruments at FVTOCI of its associate during the current interim period

(g) According to the investment agreement dated December 29, 2017 entered into between the Company and 深圳國同清潔能源合夥企業 Shenzhen Guotong Clean Energy Partners Corporation (Limited Partnership) ("Shenzhen Guotong"), the Company and Shenzhen Guotong established 廣西防城港中廣核核電產業投資有限公 司Guangxi Fangchenggang CGN Nuclear Power Industry Investment Co., Ltd. ("Fangchenggang Investment"). The Company and Shenzhen Guotong have agreed to contribute the Company's 61% equity interest originally held in 廣西防城港核電有限公司 Guangxi Fangchenggang Nuclear Power Co., Ltd. ("Fangchenggang Nuclear") and cash of RMB3,039,941,000, for 60% and 40% equity interest in Fangchenggang Investment, respectively.

The difference of RMB 169,135,000 between (i) the capital contribution from Shenzhen Guotong and (ii) the increase in non-controlling interests of Fangchenggang Nuclear and the related tax impact has been credited to capital reserve.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2018

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Operating activities		
Profit before taxation	7,609,384	8,825,893
Adjustments for:		
Loss (gain) arising from changes in fair value of cash settled share based payment	24,086	(1,889)
Provisions for nuclear power operation	636,220	595,809
Depreciation of property, plant and equipment	3,582,462	3,289,296
Amortization of prepaid lease payments	41,019	45,717
Depreciation of investment properties	12,776	9,368
Amortization of intangible assets	146,455	131,407
Finance costs	2,972,352	3,149,914
Reversal of allowance for trade and other receivables	(2,490)	(2,111)
Allowance for other receivables	36	—
Allowance for inventories	—	274
Loss on disposals of property, plant and equipment	17,563	1,524
Gain from disposal of a subsidiary	—	(71,520)
Gain on remeasurement of previously held interest in a joint venture becoming a subsidiary	—	(1,785,082)
Net unrealised fair value change in derivative financial instruments	(2,245)	(70,948)
Government grant related to assets	(33,307)	(25,727)
Interest income	(127,507)	(94,774)
Share of results of a joint venture	179	(3,320)
Share of results of associates	(342,587)	(253,573)
Unrealised net exchange (gain) loss	(263,679)	442,549

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Operating cash flows before movements in working capital	**14,270,717**	14,182,807
Decrease (increase) in inventories	**45,281**	(623,485)
Decrease in trade and other receivables	**4,297,076**	1,488,092
(Decrease) increase in trade and other payables	**(5,879,263)**	1,229,347
Decrease (increase) in amounts due from customers for contract work/contract assets	**1,653,976**	(918,203)
Increase (decrease) in amounts due to customers for contract work/contract liabilities	**1,648,656**	(452,998)
Decrease in nuclear power provision	**(1,187,125)**	(1,062,707)
Decrease in derivative financial instruments, net	**(3,031)**	(899)
Cash generated from operations	**14,846,287**	13,841,954
Income tax paid	**(740,579)**	(1,026,970)
Net cash generated from operating activities	**14,105,708**	12,814,984

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2018

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Investing activities		
Interests received	**55,861**	55,243
Deposits paid and purchase of property, plant and equipment	**(7,850,861)**	(8,255,844)
Addition to intangible assets	**(227,191)**	(221,951)
Addition to prepaid lease payments	**—**	(1,859)
Proceeds from disposals of property, plant and equipment	**37,464**	3,131
Government grants received	**191,019**	21,189
Placement of deposits with original maturity over three months	**(435,000)**	(160,000)
Withdrawal of deposits with original maturity over three months	**300,000**	177,000
Placement of restricted bank deposits	**(228)**	(14,493)
Withdrawal of restricted bank deposits	**—**	12,272
Capital contributions to associates	**(258,213)**	(39,600)
Dividends received from an associate	**13,637**	15,992
Dividends received from a joint venture	**5,642**	—
Dividends received from available-for-sale investments	**31,078**	7,217
Net cash inflow on acquisition of a subsidiary (note 29)	**—**	108,552
Advance to related parties	**421,536**	(206,834)
Repayment from related parties	**17,991**	176,671
Payment on acquisition of subsidiaries (note 2)	**(232,680)**	(2,400,000)
Net cash used in investing activities	**(7,929,945)**	(10,723,314)

	Six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Financing activities		
Capital injections from non-controlling interests	**3,084,284**	216,200
Interest paid	**(5,007,131)**	(4,723,002)
Loans from an associate	**7,235,501**	11,054,000
Repayments of loans from an associate	**(7,119,663)**	(10,632,612)
Loans from fellow subsidiaries	**2,246,716**	500,007
Repayments of loans from fellow subsidiaries	**(1,512,159)**	(501,246)
Repayments of loans from ultimate holding company	**—**	(225,500)
Proceeds from bank borrowings	**11,365,595**	19,593,523
Repayments of bank borrowings	**(12,522,124)**	(15,728,128)
Loans from non-controlling interests	**197,000**	—
Repayments of loans from non-controlling interests	**(197,000)**	—
Proceeds from issuing notes payable	**1,994,500**	—
Repayments of notes payable	**(500,000)**	(600,000)
Dividends paid to non-controlling interests	**(1,779,022)**	(1,730,589)
Advance from related parties	**421,902**	462,940
Repayment of advance form related parties	**—**	(270,528)
Net cash used in financing activities	**(2,091,601)**	(2,584,935)
Net increase (decrease) in cash and cash equivalents	**4,084,162**	(493,265)
Cash and cash equivalents at the beginning of the period	**10,352,461**	8,681,419
Effects of exchange rate changes	**(37,543)**	(27,618)
Cash and cash equivalents at the end of the period	**14,399,080**	8,160,536

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2018

1. GENERAL INFORMATION

The Company was established in the PRC on March 25, 2014 (the "**Date of Establishment**") as a joint stock company with limited liability under the Company Law of the PRC and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on December 10, 2014.

The parent and the ultimate holding company of the Company is China General Nuclear Power Corporation ("**CGNPC**"), a state-owned enterprise in the PRC controlled by the State-Owned Assets Supervision and Administration Commission of the State Council (the "**SASAC**").

The address of the principal place of business and the registered office of the Company is 18/F, South Tower, CGN Building, No.2002 Shennan Road, Futian District, Shenzhen, Guangdong Province, the PRC.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its principal subsidiaries.

2. BASIS OF PRESENTATION

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

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control

On March 8, 2018, the Company entered into an equity transfer agreement of acquiring the entire equity interests of three companies (the "**Acquired Companies**"), namely CGN Ocean Power Co., Ltd. (中廣核海洋能源有限公司), CGN Hebei Thermal Power Co., Ltd.,(中廣核河北熱電有限公司) and CGN Power Sales Co., Ltd.(中廣核電力銷售有限公司). Pursuant to the agreement, the Company acquired (i) 100% equity interests of CGN Ocean Power Co., Ltd. and 100% equity interests of CGN Hebei Thermal Power Co., Ltd., both of which were held by CGNPC, at a total cash consideration of approximately RMB20,233,000, of which RMB20,152,000 has been paid by the Company during the current period and the remaining consideration of RMB81,000 is included in the other payable to ultimate holding company as at June 30, 2018, and (ii) 100% equity interests of CGN Power Sales Co., Ltd which was held by 深圳市能之匯投資有限公司 Shenzhen Nengzhihui Investment Co., Ltd., a fellow subsidiary of the Company, at a cash consideration of approximately RMB214,784,000, of which RMB212,528,000 has been paid by the Company during the current period and the remaining consideration of RMB2,256,000 is included in the other payable to fellow subsidiaries as at June 30, 2018.

The transaction was completed on April 30, 2018.

As the Company and the Acquired Companies are under common control of CGNPC, the above acquisition has constituted a business combination under common control. The assets and liabilities of the Acquired Companies have been recognised in the consolidated financial statements of the Group at the carrying amounts recognised previously in CGNPC's consolidated financial statements. The condensed consolidated financial statements of the Group have been restated as if the combination had occurred prior to the start of the earliest period presented.

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements described above on the Group's condensed consolidated statement of profit or loss and other comprehensive income for the six months ended June 30, 2017 by line items is as follows:

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
Revenue	21,408,594	1,862	—	21,410,456
Less: Tax surcharge	(277,805)	(8)	—	(277,813)
Cost of sales and services	(10,748,251)	—	—	(10,748,251)
Gross profit	10,382,538	1,854	—	10,384,392
Other income	1,119,096	1,633	(1,779)	1,118,950
Net gain arising from changes in fair value of derivative financial instruments at fair value through profit or loss	35,160	—	—	35,160
Selling and distribution expenses	(40,322)	(500)	—	(40,822)
Other expenses	(196,108)	—	—	(196,108)
Administrative expenses	(982,955)	(755)	234	(983,476)
Other gains and losses	1,398,707	—	—	1,398,707
Impairment loss, net of reversal	2,111	—	—	2,111
Share of results of associates	253,573	—	—	253,573
Share of results of a joint venture	3,320	—	—	3,320
Finance costs	(3,149,914)	—	—	(3,149,914)
Profit before taxation	8,825,206	2,232	(1,545)	8,825,893
Taxation	(1,019,331)	(2)	386	(1,018,947)
Profit for the period	7,805,875	2,230	(1,159)	7,806,946
Other comprehensive expenses for the period	(256,501)	—	—	(256,501)
Total comprehensive income for the period	7,549,374	2,230	(1,159)	7,550,445

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements described above on the Group's condensed consolidated statement of profit or loss and other comprehensive income for the six months ended June 30, 2017 is summarised as follows: (Continued)

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
Profit for the period attributable to:				
Owners of the Company	6,089,133	2,230	(1,159)	6,090,204
Non-controlling interests	1,716,742	—	—	1,716,742
	7,805,875	2,230	(1,159)	7,806,946
Total comprehensive income for the period attributable to:				
Owners of the Company	5,872,400	2,230	(1,159)	5,873,471
Non-controlling interests	1,676,974	—	—	1,676,974
	7,549,374	2,230	(1,159)	7,550,445
Basic earnings per share	0.134			0.134

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements described above on the Group's condensed consolidated statement of financial position as at December 31, 2017 summarised as follows:

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	277,283,783	2,375	(5,221)	277,280,937
Intangible assets	3,695,173	—	—	3,695,173
Investment properties	239,670	—	—	239,670
Interests in associates	8,346,444	—	—	8,346,444
Interests in a joint venture	17,187	—	—	17,187
Available-for-sale investments	195,310	—	—	195,310
Deferred tax assets	1,551,267	—	1,305	1,552,572
Derivative financial instruments	1,857	—	—	1,857
Prepayments and value-added tax recoverable	6,688,555	—	—	6,688,555
Prepaid lease payments	3,485,679	—	—	3,485,679
Goodwill	419,243	—	—	419,243
Deposits for property, plant and equipment	1,233,431	—	—	1,233,431
	303,157,599	2,375	(3,916)	303,156,058

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements described above on the Group's condensed consolidated statement of financial position as at December 31, 2017 is summarised as follows: (Continued)

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
CURRENT ASSETS				
Inventories	19,738,837	—	—	19,738,837
Prepaid lease payments	98,168	—	—	98,168
Trade and bills receivables	6,648,448	523	—	6,648,971
Prepayments and other receivables	9,094,120	4,563	—	9,098,683
Amounts due from related parties	1,619,500	243	(227)	1,619,516
Derivative financial instruments	2,735	—	—	2,735
Restricted bank deposits	9,367	2,000	—	11,367
Cash and cash equivalents	10,315,715	36,746	—	10,352,461
Other deposits over three months	2,023,000	—	—	2,023,000
Amounts due from customers for contract work	6,819,200	—	—	6,819,200
loan to a fellow subsidiary	—	190,000	(190,000)	—
	56,369,090	234,075	(190,227)	56,412,938

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2018

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements described above on the Group's condensed consolidated statement of financial position as at December 31, 2017 summarised as follows: (Continued)

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
CURRENT LIABILITIES				
Trade and other payables	24,211,067	2,229	—	24,213,296
Amounts due to related parties	2,997,414	77	(227)	2,997,264
Loans from ultimate holding company	800,000	—	—	800,000
Loans from fellow subsidiaries	1,691,560	—	(190,000)	1,501,560
Loans from an associate	4,405,803	—	—	4,405,803
Loans from non-controlling interests	1,255,996	—	—	1,255,996
Income tax payable	670,628	771	—	671,399
Provisions	1,187,124	—	—	1,187,124
Bank borrowings - due within one year	21,904,038	—	—	21,904,038
Notes payable - due within one year	1,000,000	—	—	1,000,000
Derivative financial instruments	31,560	—	—	31,560
Amounts due to customers for contract work	499,175	—	—	499,175
	60,654,365	3,077	(190,227)	60,467,215
NET CURRENT LIABILITIES	(4,285,275)	230,998	—	(4,054,277)
TOTAL ASSETS LESS CURRENT LIABILITIES	298,872,324	233,373	(3,916)	299,101,781

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements described above on the Group's condensed consolidated statement of financial position as at December 31, 2017 summarised as follows: (Continued)

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
NON-CURRENT LIABILITIES				
Bank borrowings - due after one year	178,631,086	—	—	178,631,086
Notes payable - due after one year	6,995,867	—	—	6,995,867
Deferred tax liabilities	1,565,735	—	—	1,565,735
Deferred income	995,286	—	—	995,286
Provisions	3,244,866	—	—	3,244,866
Loans from fellow subsidiaries	1,750,500	—	—	1,750,500
Loans from an associate	3,130,897	—	—	3,130,897
Staff cost payables	24,950	—	—	24,950
	196,339,187	—	—	196,339,187
NET ASSETS	102,533,137	233,373	(3,916)	102,762,594
Equity attributable to owners of the Company	65,837,675	233,373	(3,916)	66,067,132
Non-controlling interests	36,695,462	—	—	36,695,462
TOTAL EQUITY	102,533,137	233,373	(3,916)	102,762,594

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effects of restatements described above on the Group's condensed consolidated statement of financial position as at January 1, 2017 is summarised as follows: (Continued)

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
NON-CURRENT ASSETS				
Properry, plant and equipment	216,509,163	558	–	216,509,721
Intangible assets	3,065,535	–	–	3,065,535
Investment properties	320,333	–	–	320,333
Interests in associates	7,837,967	–	–	7,837,967
Interests in joint ventures	4,199,132	–	–	4,199,132
Available-for-sale investments	195,310	–	–	195,310
Deferred tax assets	1,687,249	–	–	1,687,249
Derivative financial instruments	1,416	–	–	1,416
Prepayments and value-added tax recoverable	6,277,564	–	–	6,277,564
Prepaid lease payments	2,959,611	–	–	2,959,611
Deposits for property, plant and equipment	755,884	3,459	–	759,343
	243,809,164	4,017	–	243,813,181

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effects of restatements described above on the Group's condensed consolidated statement of financial position as at January 1, 2017 is summarised as follows: (Continued)

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
CURRENT ASSETS				
Assets classified as held for sale	55,977	–	–	55,977
Inventories	13,137,983	–	–	13,137,983
Prepaid lease payments	85,649	–	–	85,649
Trade and bills receivables	5,735,493	–	–	5,735,493
Prepayments and other receivables	7,360,943	114	–	7,361,057
Amounts due from related parties	1,625,292	323	–	1,625,615
Derivative financial instruments	12,521	–	–	12,521
Restricted bank depostis	6,400	–	–	6,400
Cash and cash equivalents	8,456,534	224,885	–	8,681,419
Other deposits over three months	2,047,000	–	–	2,047,000
Amounts due from customers for contract work	5,300,838	–	–	5,300,838
	43,824,630	225,322	–	44,049,952

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2018

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effects of restatements described above on the Group's condensed consolidated statement of financial position as at January 1, 2017 is summarised as follows: (Continued)

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
CURRENT LIABILITIES				
Liabilities directly associated with assets classified as held for sale	699	–	–	699
Trade and other payables	19,294,867	280	–	19,295,147
Amounts due to related parties	8,081,680	–	–	8,081,680
Loans from ultimate holding company	1,025,500	–	–	1,025,500
Lonas from fellow subsidiaries	3,651,242	–	–	3,651,242
Loans from an associate	3,945,435	–	–	3,945,435
Income tax payable	630,519	–	–	630,519
Provisions	1,060,000	–	–	1,060,000
Bank borrowings - due within one year	20,806,759	–	–	20,806,759
Notes payable -due within one year	5,600,000	–	–	5,600,000
Derivative financial instruments	215,036	–	–	215,036
Amounts due to customers for contract work	855,926	–	–	855,926
	65,167,663	280	–	65,167,943
NET CURRENT LIABILITIES	(21,343,033)	225,042	–	(21,117,991)
TOTAL ASSETS LESS CURRENT LIABILITIES	222,466,131	229,059	–	222,695,190

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effects of restatements described above on the Group's condensed consolidated statement of financial position as at January 1, 2017 is summarised as follows: (Continued)

	The Group (as previously reported) RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
NON-CURRENT LIABILITIES				
Bank borrowings - due after one year	124,482,040	–	–	124,482,040
Notes payable -due after one year	7,993,568	–	–	7,993,568
Deferred tax liabilities	1,615,117	–	–	1,615,117
Deferred income	984,873	–	–	984,873
Provisions	2,467,433	–	–	2,467,433
Derivative financial instruments	5,744	–	–	5,744
Loans from an assoicate	2,989,975	–	–	2,989,975
Staff cost payables	28,708	–	–	28,708
	140,567,458	–	–	140,567,458
NET ASSETS	81,898,673	229,059	–	82,127,732
Equity attributable to owners of the Company	56,534,701	229,059	–	56,763,760
Non-controlling interests	25,363,972	–	–	25,363,972
TOTAL EQUITY	81,898,673	229,059	–	82,127,732

2. BASIS OF PRESENTATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The effects of restatements described above on the Group's condensed consolidated statement of cash flow for the six months ended June 30, 2017 are as follows:

	Six months ended June 30, 2017 RMB'000
Increase in net cash generated from operating activities	1,235
Increase in net cash used in investing activities	(1,478)
Increase in net cash used in financing activities	(189,957)
Increase in cash and cash equivalents at the beginning of the period	224,885
Increase in cash and cash equivalents at the end of the period	34,685

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"). The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2017.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after January 1, 2018 for the preparation of the Group's condensed consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenues from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources:

(i) Revenue from sales of electricity;

(ii) Revenue from design and construction contracts;

(iii) Revenue from technical and training service; and

(iv) Revenue from sales of equipment and other goods.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, January 1, 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at January 1, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 Revenue and IAS 11 Construction Contracts and the related interpretations.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (Continued)

3.1.1 Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (Continued)

3.1.1 Key changes in accounting policies resulting from application of IFRS 15 (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group recognises revenue under the following accounting policies:

(i) Revenue from sales of electricity is recognised at a point in time upon transmission of electricity to the grid companies;

(ii) Revenue from design and construction contracts is recognised over time because the Group's performance creates and enhances an asset that the customer controls as the Group performs;

(iii) Revenue from technical and training service is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; and

(iv) Revenue from sales of equipment and other goods is mainly recognised over time because the Group's performance creates and enhances an asset that the customer controls as the Group performs.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation on the revenue from the technical and training service is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Input method

The progress towards complete satisfaction of a performance obligation on the revenue from design and construction contracts is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (Continued)

3.1.2 Summary of effects arising from initial application of IFRS 15

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at January 1, 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at December 31, 2017 RMB'000	Reclassification RMB'000	Carrying amounts under IFRS 15 at January 1, 2018* RMB'000
Current Assets			
Contract assets	—	6,819,200	6,819,200
Amounts due from customers for contract work	6,819,200	(6,819,200)	—
Current Liabilities			
Contract liabilities	—	5,104,187	5,104,187
Amounts due to customers for contract work	499,175	(499,175)	—
Trade and other payables	24,213,296	(4,605,012)	19,608,284

* The amounts in this column are before the adjustments from the application of IFRS 9.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2018

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (Continued)

3.1.2 Summary of effects arising from initial application of IFRS 15 (Continued)

In relation to construction contracts previously accounted under IAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of IFRS 15. Approximately RMB6,819,200,000 of amounts due from customers for contract work were reclassified to contract assets, and approximately RMB499,175,000 and RMB4,605,012,000 of amounts due to customers for contract work and receipts in advance included in trade and other payables were reclassified to contract liabilities respectively.

The following tables summarise the impacts of applying IFRS 15 on the Group's condensed consolidated statement of financial position as at June 30, 2018 for each of the line items affected. There is no impact on the Group's condensed consolidated statement of profit or loss and other comprehensive income for the current interim period. Line items that were not affected by the changes have not been included.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.1 Impacts and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (Continued)

3.1.2 Summary of effects arising from initial application of IFRS 15 (Continued)

Impact on the condensed consolidated statement of financial position

	As reported	Adjustments	Amounts without application of IFRS 15
	RMB'000	RMB'000	RMB'000
Current Assets			
Contract assets	4,662,639	(4,662,639)	—
Amounts due from customers for contract work	—	4,662,639	4,662,639
Current Liabilities			
Contract liabilities	2,147,831	(2,147,831)	—
Amounts due to customers for contract work	—	1,075,427	1,075,427
Trade and other payables	17,119,551	1,072,404	18,191,955

Except as described above, the application of IFRS 15 has had no material impact on the amount reported in the condensed consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments

In the current period, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets, contract assets and 3) general hedge accounting.

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

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 Financial Instruments: Recognition and Measurement.

3.2.1 Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15.

All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under IAS 39.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 9 (Continued)

Classification and measurement of financial assets (Continued)

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the other reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

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 loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at January 1, 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 3.2.2.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 9 (Continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and bills receivables, amount due from related parties, restricted bank deposits, other deposits over three months, cash and cash equivalents and contract assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group recognises lifetime ECL for trade and bills receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and collectively using provision matrix method with appropriate groupings by the nature and risk level of the remaining debtors.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 9 (Continued)

Impairment under ECL model (Continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 9 (Continued)

***Impairment under ECL model* (Continued)**

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

3.2.1 Key changes in accounting policies resulting from application of IFRS 9 (Continued)

Impairment under ECL model (Continued)

Measurement and recognition of ECL (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bill receivables, and contract assets where the corresponding adjustment is recognised through a loss allowance account.

As at January 1, 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9.

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade and bills receivables. To measure the ECL, contract assets and trade and bills receivables have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade and bills receivables are a reasonable approximation of the loss rates for the contract assets.

As at January 1, 2018, there is no significant additional credit loss allowance recognised upon the application of IFRS 9.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

3.2.2 Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets under IFRS 9 and IAS 39 at the date of initial application, January 1, 2018.

	Note	Investment in associates RMB'000	Available-for-sale investments RMB'000	Equity instruments at FVTOCI RMB'000	Deferred tax liabilities RMB'000	Other reserves RMB'000	Statutory surplus reserves RMB'000	Retained earnings RMB'000
Closing balance at December 31, 2017: – IAS 39		8,346,444	195,310	—	1,565,735	70,356	3,217,532	16,195,154
Reclassification								
From available-for-sale investments to FVTOCI	(a)	—	(195,310)	195,310	—	—	—	—
Interests in associates	(b)	—	—	—	—	(57,902)	5,790	52,112
Remeasurement								
From available-for-sale investments to FVTOCI	(a)	—	—	313,874	47,081	266,793	—	—
Interests in associates	(b)	131,141	—	—	—	131,141	—	—
Opening balance at January 1, 2018		8,477,585	—	509,184	1,612,816	410,388	3,223,322	16,247,266

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

3.2.2 Summary of effects arising from initial application of IFRS 9 (Continued)

(a) From available-for-sale investments to FVTOCI

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale of approximately RMB195,310,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, approximately RMB195,310,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, which related to unquoted equity investments previously measured at cost less impairment under IAS 39. The fair value gains of approximately RMB313,874,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and FVTOCI reserve included in the other reserves and approximately RMB47,081,000 was adjusted to deferred tax liabilities and FVTOCI reserve included in the other reserves for its deferred tax impact arising from such fair value gains as at January 1, 2018.

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.2 Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)

3.2.2 Summary of effects arising from initial application of IFRS 9 (Continued)

(b) Interests in associates

The net effects arising from the initial application of IFRS 9 resulted in:

(i) a transfer of RMB 57,902,000 from other reserves to statutory surplus reserves and retained earnings of approximately RMB5,790,000 and RMB52,112,000 respectively due to the reclassification of the associates' equity instrument from available-for-sale at fair value to FVTPL;

(ii) an increase in the carrying amounts of interests in associates and other reserves of approximately RMB131,141,000, net of related income tax, in respect of the remeasurement of an associate's available-for-sale equity instrument at cost less impairment under IAS39 to fair value as part of FVTOCI designation under IFRS 9.

Except as described above, the application of others amendments to IFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2018

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.3 Impacts on opening condensed consolidated of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

	December 31, 2017 (Audited and restated (note)) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	**January 1, 2018 (Restated) RMB'000**
Non-current Asset				
Property, plant and equipment	277,280,937	—	—	**277,280,937**
Intangible assets	3,695,173	—	—	**3,695,173**
Investment properties	239,670	—	—	**239,670**
Goodwill	419,243	—	—	**419,243**
Interests in associates	8,346,444	—	131,141	**8,477,585**
Interests in a joint venture	17,187	—	—	**17,187**
Available-for-sale investments	195,310	—	(195,310)	**—**
Equity instruments at fair value through other comprehensive income	—	—	509,184	**509,184**
Deferred tax assets	1,552,572	—	—	**1,552,572**
Derivative financial instruments	1,857	—	—	**1,857**
Prepayments and value-added tax recoverable	6,688,555	—	—	**6,688,555**
Prepaid lease payments	3,485,679	—	—	**3,485,679**
Deposits for property, plant and equipment	1,233,431	—	—	**1,233,431**
	303,156,058	—	445,015	**303,601,073**

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.3 Impacts on opening condensed consolidated of financial position arising from the application of all new standards (Continued)

	December 31, 2017 (Audited and restated(note)) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	January 1, 2018 (Restated) RMB'000
Current Assets				
Inventories	19,738,837	—	—	19,738,837
Amounts due from customers for contract work	6,819,200	(6,819,200)	—	—
Prepaid lease payments	98,168	—	—	98,168
Trade and bills receivables	6,648,971	—	—	6,648,971
Contract assets	—	6,819,200	—	6,819,200
Prepayments and other receivables	9,098,683	—	—	9,098,683
Amounts due from related parties	1,619,516	—	—	1,619,516
Derivative financial instruments	2,735	—	—	2,735
Restricted bank deposits	11,367	—	—	11,367
Other deposits over three months	2,023,000	—	—	2,023,000
Cash and cash equivalents	10,352,461	—	—	10,352,461
	56,412,938	—	—	56,412,938

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.3 Impacts on opening condensed consolidated of financial position arising from the application of all new standards (Continued)

	December 31, 2017 (Audited and restated (note)) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	January 1, 2018 (Restated) RMB'000
Current liabilities				
Trade and other payables	24,213,296	(4,605,012)	—	19,608,284
Amounts due to customers for contract work	499,175	(499,175)	—	—
Amounts due to related parties	2,997,264	—	—	2,997,264
Loans from ultimate holding company	800,000	—	—	800,000
Loans from fellow subsidiaries	1,501,560	—	—	1,501,560
Loans from an associate	4,405,803	—	—	4,405,803
Loans from non-controlling interests	1,255,996	—	—	1,255,996
Income tax payable	671,399	—	—	671,399
Provisions	1,187,124	—	—	1,187,124

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.3 Impacts on opening condensed consolidated of financial position arising from the application of all new standards (Continued)

	December 31, 2017 (Audited and restated (note)) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	January 1, 2018 (Restated) RMB'000
Contract liabilities	—	5,104,187	—	5,104,187
Bank borrowings - due within one year	21,904,038	—	—	21,904,038
Notes payable - due within one year	1,000,000	—	—	1,000,000
Derivative financial instruments	31,560	—	—	31,560
	60,467,215	—	—	60,467,215
Net current liabilities	(4,054,277)	—	—	(4,054,277)
Total assets less current liabilities	299,101,781	—	445,015	299,546,796

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2018

3. PRINCIPAL ACCOUNTING POLICIES (Continued)

3.3 Impacts on opening condensed consolidated of financial position arising from the application of all new standards (Continued)

	December 31, 2017 (Audited and restated (note)) RMB'000	IFRS 15 RMB'000	IFRS 9 RMB'000	**January 1, 2018 (Restated) RMB'000**
Non-current liabilities				
Bank borrowings - due after one year	178,631,086	—	—	**178,631,086**
Notes payable - due after one year	6,995,867	—	—	**6,995,867**
Deferred Liabilities	1,565,735	—	47,081	**1,612,816**
Deferred income	995,286	—	—	**995,286**
Provisions	3,244,866	—	—	**3,244,866**
Loans from fellow subsidiaries	1,750,500	—	—	**1,750,500**
Loans from an associate	3,130,897	—	—	**3,130,897**
Staff cost payables	24,950	—	—	**24,950**
	196,339,187	—	47,081	**196,386,268**
Net assets	102,762,594	—	397,934	**103,160,528**
Capital and Reserves				
Share capital	45,448,750	—	—	**45,448,750**
Reserves	20,618,382	—	397,934	**21,016,316**
Equity attribute to owners of the Company	66,067,132	—	397,934	**66,465,066**
Non-controlling interests	36,695,462	—	—	**36,695,462**
Total equity	102,762,594	—	397,934	**103,160,528**

Note: Restated for the business combination under common control as detailed in note 2.

4. REVENUE AND SEGMENT INFORMATION

Revenue mainly represents revenue arising from sales of electricity derived from nuclear power plants.

An analysis of the Group's revenue for each reporting period is as follows:

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Sales of electricity	**21,177,021**	20,122,962
Revenue from design and construction contracts	**1,302,698**	888,821
Revenue from technical and training service	**364,861**	314,036
Sales of equipment and other goods	**162,768**	84,637
	23,007,348	21,410,456

Information reported to the board of directors of the Company, being the chief operating decision makers ("**CODM**") of the Group, for the purposes of resources allocation and assessment of performance focuses on the types of goods or services delivered or provided.

The Group had two reportable segments, (i) nuclear power operation and sales of electricity and related technical services segment and (ii) engineering construction and technical services segment since then.

4. REVENUE AND SEGMENT INFORMATION (Continued)

The CODM regularly review sales reports, electricity supply reports and construction progress reports. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the group companies is identified as an operating segment in accordance with IFRS 8, which represents a strategic business unit that offers products and services which are subject to risks and returns that are different from another operating segment. When the group companies are operating in similar business model with similar target group of customers, the group companies are aggregated as a reporting segment. Summarised details of the reportable segments are as follows:

(i) the nuclear power operation and sales of electricity and related technical services segment which mainly generates revenue from sales of electricity through nuclear power operation and sales of equipment and other goods; and

(ii) the engineering construction and technical services segment which generates revenue from design and construction of nuclear power plants, technical and training service and sales of equipment and other goods.

The accounting policies of the operating segments are the same as the Group's accounting policies. The segment revenue is the same as the Group's revenue. Segment profit is the Group's profit before taxation without taking into account of unrealised gain arising from changes in fair value of derivative financial instruments, share of results of the Group's associates and a joint venture. This is the measure reported to the CODM for resources allocation and performance assessment.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

The following table presents revenue and results by reportable segments.

	Six months ended June 30, 2018 (Unaudited)				
	Nuclear power operation and sales of electricity and related technical services segment RMB'000	Engineering construction and technical services segment RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External sales	21,623,096	1,384,252	23,007,348	—	23,007,348
Inter-segment sales	92,806	4,578,198	4,671,004	(4,671,004)	—
Segment revenue	21,715,902	5,962,450	27,678,352	(4,671,004)	23,007,348
Segment profit before taxation reported to the CODM	7,523,976	44,647	7,568,623	(303,892)	7,264,731
Add: Net unrealised gain arising from changes in fair value of derivative financial instruments	2,245	—	2,245	—	2,245
Add: Share of results of associates	306,215	5,449	311,664	30,923	342,587
Add: Share of results of a joint venture	(179)	—	(179)	—	(179)
Group's profit before taxation	7,832,257	50,096	7,882,353	(272,969)	7,609,384

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Six months ended June 30, 2017 (Unaudited and restated)				
	Nuclear power operation and sales of electricity and related technical services segment	Engineering construction and technical services segment	Subtotal	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
External sales	20,480,373	930,083	21,410,456	—	21,410,456
Inter-segment sales	160,035	4,099,921	4,259,956	(4,259,956)	—
Segment revenue	20,640,408	5,030,004	25,670,412	(4,259,956)	21,410,456
Segment profit before taxation reported to the CODM	8,608,135	17,162	8,625,297	(127,245)	8,498,052
Add: Net unrealised gain arising from changes in fair value of derivative financial instruments	70,948	—	70,948	—	70,948
Add: Share of results of associates	105,060	121,853	226,913	26,660	253,573
Add: Share of results of a joint venture	3,320	—	3,320	—	3,320
Group's profit before taxation	8,787,463	139,015	8,926,478	(100,585)	8,825,893

Inter-segment sales are charged at prevailing government-prescribed price, government-guided price or market prices.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Types of goods and service

	Six months ended June 30, 2018 (Unaudited)				
	Nuclear power operation and sales of electricity and related technical services segment	Engineering construction and technical services segment	Subtotal	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of electricity	21,177,021	—	21,177,021	—	21,177,021
Revenue from design and construction contracts	—	4,208,778	4,208,778	(2,906,080)	1,302,698
Revenue from technical and training service	383,672	235,937	619,609	(254,748)	364,861
Sales of equipment and other goods	155,209	1,517,735	1,672,944	(1,510,176)	162,768
	21,715,902	5,962,450	27,678,352	(4,671,004)	23,007,348

4. REVENUE AND SEGMENT INFORMATION (Continued)

Timing of revenue recognition

	Six months ended June 30, 2018 (Unaudited)				
	Nuclear power operation and sales of electricity and related technical services segment RMB'000	Engineering construction and technical services segment RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
A point in time	21,177,180	—	21,177,180	—	21,177,180
Over time	538,722	5,962,450	6,501,172	(4,671,004)	1,830,168
	21,715,902	5,962,450	27,678,352	(4,671,004)	23,007,348

Geographical information

	Revenue from extenal customers six months ended June 30,		Non-current assets	
			At June 30,	At December 31,
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)	2018 RMB'000 (Unaudited	2017 RMB'000 (Audited and restated)
Mainland China	**20,673,718**	18,622,338	307,748,189	303,105,108
Overseas	**2,333,630**	2,788,118	48,906	50,950
	23,007,348	21,410,456	307,797,095	303,156,058

4. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding periods contributing over 10% of the total sales of the Group are as follows:

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Entities under control by the PRC Government (excluding entities under control by CGNPC, and associates)[1]	**18,884,816**	17,334,845
Entities under control by CGNPC[2]	**527,013**	350,747
Associates[2]	**1,089,507**	731,493
Hong Kong Nuclear Investment Co., Ltd.[1]	**N/A[3]**	2,788,118

1 revenue from sales of electricity to power grids (note 33(c)) and a non-controlling interest with significant influence over the relevant subsidiary (note 33(a)), both from nuclear power operation and sales of electricity and related technical services segment

2 revenue from design and construction contracts, technical and training service, and sales of equipment and other goods to related parties (note 33(a)) from the both segments

3 the corresponding revenue did not contribute over 10% of the total revenue of the Group for that year.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Segment assets		
Nuclear power operation and sales of electricity and related technical services segment	345,671,745	339,381,797
Engineering construction and technical services segment	20,342,169	24,198,771
Total segment assets	366,013,914	363,580,568
Unallocated assets	9,105,071	8,368,223
Elimination	(11,707,812)	(12,379,795)
Total assets	363,411,173	359,568,996

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Segment liabilities		
Nuclear power operation and sales of electricity and related technical services segment	244,989,010	243,655,682
Engineering construction and technical services segment	18,479,800	22,642,963
Total segment liabilities	263,468,810	266,298,645
Unallocated liabilities	28,844	31,560
Elimination	(8,656,859)	(9,523,803)
Total liabilities	254,840,795	256,806,402

5. OTHER INCOME

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Value-added tax refunds (note a)	**1,005,077**	979,745
Interest income from bank deposits	**26,229**	14,300
Interest income from an associate	**101,278**	80,474
Rental income	**3,056**	7,783
Government grants		
– related to expenses items (note b)	**17,609**	10,921
– related to assets	**33,307**	25,727
	1,186,556	1,118,950

Notes:

(a) 嶺澳核電有限公司 Ling Ao Nuclear Power Co, Ltd. ("Ling'ao Nuclear"), 嶺東核電有限公司 Ling Dong Nuclear Power Co, Ltd. ("Lingdong Nuclear"), 陽江核電有限公司 Yangjiang Nuclear Power Co., Ltd. ("Yangjiang Nuclear"), 廣西防城港核電有限公司Fangchenggang Nuclear Power Co., Ltd. ("Fangchenggang Nuclear") and 福建寧德核電有限公司 Fujian Ningde Nuclear Power Co., Ltd. ("Ningde Nuclear"), subsidiaries of the Company, are entitled to the value-added tax refund for the first 15 years for their revenue from the sales of electricity since the second month of commencement of reactor projects' commercial operation. There were no conditions or limitations attached to these valued-added tax refunds. Value-added tax refunds are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them (if applicable) and that the refunds will be received.

(b) The amounts represent incentives from various PRC government authorities in connection with the enterprise expansion support, technology advancement support and product development support for the six months ended June 30, 2018, which had no conditions imposed by the respective PRC government authorities.

6. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Net foreign exchange gain (loss)	**106,819**	(455,967)
Loss on disposals of property, plant and equipment	**(17,563)**	(1,524)
Gain from disposal of a subsidiary	**—**	71,520
Gain on remeasurement of previously held interest in a joint venture becoming a subsidiary (note 29)	**—**	1,785,082
Others	**(7,995)**	(404)
	81,261	1,398,707

7. IMPAIRMENT LOSS, NET OF REVERSAL

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Allowance for other receivables	**(36)**	—
Reversal of allowance for trade and bills receivables	**2,490**	2,111
	2,454	2,111

8. FINANCE COSTS

	Six months ended June 30, 2018 RMB'000 (Unaudited)	Six months ended June 30, 2017 RMB'000 (Unaudited and restated)
Interest on bank borrowings	**4,419,753**	4,285,587
Interest on notes payable	**189,369**	321,377
Interest on loans from ultimate holding company	**14,872**	107,203
Interest on loans from fellow subsidiaries	**118,161**	68,385
Interest on loans from an associate	**157,883**	151,193
Interest on loan from non-controlling interests	**17,130**	—
Interests relating to provision for nuclear power plant decommissioning	**95,554**	90,502
Total interest expenses	**5,012,722**	5,024,247
Less: Capitalised in construction in progress	**(2,040,370)**	(1,874,333)
Total finance costs	**2,972,352**	3,149,914

Borrowing costs were capitalised to the construction of the nuclear power plants based on the effective interest rates of bank and other borrowings obtained for the construction work.

9. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting):

	Six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Directors' emoluments	1,086	1,029
Supervisors' emoluments	1,449	1,982
Other staff costs:		
Salaries and other benefits	3,892,776	3,636,745
Retirement benefit scheme contributions	272,803	235,074
Total staff costs	4,168,114	3,874,830
Less: Capitalised in construction in progress	(1,444,342)	(1,398,475)
Less: Capitalised in intangible assets	(84,852)	(71,582)
	2,638,920	2,404,773
Depreciation and amortization of:		
Property, plant and equipment	3,675,187	3,379,163
Less: Capitalised in construction in progress	(92,725)	(89,867)
	3,582,462	3,289,296
Prepaid lease payments	50,120	54,383
Less: Capitalised in construction in progress	(9,101)	(8,666)
	41,019	45,717
Intangible assets	146,455	131,407
Investment properties	12,776	9,368
	3,782,712	3,475,788

9. PROFIT BEFORE TAXATION (Continued)

	Six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Allowance on inventories	—	274
Reversal of allowance on trade and bills receivables	(2,490)	(2,111)
Allowance on other receivables	36	—
Cost of generating electricity recognised as expenses	10,172,378	8,978,882
Unrealised gain arising from changes in fair value of derivative financial instruments at fair value through profit or loss	(2,245)	(70,948)
Realised (gain) and loss arising from changes in fair value of derivative financial instruments at fair value through profit or loss	(121)	35,788
Gross rental income from investment properties	(3,056)	(7,783)
Less: Direct operating expenses including depreciation of investment properties and expenses incurred for generating rental income	11,514	15,082
	8,458	7,299
Research and development expenses	170,281	196,108
Provision for spent fuel management (included in cost of sales)	620,302	586,592
Provision for low and medium level radioactive waste management (included in cost of sales)	15,918	9,217
Operating lease rentals in respect of rented premises	156,258	156,630

10. TAXATION

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
PRC Enterprise Income Tax ("EIT")		
– Current year	**811,060**	845,108
– (Over) underprovision in prior years	**(2,447)**	13,975
	808,613	859,083
Deferred taxation (note 17)	**(26,150)**	159,864
Taxation	**782,463**	1,018,947

The Company and its subsidiaries are subject to PRC EIT at 25%, except for the following subsidiaries which enjoyed certain tax exemption and relief.

深圳中廣核工程設計有限公司 China Nuclear Power Design Co., Ltd. (Shenzhen), 中廣核(北京)仿真技術有限公司 China Nuclear Power (Beijing) Simulation Technology Corporation Ltd., 中廣核檢測技術有限公司 CGN Inspection Technology Co., Ltd., 蘇州熱工研究院有限公司 Suzhou Nuclear Power Research Institute, 廣東核電合營有限公司 Guangdong Nuclear Power Joint Venture Co, Ltd., 中廣核研究院有限公司 China Nuclear Power Technology Research Institute, Ling'ao Nuclear, Lingdong Nuclear and CGN Engineering were approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations during the six months ended June 30, 2018 and 2017.

10. TAXATION (Continued)

Yangjiang Nuclear, Fangchenggang Nuclear, 台山核電合營有限公司 Taishan Nuclear Power Joint Venture Co., Ltd., 中廣核陸豐核電有限公司 CGN Lufeng Nuclear Power Co., Ltd. (Lufeng Nuclear) and Ningde Nuclear, being enterprises engaged in public infrastructure project, were entitled to tax holiday of three years for EIT followed by 50% exemption for the next three years commencing from their first revenue generating year.

Pursuant to the Supplementary Notice of Tax Benefit Scheme in relation to Public Infrastructure Project 《關於公共基礎設施項目享受企業所得稅優惠政策問題的補充通知》 issued in July 2014, the tax authority clarified that for these public infrastructures which were approved as a whole and constructed at batches, the first revenue generating year of public infrastructure project should be based on each batch (such as individual reactor project) instead of the legal entity as a whole.

The first revenue generating year of four reactor projects of Yangjiang Nuclear commenced in 2014, 2015, 2016 and 2017 respectively. The applicable tax rate for Yangjiang Nuclear's first reactor project was 12.5% for the six months ended June 30, 2018 and 2017. The applicable tax rate for Yangjiang Nuclear's second reactor project was 12.5% for the six months ended June 30, 2018 while it was tax exempted for the six months ended June 30, 2017. The other two reactor projects were tax exempted for the six months ended June 30, 2018 and 2017.

The first revenue generating year of two reactor projects of Fangchenggang Nuclear commenced in 2016. Therefore, Fangchenggang Nuclear was tax exempted for the six months ended June 30, 2018 and 2017.

The first revenue generating year of four reactor projects of Ningde Nuclear commenced in 2013, 2014, 2015 and 2016 respectively. The applicable tax rate for Ningde Nuclear's first two reactor projects was 12.5% for the six months ended June 30, 2018 and 2017. The applicable tax rate for Ningde Nuclear's third reactor projects was 12.5% for the six month ended June 30, 2018, while it was tax exempted for the six months ended June 30, 2017. The applicable tax rate for Ningde Nuclear's forth reactor projects was tax exempted for the six months ended June 30, 2018 and 2017.

Taishan Nuclear and Lufeng Nuclear have not yet commenced generating electricity nor earned profit at June 30, 2018 and 2017.

Details of the deferred taxation are set out in note 17.

11. DIVIDEND

A final dividend of RMB0.051 per share in respect of the year ended December 31, 2016 amounting to approximately RMB2,317,845,000 in total was approved by the shareholders in the 2016 annual general meeting on May 24, 2017. The Company has paid the dividend by July 31, 2017.

During the reporting period, a final dividend of RMB0.068 per share in respect of the year ended December 31, 2017 was declared to the owners of the Company amounting to approximately RMB3,090,517,000 in total, which was approved by the Company's shareholders at the 2017 annual general meeting convened on May 30, 2018. The Company has paid the dividend by July 18, 2018.

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2018.

12. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit for the period attributable to the owners of the Company and the number of ordinary shares for each reporting period.

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Profit for the period attributable to the owners of the Company (RMB'000)	**4,375,919**	6,090,204
Number of ordinary shares (in million)	**45,449**	45,449
Basic earnings per share (RMB)	**0.096**	0.134

No diluted earnings per share is presented for the six months ended June 30, 2018 and 2017, since there is no potential ordinary shares in issue during both periods.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2018 the Group acquired items of property, plant and equipment of approximately RMB8,397,732,000 (Six months ended June 30, 2017: RMB8,271,873,000) to expand its operations. The additions for the six months period ended June 30, 2018 included nil (Six months ended June 30, 2017: RMB26,726,000) in buildings, RMB213,997,000 (Six months ended June 30, 2017: RMB85,735,000) in nuclear facilities, RMB16,659,000 (Six months ended June 30, 2017: RMB16,373,000) in plant and machinery, RMB3,204,000 (Six months ended June 30, 2017: RMB6,420,000) in motor vehicles, RMB59,410,000 (Six months ended June 30, 2017: RMB60,334,000) in office and electronic equipment and RMB8,104,462,000 (Six months ended June 30, 2017: RMB8,076,285,000) in construction in progress.

During the six months ended June 30, 2018, investment properties with carrying amounts in aggregate of RMB3,649,000 (Six months ended June 30, 2017: RMB64,747,000) were transferred into property, plant and equipment upon commencement of owner occupancy. The Group disposed with an aggregate carrying amount of RMB55,027,000 (Six months ended June 30, 2017: RMB4,655,000) for cash proceeds of RMB37,464,000 (Six months ended June 30, 2017: RMB3,131,000), resulting in a loss on disposal of RMB17,563,000 (Six months ended June 30, 2017: RMB1,524,000).

During the six months ended June 30, 2018, intangible assets with carrying amounts in aggregate of RMB27,940,000 (Six months ended June 30, 2017: Nil) were transferred to property, plant and equipment when capitalized development expenditure related to software development reached the expected usable status.

During the six months ended June 30, 2017, the Group acquired property, plant and equipment amounting to RMB49,227,894,000 at the date of acquisition of Ningde Nuclear (note 29), which included RMB10,750,987,000 of buildings, RMB38,037,557,000 of nuclear facilities, RMB11,560,000 of motor vehicles, RMB73,655,000 of office and electronic equipment and RMB354,135,000 of construction in progress.

As at June 30, 2018, the Group pledged property, plant and equipment with carrying amount of approximately RMB15,562,114,000 (December 31, 2017: RMB15,822,726,000) to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 32.

As at June 30, 2018, buildings with carrying amount of approximately RMB6,643,209,000 (December 31, 2017: RMB6,492,286,000) are without property certificates. The Group is in the process of obtaining the property certificates.

14. INTANGIBLE ASSETS

Intangible assets mainly represent AP1000 and related technology with carrying amounts of approximately RMB681,820,000 (December 31, 2017: RMB696,278,000), fuel reloading technology with carrying amounts of approximately RMB263,518,000 (December 31, 2017: RMB291,587,000), other nuclear power technology with carrying amounts of approximately RMB1,318,772,000 (December 31, 2017: RMB1,203,207,000), facilitation and related costs with carrying amounts of approximately RMB1,367,983,000 (December 31, 2017: RMB1,366,225,000), and others with carrying amounts of approximately RMB115,878,000 (December 31, 2017: RMB137,876,000).

During the six months ended June 30, 2018, the Group acquired items of intangible assets of approximately RMB227,191,000 (Six months ended June 30, 2017: RMB221,951,000) to expand its operations. The additions for the six months period ended June 30, 2018 mainly included RMB17,810,000 (Six months ended June 30, 2017:RMB82,876,000) in AP1000 and related technology, nil (Six months ended June 30, 2017: RMB7,550,000) in fuel reloading technology, RMB117,066,000 (Six months ended June 30, 2017: RMB60,118,000) in other nuclear power technology, RMB92,030,000 (Six months ended June 30, 2017: RMB71,407,000) in facilitation and related costs, and RMB285,000 (Six months ended June 30, 2017:nil) in others.

During the six months ended June 30, 2018, intangible assets with carrying amounts in aggregate of RMB27,940,000 (Six months ended June 30, 2017: nil) were transferred into property, plant and equipment upon the capitalised development expenditure related to software development reached a predetermined usable state.

15. INTERESTS IN ASSOCIATES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited)
Unlisted cost of interests in associates	**9,087,867**	8,829,654
Share of post-acquisition profits and other comprehensive income, net of dividends received	**(6,956)**	(483,210)
	9,080,911	8,346,444

16. INTERESTS IN A JOINT VENTURE

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited)
Unlisted cost of interests in a joint venture	**16,320**	16,320
Share of post-acquisition profits, net of dividends received	**688**	867
	17,008	17,187

17. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during each reporting period:

Deferred tax assets (liabilities)	Unrealised profit RMB'000	Receipt in advance RMB'000	Net Exchange difference of gains arising from borrowings RMB'000	Fair value adjustments of net assets of an acquired subsidiary RMB'000	Derivative financial instruments RMB'000	Accelerated depreciation on property, plant and equipment RMB'000	Deferred income RMB'000	Allowance on inventories and impairment of property, plant and equipment RMB'000	Gain on disposal of partial interest in a subsidiary without losing control RMB'000	Equity instrument at FVTOCI RMB'000	Others RMB'000	Total RMB'000
At January 1, 2017 (Audited)	1,601,162	8,228	(517,556)	–	9,784	(1,074,942)	24,948	9,978	–	–	10,530	72,132
Credit (charge) to profit or loss	(253,782)	(5,922)	90,843	3,283	(3,188)	8,803	1,923	–	–	–	(1,824)	(159,864)
Exchange differences	–	–	–	–	–	23,770	–	–	–	–	–	23,770
Acquisition of a subsidiary (note 29)	–	–	–	(165,608)	–	–	–	–	–	–	–	(165,608)
At June 30, 2017 (Unaudited and restated)	1,347,380	2,306	(426,713)	(162,325)	6,596	(1,042,369)	26,871	9,978	–	–	8,706	(229,570)
Credit (charge) to profit or loss	132,567	196	39,962	8,681	(6,376)	5,468	(1,253)	4,265	–	–	(1,800)	181,710
Exchange differences	–	–	–	–	–	34,697	–	–	–	–	–	34,697
At December 31, 2017 (Audited and as previously reported)	1,479,947	2,502	(386,751)	(153,644)	220	(1,002,204)	25,618	14,243	–	–	6,906	(13,163)
Restatement for application of IFRS9	–	–	–	–	–	–	–	–	–	(47,081)	–	(47,081)
At January 1, 2018 (Restated)	1,479,947	2,502	(386,751)	(153,644)	220	(1,002,204)	25,618	14,243	–	(47,081)	6,906	(60,244)
Credit (charge) to profit or loss	40,747	784	(22,464)	3,044	(83)	6,254	7,567	(2,105)	–	–	(7,594)	26,150
Charge to capital reserve	–	–	–	–	–	–	–	–	(190,806)	–	–	(190,806)
Charge to other comprehensive income	–	–	–	–	–	–	–	–	–	9,138	–	9,138
Exchange differences	–	–	–	–	–	(11,613)	–	–	–	–	–	(11,613)
At June 30, 2018 (Unaudited)	1,520,694	3,286	(409,215)	(150,600)	137	(1,007,563)	33,185	12,138	(190,806)	(37,943)	(688)	(227,375)

17. DEFERRED TAXATION (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Deferred tax assets	**1,573,678**	1,552,572
Deferred tax liabilities	**(1,801,053)**	(1,565,735)
	(227,375)	(13,163)

Details of tax losses not recognised at the end of each reporting period are set out below:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited)
Tax losses	**783,606**	490,166

17. DEFERRED TAXATION (Continued)

No deferred tax asset has been recognised in respect of the tax loss due to the unpredictability of future profit stream for relevant subsidiaries. Included in unrecognised tax losses are losses that will expire as the following:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited)
2018	3,542	3,542
2019	33,487	33,487
2020	182,070	182,070
2021	95,365	188,914
2022	82,153	82,153
2023	386,989	—
	783,606	490,166

18. PREPAID LEASE PAYMENTS

The Group did not acquire prepaid lease payments for six months ended June 30, 2018 (Six months ended June 30, 2017: RMB1,859,000) to expand its buildings. The Group had no disposal of the prepaid lease payment for six months ended June 30, 2018 and 2017. During the six months ended June 30, 2017, the Group recognised prepaid lease payments amounting to RMB559,516,000 at the date of acquisition of Ningde Nuclear (note 29).

At June 30, 2018, the Group pledged leasehold land with carrying amount of RMB517,057,000 (December 31, 2017: RMB134,874,000) to secure loan facilities. Details of pledge of assets are set out in note 32.

At June 30, 2018 and December 31, 2017, the Group has obtained all the land use right certificates.

19. INVENTORIES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited)
Nuclear fuel	**15,522,239**	15,772,171
Materials and consumable parts	**4,168,533**	3,965,297
Others	**2,784**	1,369
	19,693,556	19,738,837

20. TRADE AND BILLS RECEIVABLES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Amounts due from third parties	4,208,004	4,461,832
Less: allowance of doubtful debts	(32,159)	(34,649)
	4,175,845	4,427,183
Amount due from ultimate holding company	4,462	4,798
Amounts due from associates	391,586	1,575,726
Amounts due from fellow subsidiaries	351,954	176,263
Amounts due from associates of CGNPC	—	203,843
Amount due from a non-controlling interests with significant influence over the relevant subsidiary	573,037	222,636
Bills receivables	48,076	38,522
Total trade and bills receivables	5,544,960	6,648,971

20. TRADE AND BILLS RECEIVABLES (Continued)

The following is an analysis of trade receivables by age, net of allowance for doubtful debts presented based on the invoice date at the end of each reporting period:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
1 day to 30 days	**4,936,788**	4,861,895
31 days to 1 year	**471,525**	659,410
1 year to 2 years	**110,123**	628,777
2 years to 3 years	**22,387**	37,969
Over 3 years	**4,137**	460,920
	5,544,960	6,648,971

Trade receivables from third parties and bills receivables of the Group, as well as amount due from a non-controlling interests with significant influence on the relevant subsidiary, primarily represent receivables from grid companies. The credit terms granted to grid companies on the sales of electricity are 30 days. At June 30, 2018, except for an amount of RMB32,159,000 (December 31, 2017: RMB34,649,000) aged above one year which are past due and fully impaired as the recoverability is considered as unlikely, trade receivables due from third parties amounting to approximately RMB4,175,845,000 (December 31, 2017: RMB4,427,183,000) and the amount due from a non-controlling interests with significant influence over the relevant subsidiary of RMB573,037,000 (December 31, 2017: RMB222,636,000) are neither past due nor impaired and have good credit quality assessed by the management of the Group.

20. TRADE AND BILLS RECEIVABLES (Continued)

For other related parties, the Group has granted different credit periods according to the contracts and all the balances are neither past due nor impaired.

The Group pledged trade receivables from grid companies resulting from the pledge of tariff collection rights with carrying amount of approximately RMB3,205,244,000 (December 31, 2017: RMB3,273,348,000) to secure loan facilities granted to the Group as at the end of the reporting period. Details of pledge of assets are set out in note 32.

21. CONTRACT ASSETS/LIABILITIES

	At June 30, 2018 RMB'000 (Unaudited)
Contract assets - current:	
Design and construction contracts	4,662,639
Contract liabilities - current:	
Design and construction contracts	1,075,427
Receipts in advance from ultimate holding company	13,050
Receipts in advance from associates	921,184
Receipts in advance from fellow subsidiaries	24,027
Receipts in advance from third parties	114,143
Total receipts in advance	1,072,404
	2,147,831

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date on design and construction contracts. The contract assets are transferred to trade receivables when the rights become unconditional.

21. CONTRACT ASSETS (Continued)

The contract liabilities include receipts in advance and the Group's obligation to complete the design and construction work, for which the consideration has been billed in advance on design and construction work performed. The contract liabilities are recognized as revenue over time when the Group's performance obligation is satisfied.

22. PREPAYMENTS AND OTHER RECEIVABLES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Value-added tax recoverable	8,335,173	9,647,660
Prepayments to third parties for materials and consumable parts	4,519,254	4,695,851
Prepayments to fellow subsidiaries for nuclear and other materials	357,901	653,303
Prepayments to an associate for materials	537,785	607,791
Prepayments for rental expenses	17,523	18,176
Others	147,327	164,457
	13,914,963	15,787,238
Analysed for financial reporting purpose:		
Non-current (note)	5,734,856	6,688,555
Current	8,180,107	9,098,683
	13,914,963	15,787,238

Note: The amount represents value-added tax, which arose from the purchases of equipment and was not expected to be utilised within one year from the end of the respective reporting period. The value-added tax is expected to be utilised in offsetting the value-added tax payable arising from the Group's revenue.

23. AMOUNTS DUE FROM RELATED PARTIES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Other receivables from ultimate holding company	—	824,034
Other receivables from non-controlling interests with significant influence over the relevant subsidiary	301,002	300,842
Other receivables from fellow subsidiaries	40,414	60,054
Other receivables from associates	330,523	285,107
Dividend receivable from a joint venture	—	5,642
Dividend receivable from an associate	59,083	13,637
Dividend receivable from a former subsidiary (note ii)	130,200	130,200
	861,222	1,619,516

Notes:

(i) In the opinion of the management, the above balances are unsecured, non-trade nature, interest-free and expected to be settled within one year from the end of the respective period.

(ii) The amount is due from 北京廣利核系統工程有限公司 China Techenergy Co., Ltd. which was disposed of by the Group in October 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2018

24. TRADE AND OTHER PAYABLES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Amounts due to third parties	3,702,535	5,006,547
Amounts due to fellow subsidiaries	525,240	744,328
Total trade payables	4,227,775	5,750,875
Receipts in advance from ultimate holding company	—	17,310
Receipts in advance from associates	—	4,458,016
Receipts in advance from fellow subsidiaries	—	24,772
Receipts in advance from third parties	—	104,914
Total receipts in advance	—	4,605,012
Construction payables to third parties	10,192,000	10,969,640
Construction payables to fellow subsidiaries	71,680	365,341
Construction payables to a non-controlling interests with significant influence over the relevant subsidiary	101,704	69,802
Construction payables to ultimate holding company	13,044	13,639
Construction payables to associates	137,795	177,483
Value-added tax and other tax payables	1,629,045	1,724,456
Staff cost payables	103,652	37,010
Interest on notes payable	149,584	163,972
Other payables and accruals to third parties	493,272	336,066
Total other payables	12,891,776	13,857,409
	17,119,551	24,213,296

24. TRADE AND OTHER PAYABLES (Continued)

Receipts in advance previously included in trade and other payables were reclassified to contract liabilities at January 1, 2018 under IFRS 15 (note 21).

The credit period on purchases of goods ranges from 180 days to 360 days. The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

Other payables mainly include payable for outstanding operating expenses. The balances are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Within 1 year	**4,227,775**	5,750,875

25. AMOUNTS DUE TO RELATED PARTIES

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Dividend payable to ultimate holding company	1,984,012	—
Dividend payable to China National Nuclear Corporation, a non-controlling interests of the Company	114,238	—
Dividend payable to Guangdong Hengjian Investment Holdings Co., Ltd., a non-controlling shareholder of the Company	233,139	—
Dividend Payables to other shareholders of the Company	778,264	—
Dividends payable to non-controlling interests of subsidiaries	1,261,336	2,019,586
Other payable to ultimate holding company	443,336	422,061
Other payable to a non-controlling interests with significant influence over a subsidiary	933,189	496,889
Other payables to fellow subsidiaries	30,346	21,996
Other payables to associates	11,953	36,732
	5,789,813	2,997,264

26. LOANS FROM ULTIMATE HOLDING COMPANY/ AN ASSOCIATE/FELLOW SUBSIDIARIES/NON-CONTROLLING INTERESTS

The Group has not raised new loans from the ultimate holding company in both periods, and the Group did not repay loans from the ultimate holding company (six months ended June 30, 2017: RMB225,500,000) during the six months ended June 30, 2018.

During the six months ended June 30, 2018, the Group obtained new loans from an associate amounting to RMB7,235,501,000 (six months ended June 30, 2017: RMB11,054,000,000). All the newly raised loans from an associate carry interest at floating rates ranging from 3.92% to 4.64% per annum and are unsecured and repayable are repayable over a period of one month to 23 years. Except for RMB22,000,000 which is secured by trade receivables from grid companies, the other newly raised loans from an associate are unsecured. In addition, the Group repaid loans from an associate amounting to RMB7,119,663,000 (six months ended June 30, 2017: RMB10,632,612,000) during the six months ended June 30, 2018. During the six months ended June 30, 2017, the Group assumed loans from an associate amounting to RMB1,000,000,000 at the date of acquisition of Ningde Nuclear (note 29).

During the six months ended June 30, 2018, the Group obtained new loans from fellow subsidiaries amounting to RMB2,246,716,000 (six months ended June 30, 2017: RMB500,007,000). The new raised loans from fellow subsidiaries carry interest at floating rates ranging from 1.00% to 5.23% per annum and are unsecured and repayable over a period of one year to 3.5 years. In addition, the Group repaid loans from fellow subsidiaries amounting to RMB1,512,159,000 (six months ended June 30, 2017: RMB501,246,000) during the six months ended June 30, 2018.

During the six months ended June 30, 2018, the Group obtained new loans from non-controlling interests amounting to RMB197,000,000 (six months ended June 30, 2017: Nil). The new raised loans from non-controlling interests are arranged at floating interest rate based on benchmark interest rate of the People's Bank of China per annum and are unsecured and payable over a period of 1 year. In addition, the Group repaid loans from non-controlling interests amounting to RMB197,000,000 (six months ended June 30, 2017: Nil) during the six months ended June 30, 2018.

27. BANK BORROWINGS

During the six months ended June 30, 2018, the Group obtained new bank borrowings amounting to RMB11,365,595,000 (six months ended June 30, 2017: RMB19,593,523,000) of which RMB6,461,459,000 (six months ended June 30, 2017: RMB11,264,753,000) is secured by property, plant and equipment, and trade receivables representing tariff collection rights. The new bank borrowings carry interest at floating rates ranged from 1.15% to 5.23% per annum and are repayable over a period of 3 months to 15 years. In addition, the Group repaid bank borrowings amounting to RMB12,522,124,000 (six months ended June 30, 2017: RMB15,728,128,000) during the six months ended June 30, 2018. During the six months ended June 30, 2017, the Group assumed bank borrowings amounting to RMB41,343,000,000 at the date of acquisition of Ningde Nuclear (note 29).

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's derivative financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets/liabilities	Fair value as at At June 30, 2018 Assets RMB'000 (Unaudited)	Liabilities RMB'000 (Unaudited)	At December 31, 2017 Assets RMB'000 (Audited)	Liabilities RMB'000 (Audited)	Fair value hierarchy	Valuation technique and key inputs
Derivative financial instruments						
Foreign currency forward contracts	–	28,844	354	31,466	Level 2	Discounted Cash Flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties
Currency swap contracts	–	–	–	94	Level 2	Discounted Cash Flow Future cash flows are estimated based on exchange rates at the end of the reporting period and contract exchange rates, discounted at a rate that reflects the credit risk of various counterparties Key inputs are U.S. swap for 2-30 years, Swap rate, CNY-denominated interest rate, price volatility, risk free rate, contract exchange rates

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets/liabilities	Fair value as at At June 30, 2018 Assets RMB'000 (Unaudited)	At June 30, 2018 Liabilities RMB'000 (Unaudited)	At December 31, 2017 Assets RMB'000 (Audited)	At December 31, 2017 Liabilities RMB'000 (Audited)	Fair value hierarchy	Valuation technique and key inputs
Interest rate swap contracts	7,152	—	4,238	—	Level 2	Discounted Cash Flow Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties Key inputs are U.S. swap for 2-30 years, Swap rate, CNY-denominated interest rate, price volatility, risk free rate, contract interest rates
	7,152	28,844	4,592	31,560		
Equity instruments at fair value through other comprehensive income						
15% equity interests in 中核能源科技有限公司	110,000	—	—	—	Level 3	Investment cost based approach Investment cost invested into the investees by the investors is considered as an approximate estimate of the fair value of the equity instruments since insufficient more recent information is available to measure its fair value.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets/liabilities	Fair value as at At June 30, 2018 Assets RMB'000 (Unaudited)	At June 30, 2018 Liabilities RMB'000 (Unaudited)	At December 31, 2017 Assets RMB'000 (Audited)	At December 31, 2017 Liabilities RMB'000 (Audited)	Fair value hierarchy	Valuation technique and key inputs
13.7% equity interests in 中核工業華興建設有限公司	338,265	—	—	—	Level 2	Guideline Public Company Approach Fair value of the equity instrument is estimated by calculating price-earnings ratio based on analyzing the operation and financial data of comparable listed companies in the same or similar industries Key inputs are market price of the equity interest, profit for the period of six months ended June 30, 2018, and value ratio of comparable companies
	448,265	—	—	—		
Total	455,417	28,844	4,592	31,560		

There was no transfer among level 1, 2, and 3 during both periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity instrument at FVTOCI RMB'000
At January 1, 2018	110,000
At June 30, 2018	110,000

Fair value has not changed in the current period.

Fair value measurements and valuation process

The general accounting department, which is headed up by the chief financial officer of the Group, is responsible for to determining the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The general accounting department works closely with the qualified external vaulers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports the general accounting department's findings to explain the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

29. BUSINESS COMBINATION OTHER THAN INVOLVING ENTITIES UNDER COMMON CONTROL

For the six months ended June 30 2017, the Group's subsidiary, 中廣核寧核投資有限公司CGN Ninghe Investment Co., Ltd. ("**CGN Ninghe Investment**") held 46% equity interest in Ningde Nuclear as a joint venture on December 31, 2016. Ningde Nuclear is engaged in nuclear power generation and sales of nuclear electricity.

CGN Ninghe Investment entered into an agreement with 大唐國際發電股份有限公司 Datang International Power Generation Co., Ltd. ("**Datang Power**") in December 2016, to act in concert over the decisions directing the relevant activities of Ningde Nuclear, of which Datang Power will vote in same direction with CGN Ninghe Investment during the shareholders' meetings and board of directors' meetings of Ningde Nuclear. Accordingly, the Group has the ability to direct the relevant activities of Ningde Nuclear. The agreement is effective on January 1, 2017 which is considered as the date of acquisition and the Group obtained effective control over Ningde Nuclear since then.

The business combination was achieved without the transfer of consideration and had been accounted for using the acquisition method in accordance with IFRS 3. The amount of goodwill arising as a result of the business combination was approximately RMB419,243,000.

Acquisition-related costs had been excluded from the cost of acquisition.

After the business combination, Ningde Nuclear is included in the nuclear power operation and sales of electricity and related technical services segment.

29. BUSINESS COMBINATION OTHER THAN INVOLVING ENTITIES UNDER COMMON CONTROL (Continued)

Assets and liabilities recognised at the date of acquisition

	RMB'000
NON-CURRENT ASSETS	
Property, plant and equipment	49,227,894
Intangible assets	234,723
Derivative financial instruments	2,945
Prepayments and value-added tax recoverable	1,086,861
Prepaid lease payments	545,131
Deposits for property, plant and equipment	309,387
	51,406,941
CURRENT ASSETS	
Inventories	4,794,378
Prepaid lease payments	14,385
Trade receivables (note)	1,445,840
Prepayments and other receivables	892,383
Amounts due from the Group	829
Cash and cash equivalents	108,552
	7,256,367

29. BUSINESS COMBINATION OTHER THAN INVOLVING ENTITIES UNDER COMMON CONTROL (Continued)

Assets and liabilities recognised at the date of acquisition (Continued)

	RMB'000
CURRENT LIABILITIES	
Trade and other payables	2,216,608
Amounts due to the Group	641,681
Amounts due to other related parties	756,330
Loans from an associate	1,000,000
Income tax payable	17,049
Bank borrowings - due within one year	3,354,294
Derivative financial instruments	1,078
	7,987,040
NON-CURRENT LIABILITIES	
Bank borrowings - due after one year	37,988,706
Deferred tax liabilities (note 17)	165,608
Provisions	464,468
Staff cost payables	2,833
	38,621,615
	12,054,653

29. BUSINESS COMBINATION OTHER THAN INVOLVING ENTITIES UNDER COMMON CONTROL (Continued)

Assets and liabilities recognised at the date of acquisition (Continued)

Assets and liabilities of Ningde Nuclear recognised at the date of acquisition was remeasured at fair value. The fair value was estimated by an independent and professionally qualified valuer using asset based approach.

Note:

The trade receivables acquired with an aggregate fair value of RMB1,445,840,000 have gross contractual amounts of RMB1,445,840,000. The best estimate at acquisition date of contractual cash flows not expected to be collected was nil.

Goodwill arising on acquisition

	RMB'000
Consideration paid	—
Fair value of previously equity interest held as interest in a joint venture	5,964,383
Plus: non-controlling interests (54%)	6,509,513
Less: fair value of identifiable net assets acquired (100%)	(12,054,653)
Goodwill arising on acquisition	419,243

29. BUSINESS COMBINATION OTHER THAN INVOLVING ENTITIES UNDER COMMON CONTROL (Continued)

Net cash inflow arising on acquisition

	RMB'000
Cash consideration	—
Less: cash and cash equivalents acquired	(108,552)
Net cash inflow arising on acquisition	108,552

Goodwill arose on the acquisition of Ningde Nuclear because the cost of the combination included a control premium. In addition, the goodwill included amounts in relation to expected synergies, revenue growth, future market development and the assembled workforce for Ningde Nuclear. These benefits could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Non-controlling interests

The non-controlling interest (54%) in Ningde Nuclear recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Ningde Nuclear and amounted to RMB6,509,513,000.

29. BUSINESS COMBINATION OTHER THAN INVOLVING ENTITIES UNDER COMMON CONTROL (Continued)

Fair value of equity interest previously held in Ningde Nuclear as at acquisition date

The fair value of Ningde Nuclear, an unlisted company, was estimated by an independent and professionally qualified valuer using present value techniques. The fair value is determined using income approach based on expected cash flows generated by Ningde Nuclear. The calculation uses cash flow projection of Ningde Nuclear from the perspective of market participants, covering a 40-year period at a discount rate of 7.8% per annum. Other key assumptions for the expected cash flows related to the estimation of cash inflows/outflows which include expected sales and gross profit margin. Cash flows and discount rates reflect assumptions that market participants could use when pricing the relevant equity interest.

As at January 1, 2017, the fair value of previously equity interest in Ningde Nuclear held as interest in a joint venture was RMB5,964,383,000, while the book value of previously equity interest in Ningde Nuclear held as interest in a joint venture was RMB4,179,301,000, the difference of RMB1,785,082,000 had been recognised as a gain on remeasurement of previously held interest in a joint venture becoming a subsidiary and included in the "other gains and losses" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

Impact of acquisition on the revenue and results of the Group

The acquisition of Ningde Nuclear had been completed on January 1, 2017. During the six months ended June 30, 2017, Ningde Nuclear contributed approximately RMB4,364,419,000 to the Group's revenue and Ningde Nuclear's profit in aggregate for the period from the date of acquisition to June 30, 2017 is approximately RMB1,085,335,000.

30. CAPITAL COMMITMENTS

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited)
Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in the consolidated financial statements	**14,008,845**	15,067,271
Capital commitment in respect of equity instruments at fair value through other comprehensive income/ available-for-sale investment (note)	**60,270**	60,270
Total	**14,069,115**	15,127,541

Note: According to the Articles of 中核工業華興建設有限公司, CGN Engineering, a subsidiary of the Company is required to inject capital in 中核工業華興建設有限公司 of RMB76,730,000 before August 24, 2012 which has been paid, and RMB60,270,000 before March 31, 2017 which has not been paid at June 30, 2018. On June 30, 2018, the equity interests in 中核工業華興建設有限公司 held by the Group remains 13.7%.

31. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited)
Within one year	**222,429**	248,315
In the second to fifth years inclusive	**486,181**	470,857
Over five years	**217,901**	293,846
	926,511	1,013,018

Operating lease payments represent fixed rentals payable by the Group for certain of its office premises. Lease of rented premises are negotiated with fixed lease term for 1 to 14 years.

31. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor

During the six months ended June 30, 2018, rental income earned by the Group from its investment property for approximately RMB3,056,000 (Six months ended June 30,2017: RMB7,783,000).

All of the properties leased out have committed tenants for 1 to 11 years without termination options granted to tenants.

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited)
Within one year	**20,060**	34,161
In the second to fifth years inclusive	**10,206**	20,403
Over five years	**10,641**	11,590
	40,907	66,154

32. PLEDGE OF ASSETS

At the end of each reporting period, the assets with following carrying amounts were pledged to banks and related parties to secure loans from banks and related parties granted to the Group:

	At June 30, 2018 RMB'000 (Unaudited)	At December 31, 2017 RMB'000 (Audited and restated)
Property, plant and equipment	**15,562,114**	15,822,726
Trade receivables from grid companies	**3,205,244**	3,273,348
Prepaid lease payments	**517,057**	134,874
Bank deposits	**11,595**	11,367
	19,296,010	19,242,315

At the end of each reporting period, trade receivables from grid companies of Lingdong Nuclear, Yangjiang Nuclear, Taishan Nuclear, Ling'ao Nuclear, Fangchenggang Nuclear and Ningde Nuclear were pledged to secure the banking facilities, loans from banks and related parties.

33. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following transactions with related parties during each reporting period:

	Six months ended June 30,	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited and restated)
Revenue of construction income from fellow subsidiaries*	398,047	273,576
Revenue of construction income from associates*	851,902	571,389
Revenue of construction income from ultimate holding company*	6,752	12,668
Sales of equipment and other goods to ultimate holding company*	24	—
Sales of equipment and other goods to fellow subsidiaries*	11,880	—
Sales of equipment and other goods to an associate*	1,326	1,752
Sales of electricity to a non-controlling interests with significant influence over the relevant subsidiary	2,291,558	2,788,118
Technical and training service revenue from fellow subsidiaries*	110,238	12,660
Technical and training service revenue from ultimate holding company*	72	51,843
Technical and training service revenue from an associate*	236,279	158,352
Purchase of nuclear fuel from a fellow subsidiary	1,936,248	2,519,721
Construction cost payable to and acquisition of property, plant and equipment from fellow subsidiaries	5,583	139,234
Purchase of goods or rendering of service from non-controlling interests with significant influence over the relevant subsidiary	199,834	—

33. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Purchase of goods or rendering of service from ultimate holding company	**2,671**	7,377
Purchase of goods or rendering of service from fellow subsidiaries	**570,258**	667,134
Purchase of goods or rendering of service from associates	**394,431**	3,604
Rental income from fellow subsidiaries	**1,134**	1,275
Rental income from associates	**—**	237

* Represented revenue from related parties which are also under control by the PRC Government amounting to RMB1,616,520,000 (Six months ended June 30, 2017: RMB1,082,240,000) in aggregate for the six months ended June 30, 2018.

(b) Compensation of key management personnel

The remuneration of key management (including directors and supervisors) during each reporting period were as follows:

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	**4,374**	4,013
Post-employment benefits	**257**	227
	4,631	4,240

The remuneration of key management is determined having regard to the performance of individuals and market trends.

33. RELATED PARTY TRANSACTIONS (Continued)

(c) Significant transactions with other government-related entities

The Group is ultimately controlled by the PRC government and the Group operates in an economic environment predominated by the entities controlled, jointly controlled or significantly influenced by the PRC government ("**government-related entities**").

In addition to transactions and balances with the ultimate holding company, fellow subsidiaries, associates, a joint venture and non-controlling interests with significant influence over the subsidiaries disclosed in note 33(a) and elsewhere in the condensed consolidated financial statements, significant related party transactions and balances conducted with other government-related entities in the normal course of businesses of the Group for each reporting period are as follows:

	Six months ended June 30,	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Sales of electricity	**18,884,816**	17,334,845
Contributions to a spent fuel treatment and disposal fund	**620,302**	586,592

	At June 30, 2018	At December 31, 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited and restated)
Trade receivables	**4,362,702**	4,346,474

33. RELATED PARTY TRANSACTIONS (Continued)

(c) Significant transactions with other government-related entities (Continued)

The transactions conducted with government-related entities are based on terms as set out in the underlying agreements, based on statutory rates or market prices or actual cost incurred, or as mutually agreed.

The Group has entered into various transactions, including deposits placements, borrowings (other than notes payable) and other general banking facilities, with banks and financial institution which are government-related entities. Thus, the related interest income and expenses are with government-related entities.

34. CASH-SETTLED SHARE-BASED PAYMENT

The Group has set up an H-share Appreciation Rights Scheme ("SAR") for core staff who exert significant impact on the Company's strategic target, including certain Directors, senior management (excluding independent non-executive Directors and external Directors) and core technical and management staff of the Company who have exerted direct influence on the overall results and sustainable development of the Company ("Incentive Recipients"). SAR was approved at the annual general meeting of the Company on June 12, 2015. Supervisors of the Company are not Incentive Recipients.

34. CASH-SETTLED SHARE-BASED PAYMENT (Continued)

The initial implementation plan of the SAR was approved by the board of the directors of the Company on November 5, 2015. Pursuant to the initial scheme, 218,880,000 units of SAR were granted to Incentive Recipients of the Group at the exercise price of HKD3.50 per unit on November 5, 2015. One third of the total number of SAR are vested and entitled on December 19, 2016, one third of the total number of SAR are vested and entitled on December 18, 2017 and the remaining one third of the total number of SAR are vested and entitled on December 18, 2018.

The secondary implementation plan was approved on December 14, 2017. Pursuant to the secondary scheme, 568,970,000 units of SAR were granted at the exercise price of HKD2.09 per unit on December 14, 2017. For the secondary scheme, one third of the total number of SAR are vested and entitled on December 16, 2019, one third of the total number of SAR are vested and entitled on December 15, 2020 and the remaining one third of the total number of SAR are vested and entitled on December 15, 2021.

Each unit of SAR is notionally linked to one H Share and represents the rights conferred on the relevant Incentive Recipients to receive in cash stipulated earnings from the increase in market value of the relevant H share. However, no H Shares will actually be issued to any Incentive Recipients. The SARs will have exercisable periods of 3 years after the respective vesting dates. In addition, the exercise of SAR is also subject to certain services periods and performance condition of the Group and Incentive Recipients including achievements of certain performance targets.

34. CASH-SETTLED SHARE-BASED PAYMENT (Continued)

As at June 30, 2018, the total fair value of outstanding SAR is approximately RMB212,618,000 (December 31, 2017: RMB285,200,000), which was calculated using Black-Scholes pricing model. The inputs into the model were as follows:

	SAR At June 30, 2018	SAR At December 31, 2017
Share price (in HKD)	**2.03**	2.12
Expected volatility	**26.73%-35.86%**	35.34 - 36.37%
Expected dividend yield	**4.108%**	2.755%
For the initial implementation plan of the SAR:		
Exercise price (in HKD)	**3.50**	3.50
Expected life	**1.46 - 3.46 years**	1.96 - 3.96 years
Risk-free interest rate	**1.767 - 1.981%**	1.285 - 1.519%
Fair value at measurement date (in HKD)	**0.01 - 0.13**	0.05 - 0.21
For the secondary implementation plan of the SAR		
Exercise price (in HKD)	**2.09**	2.09
Expected life	**4.46 - 6.46 years**	4.95 - 6.95 years
Risk-free interest rate	**2.053 - 2.135%**	1.604 - 1.693%
Fair value at measurement date (in HKD)	**0.41 - 0.47**	0.54 - 0.59

Expected volatility was determined with reference to the historical volatility of the Company's and other listed electricity generation companies' share prices. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercised restrictions and behavioural considerations.

At June 30, 2018, the Group has recorded liabilities of RMB49,036,000 (December 31, 2017: RMB24,950,000). The Group recognised a total loss of RMB24,086,000 for the six months ended June 30, 2018 (Six months ended June 30, 2017: a total gain of RMB1,889,000) in relation to SAR approved by the Group.

Differences in Accounting Information between the PRC Accounting Standards for Business Enterprises and IFRSs

The differences between the profit attributable to owners of the Company and the equity attributable to owners of the Company in the consolidated financial statements of the financial report disclosed by the Group in accordance with the PRC Accounting Standards for Business Enterprises and IFRSs are as follows:

	Profit attributable to owners of the Company		Equity attributable to owners of the Company	
	For the six months ended June 30, 2018 RMB'000	For the six months ended June 30, 2017 RMB'000 (Restated)	**June 30, 2018 RMB'000**	December 31, 2017 RMB'000 (Restated)
In accordance with the PRC Accounting Standards for Business Enterprises	**4,317,341**	6,238,638	**66,759,568**	65,148,446
Items and amounts adjusted in accordance with the IFRSs:				
Capitalisation adjustment for foreign exchange gains of foreign currency borrowings (a)	**44,040**	(161,799)	**962,728**	918,686
Safe production expenses (b)	**14,538**	13,365		
In accordance with the IFRSs	**4,375,919**	6,090,204	**67,722,296**	66,067,132

The reasons for the differences are described below:

(a) In accordance with the PRC Accounting Standards for Business Enterprises, the exchange differences of the principal and interest of foreign currency borrowings should be capitalised and accounted for as the costs of the assets eligible for capitalisation. In accordance with the IFRSs, only the part of the exchange differences arising from the interest expense adjustment for foreign currency borrowings can be capitalised, the rest is accounted for through profit or loss for the period.

(b) Pursuant to the relevant PRC regulations for construction companies, the Group's subsidiary, CGN Engineering, is required to reserve an amount for maintenance, improvement and other similar funds. The funds can be used for maintenance and improvement of safety at the construction sites, and are not available for distribution to owners of the subsidiaries. The funds can be accounted for through profit or loss in accordance with the PRC Accounting Standards. In accordance with the IFRSs, only funds utilized can be accounted for through profit and loss.

Company Information

Other Information

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Joint Company Secretaries

Mr. Wei Qiyan
Ms. Mok Ming Wai

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H Share Registrar

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Stock Name and Stock Code of the Company

Stock Name: CGN Power
Stock Code: HKSE1816

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Collection of the Interim Report

This report will be published on the website of the Company (www.cgnp.com.cn) on August 28, 2018 and posted to shareholders who have elected to receive corporate communications from the Company in printed form on August 29, 2018.

Those Shareholders who (a) received our 2018 Interim Report electronically and would like to receive a printed copy or vice versa; or (b) received a printed copy of our 2018 Interim Report in either English or Chinese language only and would like to receive a printed copy of the other language version or to receive printed copies of both language versions in the future, are requested to write to the Company or the Company's Registrar.

Shareholders may at any time change their choice of the language version or means of receipt of the Company's corporate communications free of charge by notice in writing to the Company or the Company's Registrar.

CGN Power

A world-class nuclear power supplier and service provider with international competitiveness

本中期報告以環保紙張印製。
This Interim Report is printed on environmentally friendly paper.