華電福新能源股份有限公司
HUADIAN FUXIN ENERGY CORPORATION LIMITED

2018 INTERIM REPORT

(A joint stock limited company incorporated in the People's Republic of China with limited liability) Stock Code: 00816

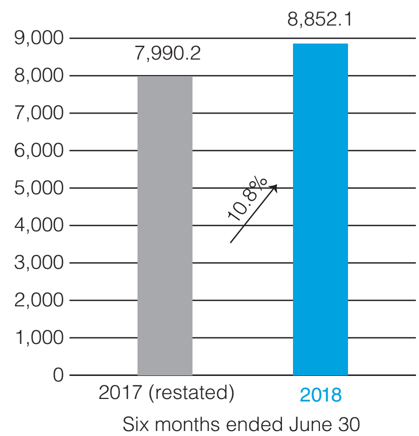
CONTENTS

Interim Results

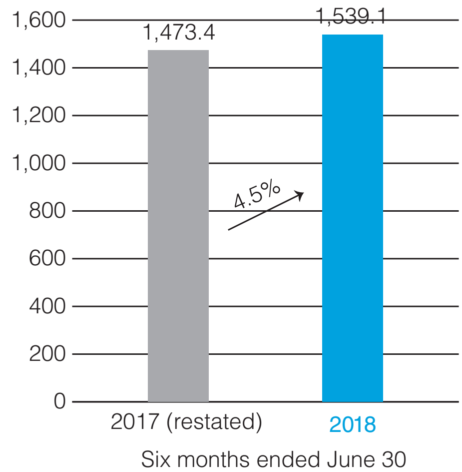
The board of directors (the "**Board**") of Huadian Fuxin Energy Corporation Limited (the "**Company**") hereby announces the unaudited operating results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2018 (the "**reporting period**"), together with the operating results for the corresponding period of 2017 for comparison. For the six months ended 30 June 2018, the revenue of the Group amounted to RMB8,852.1 million, representing an increase of 10.8% over the corresponding period of 2017 (restated); profit before taxation amounted to RMB1,815.1 million, representing a decrease of 5.6% over the corresponding period of 2017 (restated); profit attributable to equity holders of the Company amounted to RMB1,539.1 million, representing an increase of 4.5% over the corresponding period of 2017 (restated); earnings per share amounted to RMB16.99 cents, representing an increase of 0.89% over the corresponding period of 2017 (restated).

Key Operating and Financial Information

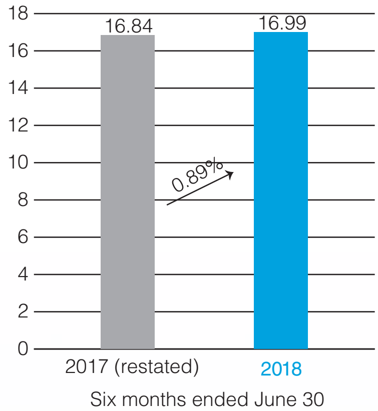
Revenue (RMB in million)



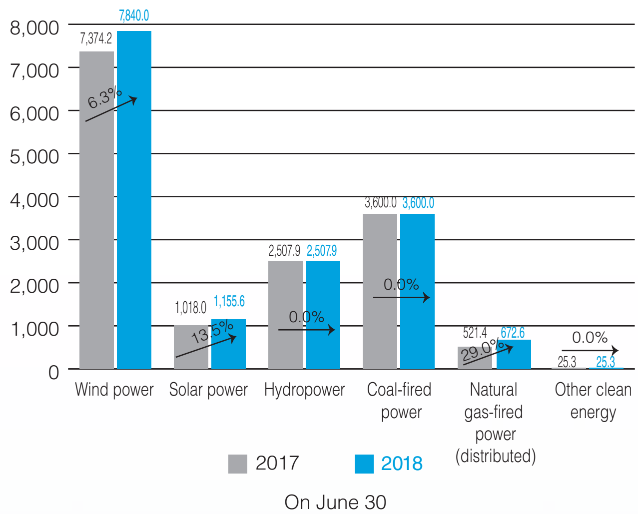
Profit attributable to equity holders of the Company (RMB in million)



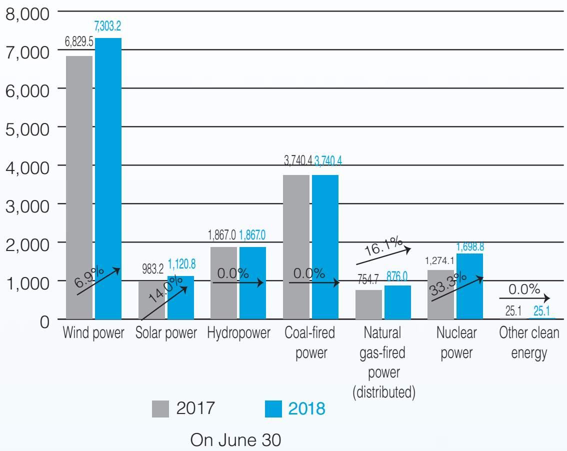
Basic and diluted earnings per share (RMB cents/share)



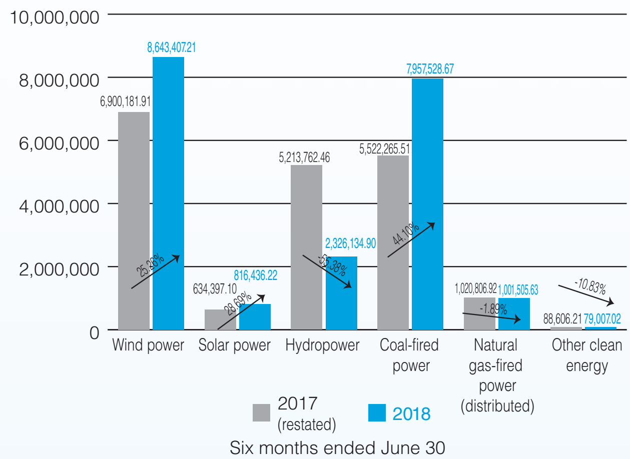
Consolidated installed capacity (MW)



Attributable consolidated installed capacity (MW)



Total electricity sales (MWh)



Management Discussion and Analysis

In the first half of 2018, the cumulative overall electricity consumption in China reached 3,229.1 billion kWh, representing a year-on-year increase of 9.4%, with the growth rate increasing by 3.1% over the corresponding period of 2017. In the first half of the year, the economic development of China continued to maintain a good momentum while ensuring stability, national energy consumption resumed its growth, and the growth rate of electricity consumption rebounded. The proportion of clean energy consumption kept on growing. Benefitting from various national policies on promoting the consumption of renewable energies, in the first half of the year, the curtailment of wind power and photovoltaic power in all provinces of the PRC improved greatly, both the grid curtailment ratio and grid curtailment volume of wind power and photovoltaic power dropped, and the utilization hours for wind power and photovoltaic power generation projects increased significantly.

I. BUSINESS REVIEW

In the first half of 2018, the Group continued to strengthen equipment maintenance and management. The new energy businesses took full advantage of various national policies on promoting the consumption of renewable energies, and made efforts to increase power generation and reduce curtailment ratio, thus achieving significant increases in the generated output and utilization hours of wind power and photovoltaic power. In the face of almost dried up water flow for hydropower generation, the Fujian area drew on strengths of the complementarity of different assets, overcame the adverse factor of coal import restriction and improved dispatching and transportation of coal. Thanks to such efforts, coal-fired power generation businesses achieved substantial increase in generation output and utilization hours.

For the six months ended 30 June 2018, profit attributable to equity holders of the Company was RMB1,539.1 million, representing an increase of 4.5% over the corresponding period of 2017 (restated); consolidated installed capacity was 15,801.4 MW, representing an increase of 5.0% over the corresponding period of 2017; and gross power generation was 21,748,990.2 MWh, representing an increase of 8.1% over the corresponding period of 2017.

The respective consolidated installed capacity of the power generating assets of the Group as at 30 June 2018 and 2017 by type was:

Consolidated installed capacity (MW)

Type	**2018**	2017	Percentage Change
Wind power	**7,840.0**	7,374.2	6.3%
Solar power	**1,155.6**	1,018.0	13.5%
Hydropower	**2,507.9**	2,507.9	0.0%
Coal-fired power	**3,600.0**	3,600.0	0.0%
Natural gas-fired power (distributed)	**672.6**	521.4	29.0%
Other clean energy	**25.3**	25.3	0.0%
Total	**15,801.4**	15,046.8	5.0%

I. BUSINESS REVIEW (CONTINUED)

The respective attributable consolidated installed capacity of the power generating assets of the Group as at 30 June 2018 and 2017 by type was:

Attributable consolidated installed capacity (MW)

Type	2018	2017	Percentage Change
Wind power	**7,303.2**	6,829.5	6.9%
Solar power	**1,120.8**	983.2	14.0%
Hydropower	**1,867.0**	1,867.0	0.0%
Coal-fired power	**3,740.4**	3,740.4	0.0%
Natural gas-fired power (distributed)	**876.0**	754.7	16.1%
Nuclear power	**1,698.8**	1,274.1	33.3%
Other clean energy	**25.1**	25.1	0.0%
Total	**16,631.3**	15,474.0	7.5%

The respective gross power generation of the power generating assets of the Group for the six months ended 30 June 2018 and 2017 by type was:

Gross power generation (MWh)

Type	2018	2017	Percentage Change
Wind power	**8,940,423.1**	7,129,701.1	25.4%
Solar power	**822,243.2**	643,018.6	28.0%
Hydropower	**2,375,058.2**	5,290,996.0	-55.1%
Coal-fired power	**8,432,132.4**	5,846,977.6	44.2%
Natural gas-fired power (distributed)	**1,100,105.3**	1,115,029.8	-1.3%
Other clean energy	**79,028.0**	88,682.9	-10.9%
Total	**21,748,990.2**	20,114,406.0	8.1%

I. BUSINESS REVIEW (CONTINUED)

1. Wind power

As at 30 June 2018, the Group had a consolidated wind power installed capacity of 7,840.0 MW, representing an increase of 6.3% over the corresponding period of 2017. During the reporting period, the Group increased consolidated installed capacity from new wind power projects by 141.8 MW, and recorded gross wind power generation of 8,940,423.1 MWh, representing a year-on-year increase of 25.4%. The average wind power utilization hours was 1,145 hours, representing an increase of 174 hours over the corresponding period of 2017. The average on-grid tariff of wind power was RMB433.74/MWh (tax exclusive), representing a decrease of RMB14.02/MWh (tax exclusive) (restated) over the corresponding period of 2017. The Group continued to strengthen the maintenance and management of wind power units and carry out the technological renovation to enhance power generation efficiency, with the availability of wind turbines reaching 98.42% in the first half of 2018, representing a year-on-year increase of 0.02 percentage point.

In the first half of 2018, two new projects with a capacity of 70.0 MW was approved. At present, the wind power projects included in the Thirteenth Five Approved Plans amounted to a capacity of approximately 1,861 MW. All of the projects were located in the regions without wind power red-alert warning, of which 78.8% were located in central and southeast China.

2. Solar power

As at 30 June 2018, the Group had a consolidated installed capacity of solar power projects in operation of 1,155.6 MW, representing an increase of 13.5% over the corresponding period of 2017.

For the six months ended 30 June 2018, the Group's gross solar power generation was 822,243.2 MWh, representing an increase of 28.0% over the corresponding period of 2017. The average on-grid tariff was RMB815.62/MWh (tax exclusive).

I. BUSINESS REVIEW (CONTINUED)

3. Hydropower

As at 30 June 2018, the Group had a consolidated hydropower installed capacity of 2,507.9 MW and a capacity under construction of 1,300.0 MW.

In the first half of 2018, the Group put great efforts in maintaining the equipment, improving the efficiency of power generators, optimizing the dispatch of the reservoirs reasonably and boosted the utilization rate of water resources in the face of the disadvantage that the incoming water was extremely less in Fujian province. As a result, the economic benefits were boosted to the utmost. For the six months ended 30 June 2018, the Group recorded gross hydropower generation of 2,375,058.2 MWh, representing a decrease of 55.1% over the corresponding period of 2017; the average hydropower utilization hours was 948 hours, representing a decrease of 1,164 hours over the corresponding period of 2017; and the average on-grid tariff of hydropower was RMB286.33/MWh (tax exclusive), representing a decrease of RMB1.17/MWh (tax exclusive) over the corresponding period of 2017.

4. Coal-fired power

As at 30 June 2018, the Group had a consolidated coal-fired power installed capacity of 3,600.0 MW, with one project under construction.

During the reporting period, hydropower throughput in Fujian area decreased substantially due to poor water flow. Nonetheless, the Group actively assumed its social responsibilities by lowering coal purchase cost externally and optimizing production mode to reduction coal consumption internally. For the six months ended 30 June 2018, the Group recorded gross coal-fired power generation of 8,432,132.4 MWh, representing an increase of 44.2% over the corresponding period of 2017; the average coal-fired power utilization hours was 2,342 hours, representing a year-on-year increase of 718 hours; the coal consumption was 306.8 g/KWh, representing a decrease of 1.7 g/KWh over the corresponding period of 2017. The average on-grid tariff of coal-fired power was RMB335.94/MWh (tax exclusive), representing an increase of RMB9.14/MWh (tax exclusive) over the corresponding period of 2017; and the standard coal cost was RMB793.2/ton (tax exclusive), representing an increase of RMB94.4/ton (tax exclusive) over the corresponding period of 2017.

I. BUSINESS REVIEW (CONTINUED)

5. Natural gas-fired power and others

As at 30 June 2018, the Group had a consolidated installed capacity of natural gas-fired power (distributed) projects, which have been put into operation, of 672.6 MW, increased by 151.2 MW over the corresponding period of 2017; the consolidated installed capacity of the projects under construction amounted to 1,526.4 MW. For the six months ended 30 June 2018, the gross power generation of natural gas-fired power (distributed) projects of the Group was 1,100,105.3 MWh.

The Group had no newly approved natural gas-fired power projects in the first half of 2018. At present, the Group had 4 natural gas-fired power (distributed) projects approved by the competent energy authority with an accumulated capacity of 476 MW.

As at 30 June 2018, the Group held 39.0% equity interest in Fujian Fuqing Nuclear Power Co., Ltd. and 10.0% equity interest in Sanmen Nuclear Power Co., Ltd. In particular, No. 1 to No. 4 generator sets of Fuqing Nuclear Power Plant had been put into commercial operation, and the milestone events and level-1 scheduling events of No. 5 and No. 6 generator sets demonstration using "Hualong One" technology took place on schedule or in advance, indicating that the overall progress of the project was under control. The successful connection of No. 1 generator set of Sanmen Nuclear Power to the grid in the first half of 2018 signified that the generator set construction has entered into the stage of on-grid commissioning, thus laying a solid foundation for the follow-up transient test on each power platform and its commercial operation as scheduled.

As at 30 June 2018, we also had two biomass energy projects in operation, with a consolidated installed capacity of 25.3 MW.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

1. Overview

For the six months ended 30 June 2018, the Group's profit before taxation for the period decreased by 5.6% to RMB1,815.1 million as compared with RMB1,922.9 million in the corresponding period of 2017 (restated); among which profit attributable to the equity holders of the Company amounted to RMB1,539.1 million, representing an increase of 4.5% as compared with RMB1,473.4 million in the corresponding period of 2017 (restated).

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)

2. Revenue

The Group's revenue increased by 10.8% to RMB8,852.1 million for the six months ended 30 June 2018 as compared with RMB7,990.2 million in the corresponding period of 2017 (restated).

The Group's revenue from sales of electricity increased by 10.2% to RMB8,477.3 million for the six months ended 30 June 2018 as compared with RMB7,693.1 million in the corresponding period of 2017 (restated), which was mainly due to an increase of 8.1% over the corresponding period of 2017 in the Group's power generation, and higher percentage of the new energy power generation, reflecting the stable business growth of the Group during the period.

The respective segment revenue of the Group for the six months ended 30 June 2018 and 2017 by type is as follows:

Table of Segment Revenue

	January to June of 2018 ***RMB in millions***	January to June of 2017 *RMB in millions* *(restated)*	Change ratio
Wind power	**3,754.7**	3,119.2	20.4%
Solar power	**651.8**	546.3	19.3%
Hydropower	**670.4**	1,478.2	-54.6%
Coal-fired power	**2,833.9**	1,896.0	49.5%
Natural gas-fired power (distributed)	**800.9**	807.8	-0.9%
Others	**103.9**	93.5	11.1%
Total revenue of the reported segments	**8,815.6**	7,941.0	11.0%

3. Other income

For the six months ended 30 June 2018, the Group's other income increased by 30.5% to RMB183.8 million as compared with RMB140.8 million in the corresponding period of 2017 (restated), primarily due to the increase of government grants for wind power segment received by the Group for the six months ended 30 June 2018 over the corresponding period of 2017, and the default penalty income of construction contract of RMB66.5 million received by the Group for the six months ended 30 June 2018 as compared with RMB1.1 million in the corresponding period of 2017.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)

4. Operating expenses

The Group's operating expenses increased by 19.4% to RMB6,277.9 million for the six months ended 30 June 2018 as compared with RMB5,258.5 million in the corresponding period of 2017 (restated), which was mainly attributable to the increases in fuel costs.

The Group's fuel cost increased by 45.7% to RMB2,739.0 million for six months ended 30 June 2018 as compared with RMB1,880.4 million in the corresponding period of 2017. This increase was primarily due to the increase of 44.1% in electricity sales of coal-fired power segment in the first half of 2018 as compared with that of the corresponding period of 2017 and the increase of coal price.

The Group's depreciation and amortization expenses increased by 6.2% to RMB2,271.3 million for the six months ended 30 June 2018 as compared with RMB2,139.6 million in the corresponding period of 2017 (restated). This increase was primarily due to the expanded consolidated installed capacity as a result of commencement of operation of new power generation projects of the Group.

The Group's personnel costs increased by 3.3% to RMB653.5 million for the six months ended 30 June 2018 as compared with RMB632.9 million in the corresponding period of 2017 (restated), primarily due to additional staff required for the expanded business following the commencement of production of the Group's new generation units and its business expansion.

The Group's repair and maintenance costs increased by 32.1% to RMB147.3 million for the six months ended 30 June 2018 as compared with RMB111.5 million in 2017 (restated), primarily due to the increase in maintenance materials required for the commencement of operation of new power generation projects of the Group and increase in power throughput resulting therefrom.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)

5. Operating profit

The Group's operating profit decreased by 4.0% to RMB2,757.9 million for the six months ended 30 June 2018 as compared with RMB2,872.5 million in the corresponding period of 2017 (restated), primarily due to the decrease of 85.9% in operating profit as a result of the substantial decrease of 55% in electricity sales of hydropower segments as compared with that of the corresponding period of 2017, and the increase of 35.7% in operating profit as a result of the substantial increase of 25% in electricity sales of wind power segment as compared with that in the corresponding period of 2017. The respective segment operating profit of the Group for the six months ended 30 June 2018 and 2017 is as follows:

Table of Segment Operating Profit

	January to June of 2018 ***RMB in million***	January to June of 2017 *RMB in million* *(Restated)*	Change ratio
Wind power	**2,248.3**	1,656.8	35.7%
Solar power	**366.2**	289.8	26.4%
Hydropower	**119.0**	843.5	-85.9%
Coal-fired power	**32.7**	4.7	595.7%
Natural gas-fired power (distributed)	**72.7**	124.5	-41.6%
Others	**-0.5**	6.1	-108.2%

6. Finance income

The Group's finance income increased by 22.8% to RMB63.5 million for the six months ended 30 June 2018 as compared with RMB51.7 million in the corresponding period of 2017 (restated). This increase was primarily due to the increase in foreign exchange gains.

7. Finance expenses

The Group's finance expenses increased by 4.1% to RMB1,492.5 million for the six months ended 30 June 2018 as compared with RMB1,433.2 million in the corresponding period of 2017 (restated). This increase was primarily due to the increase in the principal amount of the loans and increase of borrowing interest rate.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)

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

The Group's share of profits less losses of the associates and joint ventures was RMB486.1 million for the six months ended 30 June 2018 as compared with that of RMB431.9 million in the corresponding period of 2017. The increase was primarily due to an increase in the net profit of Fuqing Nuclear Power Plant for the period as compared with the corresponding period of 2017.

9. Income tax

The Group's income tax decreased by 15.0% to RMB179.6 million for the six months ended 30 June 2018 as compared with RMB211.3 million in the corresponding period of 2017. This was mainly due to the decrease in income tax expenses along with the significant decrease in the profit generated from hydropower segment for the six months ended 30 June 2018.

10. Profit for the period

The Group's profit for the period decreased by 4.4% to RMB1,635.5 million for the six months ended 30 June 2018 as compared with RMB1,711.6 million in the corresponding period of 2017 (restated), primarily due to the substantial decrease of profit in the hydropower segment for six months ended 30 June 2018. The profit, as a percentage over the total revenue, decreased to 18.5% for the six months ended 30 June 2018 from 21.4% in the corresponding period of 2017 (restated).

11. Profit attributable to the equity holders of the Company

For the six months ended 30 June 2018, the profit attributable to the equity holders of the Company was RMB1,539.1 million, increased by 4.5% as compared with RMB1,473.4 million for the corresponding period of 2017 (restated). The increase was mainly due to the joint effect of substantial increase of profit from wind power segment as compared with the corresponding period of 2017 and substantial decrease of profit from the hydropower segment in which the non-controlling shareholders have a relatively large proportion of equity as compared with the corresponding period of 2017.

12. Profit attributable to non-controlling interests

The Group's profit attributable to non-controlling interests decreased by 59.5% to RMB96.4 million for the six months ended 30 June 2018 as compared with RMB238.2 million in the corresponding period of 2017. This decrease was primarily due to the substantial decrease in profit generated from hydropower segment in which the non-controlling shareholders have a relatively large proportion of equity and the year-on-year decrease in profit and loss.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)

13. Liquidity and sources of capital

The Group's cash and cash equivalents amounted to RMB2,994.2 million as at 30 June 2018, representing an increase of 41.1% as compared with the balance of RMB2,121.9 million as at 31 December 2017.

As at 30 June 2018, the Group's borrowings increased by 2.4% to RMB70,834.7 million as compared with RMB69,161.6 million as at 31 December 2017, of which RMB14,313.3 million was short-term borrowings (including current portion of long-term borrowings and bonds payable) and RMB56,521.4 million was long-term borrowings (including bonds payable).

14. Capital expenditure

The Group's capital expenditure decreased by 23.6% to RMB2,048.2 million for the six months ended 30 June 2018 as compared with RMB2,682.5 million in the corresponding period of 2017 (restated). Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment and capital injection to joint ventures and associates. The change was primarily due to the decrease in capital expenditure for large infrastructure projects arising from the Group's adjustment of structure and optimization of outlay on infrastructure projects for carrying out high-quality development in the first half of 2018.

15. Net gearing ratio

As at 30 June 2018, the Group's net gearing ratio (net debt (i.e., total borrowings minus cash and cash equivalents) divided by total equity) was 245.1%, representing a decrease of 8.2 percentage points as compared with 253.3% as at 31 December 2017, mainly due to the Group's recognition of net profit of RMB1,635.5 million in the first half of 2018, and the equity increase as a result of the issuance of renewable corporate bonds by the Group in November 2017, while there was no significant change in the size of net debt.

16. Material acquisitions and disposals

The Group did not have any material acquisitions and disposals in the first half of 2018.

17. Pledge of assets

Some of the Group's loans are secured by property, plant and equipment and lease prepayments. As at 30 June 2018, total net carrying value of the pledged assets amounted to RMB18,802.5 million.

18. Contingent liabilities

As at 30 June 2018, the Group provided external guarantee over the balance of bank loans amounting to RMB45.4 million.

III. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

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

2. Competition risk

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

3. Risk related to power grid

In certain regions, power grids planning and construction lag behind wind power development layout. Given the insufficient consumption capacity, wind power curtailment will become inevitable in the short run. In addition, power grids with insufficient transmission capacity may not be able to deliver all the potential electricity that the wind farms could generate when operating under full load, which may decrease the gross power generation of the Group. In view of this, the Group flexibly adjusted construction strategies and rationally deployed new projects according to the power grid connection conditions. Meanwhile, the Group will continue improving technical innovation to reduce such impact.

III. RISK FACTORS AND RISK MANAGEMENT (CONTINUED)

4. Exchange rate risk

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

IV. PROSPECT AND OUTLOOK

In order to promote the ecological civilization construction in China and realize the vision of building a green and beautiful China, the development strategy of building an energy sector that is clean, low-carbon, safe and efficient is proposed in the Report of the 19th CPC National Congress, prefiguring a fresh outlook for the clean energy industry. Developing clean energy businesses plays a core part in achieving the strategic target of the Group, and is therefore of great significance. The Group, as the sole platform for China Huadian Corporation to exploit the clean energy sector, will keep abreast with the new development in the industry, further clarify its new thoughts for developing wind and photovoltaic power projects under the new circumstances and make new breakthroughs in this regard.

In such new circumstances, the Group will further step up the development of clean energy projects, and will continue to increase efforts on investment in and development of renewable energy (other than hydropower) projects in particular. Specifically, by following our strategic planning and upholding the concept of value-thinking, the Group will pay attention to the development of business in central and southeastern developed region and the ultra-high-voltage power delivery base in northeast, north and northwest China as well as offshore wind power projects. By adopting the most active follow-up measures, we will proactively seek investment opportunities for high-quality clean energy projects, and actively participate in the investment and development of clean and efficient energy projects alongside the "Belt and Road". Besides, we will steadily carry forward internationalization, continuously expand development space and further promote the high quality advancement in the clean energy power segment, with the view to building the Company into a world-class clean energy listed company that is committed to green and sustainable development.

IV. PROSPECT AND OUTLOOK (CONTINUED)

Wind power and solar power businesses

The Group insisted on high-quality development, optimized business layout, vigorously developed the wind power projects in central and southeast China and reasonably accelerated the construction process of wind power projects under construction in central and southeast China.

The Group will actively carry out the strategic layout of offshore wind power, actively capture more offshore resources, promote the decision-making progress for investment of a number of offshore wind power projects including the project in Yuhuan, Zhejiang, and strive for breakthroughs in offshore wind power investment project in Guangdong and Jiangsu with vigorous efforts.

The Group will pay due attention to the development of distributed wind power, clarify and study investment considerations involved therein, and carry out research on new approaches for developing distributed wind power and photovoltaic power by experimenting in Henan, Jiangsu, Anhui and other provinces.

The Group will pay continuous attention to the ultra-high-voltage power delivery base projects. In particular, it will proceed from the wind power base project in the Xilin Gol League, Inner Mongolia to secure advantageous venue and make arrangements in advance and to promote the development of base projects when appropriate after taking into account channel construction, market consumption, equipment upgrading and other factors.

Hydropower business

The Group will further strengthen its efforts on equipment management and scientific dispatch of the reservoirs, improve the hydropower utilization hours and profitability. Also, the Group will steadily promote the construction of the pumped storage power plant in Zhouning County and actively win over investment in and development of high-quality hydropower resources thereby safeguarding the healthy development of hydropower business.

Natural gas-fired power business and nuclear power business

Among the central, southeastern and other developed regions, the Group will pay special attention to regions such as Yangtze River Delta, Pearl River Delta and Beijing-Tianjin-Hebei Economic Zone, strengthen project construction and management, and complete the construction of the two 9H high-efficiency gas turbines in Zengcheng, Guangzhou at high quality; it will also increase investment, provide strong support for the rapid completion of decision-making procedures for projects with advantageous boundary conditions such as market environment and gas sources and price, and make active endeavors to invest in and develop high-quality nuclear power projects.

Coal-fired power business

The Group will continue to generate electric power with all efforts, enhance the monitoring and assessment on the coal-fired power utilization hours, keep the coal consumption in a relatively low level, and manage a reasonable procurement size of coal, to mitigate the impacts caused by rising prices of coals on the coal-fired power business and orderly regulate and control the construction rhythm of new projects. The Group will actively promote the development of temporary ports into class-A ports and capitalize on opportunities from adjustments to ports and docks to further cut costs of coal imports.

Corporate Governance

The Company has been committed to ever improving its corporate governance and regarded it as an indispensable part of creating values for shareholders. The Company has established a modern corporate governance structure which comprises effectively balanced and independently operated bodies including general meetings, the Board, the Board of Supervisors and senior management with reference to the code provisions as set out in the Corporate Governance Code and the requirements as set out in the Articles of Association. The Company has also adopted the Corporate Governance Code as its code of corporate governance practices.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the reporting period, the Company was in compliance with all the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as the code of conduct governing dealings by all of our Directors, supervisors and relevant employees (as defined in the Corporate Governance Code) in the securities of the Company. Having made specific enquiry of the Directors and supervisors of the Company, all Directors and supervisors have confirmed that they have strictly complied with the required standards regarding securities transactions by Directors as set out in the Model Code and its code of conduct during the reporting period.

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

RESPONSIBILITY STATEMENT BY THE DIRECTORS IN RELATION TO THE FINANCIAL STATEMENTS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications, or appropriate accounting or related financial management expertise in accordance with the requirements of the Listing Rules. The Company appointed a total of three independent non-executive Directors, namely Mr. Zhang Bai, Mr. Tao Zhigang and Mr. Wu Yiqiang.

AUDIT AND RISK MANAGEMENT COMMITTEE

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

During the reporting period, the audit and risk management committee consisted of three Directors: Mr. Zhang Bai (independent non-executive Director), Mr. Tao Zhigang (independent non-executive Director) and Mr. Li Yinan (non-executive Director). Mr. Zhang Bai (independent non-executive Director) serves as the chairman of the audit and risk management committee.

On 21 March 2018, the Company held the second meeting of the audit and risk management committee of the third session of the Board, at which the report from the external auditing firm in respect of the auditing of the Company's financial statements for the year ended 31 December 2017 was deliberated, and the following resolutions were considered and approved:

(1) the resolution in relation to the final accounts of the Company for 2017;

(2) the resolution in relation to the annual report and results announcement of the Company for 2017;

(3) the resolution in relation to the audited financial statements of the Company for 2017;

(4) the resolution in relation to the profit distribution plan of the Company for 2017; and

(5) the resolution in relation to the engagement of auditing firm for the financial report for 2018.

On 23 August 2018, the audit and risk management committee reviewed and confirmed the Group's interim results announcement for the six months ended 30 June 2018, the 2018 interim report and the unaudited interim financial statements for the six months ended 30 June 2018 prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

NOMINATION COMMITTEE

The Company has established the nomination committee with written terms of reference in compliance with the requirements of the Listing Rules. The primary responsibilities of the nomination committee are to review the size, structure and composition of the Board at least annually and make recommendations on any proposed changes to the Board, having regard to the operating status, asset scale and shareholding structure of the Company; to assess the independence of independent non-executive Directors; to study the criteria and procedures for selecting Directors and senior management of the Company and to make recommendations thereon to the Board; to widely search for qualified candidates for Directors and senior management; to conduct review on candidates for Directors and senior management and to make recommendations to the Board on the appointment, reappointment or succession of Directors and senior management; and to conduct review on candidates for other senior management positions subject to the approval of the Board and make recommendations thereon. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

During the reporting period, the nomination committee consisted of three Directors: Mr. Huang Shaoxiong (executive Director), Mr. Wu Yiqiang (independent non-executive Director) and Mr. Tao Zhigang (independent non-executive Director). Mr. Huang Shaoxiong (executive Director) serves as the chairman of the nomination committee.

REMUNERATION AND ASSESSMENT COMMITTEE

The Company has established the remuneration and assessment committee with written terms of reference in compliance with the requirements of the Listing Rules. The primary responsibilities of the remuneration and assessment committee are to determine remuneration plans or packages in accordance with the main scope, duties and importance of the management positions held by Directors and senior management as well as the remuneration level of comparable positions of comparable enterprises; to review the fulfillment of obligations by the Directors (non-independent Directors) and senior management of the Company and to conduct annual performance appraisal thereof; to monitor the implementation of the Company's remuneration system; and to ensure that no Directors or any of their associates determine their own remunerations. The remuneration plans or packages shall mainly include, but are not limited to, performance appraisal criteria and procedures, the main appraisal system, as well as the major proposals and system of incentives and punishment. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

During the reporting period, the remuneration and assessment committee consisted of three Directors: Mr. Wu Yiqiang (independent non-executive Director), Mr. Zhang Bai (independent non-executive Director), and Mr. Li Lixin (executive Director). Mr. Wu Yiqiang (independent non-executive Director) serves as the chairman of the remuneration and assessment committee.

On 21 March 2018, the Company held the first meeting of the remuneration and assessment committee of the third session of the Board, at which the following resolutions were considered and approved:

(1) the resolution in relation to the remunerations of the Directors and Supervisors of the Company for 2017; and

(2) the resolution in relation to the remunerations of the senior management of the Company for 2017.

STRATEGIC COMMITTEE

The primary responsibilities of the strategic committee are to review the long-term development strategic planning and approach of the Company and make suggestions thereon; to review the material strategic investments and financing proposals which are subject to the approval of the Board pursuant to the requirements of the Articles of Association and make suggestions thereon; to review the material capital operation and assets operation projects which are subject to the approval of the Board pursuant to the requirements of the Articles of Association and make suggestions thereon and follow up on the implementation of the aforesaid matters.

During the reporting period, the strategic committee consisted of three Directors: Mr. Huang Shaoxiong (executive Director), Mr. Wu Jianchun (executive Director) and Mr. Wu Yiqiang (independent non-executive Director). Mr. Huang Shaoxiong (executive Director) serves as the chairman of the strategic committee.

On 21 March 2018, the Company held the first meeting of the strategic committee of the third session of the Board, at which the following resolutions and reports were considered and approved:

(1) the resolution in relation to the grant of the general mandate to issue domestic shares and H shares of the Company to the Board at the annual general meeting;

(2) the resolution in relation to the general mandate to issue the domestic and overseas debt financing instruments by the Company;

(3) the resolution in relation to the banking credit extension to the Company for 2018;

(4) the resolution in relation to the “13th Five-year” development strategy of the Company;

(5) the financial budget report of the Company for 2018; and

(6) the project development report of the Company for 2018.

Other Information

SHARE CAPITAL

As at 30 June 2018, the total share capital of the Company was RMB8,407,961,520, divided into 8,407,961,520 shares of RMB1.0 each (among which, 5,837,738,400 shares were domestic shares and 2,570,223,120 shares were H shares).

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the reporting period.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, none of the Directors, Supervisors and senior management of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2018, so far as known to the Directors, the following persons (other than the Directors, chief executives or Supervisors of the Company) held 5% or above shares or underlying shares of the Company, and according to the records in the register required to be kept by the Company pursuant to Section 336 of the SFO had interests or short positions which shall be disclosed to the Company:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(share)*	Percentage in the Relevant Class of Share Capital *(%)*	Percentage in the Total Share Capital *(%)*
Huadian Group	Domestic Shares	Beneficial owner/ Interest of corporation controlled by a substantial shareholder	5,276,907,638 (Long Position)	90.39	62.76
Central Huijin Investment Ltd.	H Shares	Interest of corporation controlled by a substantial shareholder	533,026,000 (Long Position)	20.74	6.34
China Reinsurance (Group) Corporation	H Shares	Beneficial owner	533,026,000 (Long Position)	20.74	6.34
Prime Capital Management Company Limited	H Shares	Investment manager	211,602,241 (Long Position)	8.23	2.52
BlackRock, Inc.	H Shares	Interest of corporation controlled by a substantial shareholder	140,924,617 (Long Position)	5.48	1.68

CHANGE OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE SPECIAL COMMITTEES OF THE BOARD

Mr. Hou Jiawei resigned as a supervisor of the Company on 11 May 2018 with effect from 28 June 2018.

As approved at the 2017 annual general meeting of the Company held on 28 June 2018, Mr. Xu Lei was appointed as a supervisor of the Company, from 28 June 2018 until the expiration of the term of the third session of the Board of Supervisors of the Company.

As approved at the meeting of employee representatives of the Company held on 12 March 2018, Mr. Lai Jiaxing (賴甲星) was appointed as an employee representative supervisor of the Company, from 12 March 2018 until the expiration of the term of the third session of the Board of Supervisors of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group had a total of 9,647 employees. The employee remuneration of the Group comprises basic salary and bonus payment, which is determined with reference to the operating results of the Group and results of performance assessment.

MATERIAL LITIGATION

As at 30 June 2018, the Company was not involved in any material litigation or arbitration. So far as the Directors are aware of, no material litigation or claims are pending or threatened against the Company.

Independent Review Report

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To the board of directors of Huadian Fuxin Energy Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 24 to 70, which comprises the interim condensed consolidated statement of financial position of Huadian Fuxin Energy Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") as at 30 June 2018 and the interim condensed consolidated statement of profit or loss and other comprehensive income and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and 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 *Interim Financial Reporting* ("IAS 34"), issued by the International Accounting Standards Board ("IASB"). The directors of the Company are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34.

Our responsibility is to express a conclusion on these interim financial information based on our review. Our report is made 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 interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

23 August 2018

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018
(Amounts expressed in RMB)

	Notes	For the six months ended 30 June 2018 RMB'000	2017 RMB'000 (Restated – note 29)
Revenue	4	**8,852,097**	7,990,160
Other income	5	**183,755**	140,801
Operating expenses			
Cost of fuel		**(2,739,006)**	(1,880,361)
Depreciation and amortisation		**(2,271,311)**	(2,139,642)
Service concession construction costs		**(36,286)**	(49,042)
Personnel costs		**(653,548)**	(632,930)
Repairs and maintenance		**(147,327)**	(111,488)
Cost of coal sold		**–**	(9,334)
Administration expenses		**(179,556)**	(193,104)
Other operating expenses		**(250,884)**	(242,557)
		(6,277,918)	(5,258,458)
Operating profit		**2,757,934**	2,872,503
Finance income	6	**63,519**	51,695
Finance expenses	6	**(1,492,473)**	(1,433,161)
Net finance expenses		**(1,428,954)**	(1,381,466)
Share of profits less losses of associates and joint ventures		**486,096**	431,883
Profit before taxation	7	**1,815,076**	1,922,920
Income tax	8	**(179,589)**	(211,313)
Profit for the period		**1,635,487**	1,711,607

The notes on pages 33 to 70 form part of this interim financial information.

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2018
(Amounts expressed in RMB)

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated – note 29)
Profit for the period	**1,635,487**	1,711,607
Other comprehensive income		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax:		
Available-for-sale equity securities:		
net movement in the fair value reserve	**–**	37,594
Exchange difference on translation of financial statements of overseas subsidiaries	**(18,013)**	(1,831)
	(18,013)	35,763
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of tax:		
Net loss on equity instruments at fair value through other comprehensive income	**(129,697)**	–
Other comprehensive income/(loss) for the period	**(147,710)**	35,763
Total comprehensive income for the period	**1,487,777**	1,747,370

The notes on pages 33 to 70 form part of this interim financial information.

	Note	For the six months ended 30 June 2018 RMB'000	2017 RMB'000 (Restated – note 29)
Profit for the period attributable to:			
Equity holders of the Company		**1,539,061**	1,473,445
Non-controlling interests		**96,426**	238,162
Profit for the period		**1,635,487**	1,711,607
Basic and diluted earnings per ordinary share *(RMB cents)*	9	**16.99**	16.84
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**1,391,351**	1,509,208
Non-controlling interests		**96,426**	238,162
Total comprehensive income for the period		**1,487,777**	1,747,370

The notes on pages 33 to 70 form part of this interim financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2018
(Amounts expressed in RMB)

	Notes	30 June 2018 RMB'000	31 December 2017 RMB'000
Non-current assets			
Property, plant and equipment	11	**80,549,588**	81,190,859
Lease prepayments		**1,428,677**	1,427,500
Intangible assets	12	**1,313,408**	1,298,844
Interests in associates and joint ventures		**8,584,853**	8,190,052
Other non-current assets	13	**3,501,690**	3,431,364
Deferred tax assets		**373,540**	376,513
Total non-current assets		**95,751,756**	95,915,132
Current assets			
Inventories		**329,015**	277,378
Trade debtors and bills receivable	14	**9,603,762**	6,991,918
Prepayments and other current assets	15	**1,387,195**	1,918,518
Tax recoverable		**9,483**	9,642
Restricted deposits		**6,027**	5,367
Cash and cash equivalents	16	**2,994,213**	2,121,903
Total current assets		**14,329,695**	11,324,726
Current liabilities			
Borrowings	17(b)	**14,313,314**	15,382,347
Obligations under finance leases	18	**25,658**	25,530
Trade creditors and bills payable	19	**1,214,360**	1,081,089
Other payables	20	**8,521,638**	8,714,858
Deferred income		**28,930**	50,111
Tax payable		**144,816**	112,447
Total current liabilities		**24,248,716**	25,366,382
Net current liabilities		**(9,919,021)**	(14,041,656)
Total assets less current liabilities		**85,832,735**	81,873,476

The notes on pages 33 to 70 form part of this interim financial information.

	Notes	30 June 2018 RMB'000	31 December 2017 RMB'000
Non-current liabilities			
Borrowings	17	**56,521,353**	53,779,291
Obligations under finance leases	18	**216,941**	225,897
Deferred income		**497,021**	482,796
Deferred tax liabilities		**924,200**	918,394
Total non-current liabilities		**58,159,515**	55,406,378
NET ASSETS		**27,673,220**	26,467,098
CAPITAL AND RESERVES			
Share capital	21	**8,407,962**	8,407,962
Reserves	21	**12,175,307**	11,028,065
Perpetual medium-term notes and renewable corporate bonds	22, 23	**3,988,340**	3,988,340
Total equity attributable to equity holders of the Company		**24,571,609**	23,424,367
Non-controlling interests		**3,101,611**	3,042,731
TOTAL EQUITY		**27,673,220**	26,467,098

Huang Shaoxiong
Chairman

Wu Jianchun
Director

The notes on pages 33 to 70 form part of this interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

(Amounts expressed in RMB)

	Attributable to the equity holders of the Company									
	Share Capital *RMB'000* *Note 21(b)*	Capital reserve *RMB'000*	Reserve fund *RMB'000*	Exchange reserve *RMB'000*	Fair value reserve *RMB'000*	Retained earnings *RMB'000*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2017	8,407,962	1,798,233	630,553	24,851	(27,070)	7,205,150	1,994,000	20,033,679	2,894,803	22,928,482
Business combination under common control *(note 29)*	–	–	–	–	–	67,294	–	67,294	–	67,294
Restated balance at 1 January 2017	8,407,962	1,798,233	630,553	24,851	(27,070)	7,272,444	1,994,000	20,100,973	2,894,803	22,995,776
Changes in equity for the six months ended 30 June 2017 (restated):										
Profit for the period	–	–	–	–	–	1,415,945	57,500	1,473,445	238,162	1,711,607
Other comprehensive income	–	–	–	(1,831)	37,594	–	–	35,763	–	35,763
Total comprehensive income	–	–	–	(1,831)	37,594	1,415,945	57,500	1,509,208	238,162	1,747,370
Capital contributions	–	–	–	–	–	–	–	–	46,350	46,350
Dividends paid by subsidiaries to non-controlling equity owners	–	–	–	–	–	–	–	–	(179,390)	(179,390)
2016 final dividends *(note 21 (a))*	–	–	–	–	–	(428,806)	–	(428,806)	–	(428,806)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(6,064)	(6,064)
Distribution for perpetual medium-term notes *(note 22)*	–	–	–	–	–	–	(57,500)	(57,500)	–	(57,500)
Other changes in equity of associates	–	4,054	–	–	–	–	–	4,054	–	4,054
Transfer to reserve fund	–	–	160,972	–	–	(160,972)	–	–	–	–
Restated balance at 30 June 2017	8,407,962	1,802,287	791,525	23,020	10,524	8,098,611	1,994,000	21,127,929	2,993,861	24,121,790

The notes on pages 33 to 70 form part of this interim financial information.

For the six months ended 30 June 2018

(Amounts expressed in RMB)

	Attributable to the equity holders of the Company									
	Share capital *RMB'000* *Note 21(b)*	Capital reserve *RMB'000*	Reserve fund *RMB'000*	Exchange reserve *RMB'000*	Fair value Reserve *RMB'000*	Retained earnings *RMB'000*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Restated balance at 1 July 2017	8,407,962	1,802,287	791,525	23,020	10,524	8,098,611	1,994,000	21,127,929	2,993,861	24,121,790
Changes in equity for the six months ended 31 December 2017:										
Profit for the period	–	–	–	–	–	570,198	73,400	643,598	110,299	753,897
Other comprehensive income	–	–	–	(3,055)	(53,229)	–	–	(56,284)	–	(56,284)
Total comprehensive income	–	–	–	(3,055)	(53,229)	570,198	73,400	587,314	110,299	697,613
Issuance of renewable corporate bonds, net of issuing expenses	–	–	–	–	–	–	1,994,340	1,994,340	–	1,994,340
Capital contributions	–	–	–	–	–	–	–	–	42,610	42,610
Dividends paid by subsidiaries to non-controlling equity owners	–	–	–	–	–	–	–	–	(98,303)	(98,303)
Business combination under common control *(note 29)*	–	–	–	–	–	(198,173)	–	(198,173)	–	(198,173)
Partial disposal of a subsidiary	–	–	–	–	–	–	–	–	(5,736)	(5,736)
Distribution for perpetual medium-term notes and renewable corporate bonds *(notes 22 and 23)*	–	–	–	–	–	–	(73,400)	(73,400)	–	(73,400)
Other changes in equity of associates	–	(13,643)	–	–	–	–	–	(13,643)	–	(13,643)
Transfer to reserve fund	–	–	25,668	–	–	(25,668)	–	–	–	–
Others	–	(5,382)	–	–	–	5,382	–	–	–	–
Balance at 31 December 2017	8,407,962	1,783,262	817,193	19,965	(42,705)	8,450,350	3,988,340	23,424,367	3,042,731	26,467,098

The notes on pages 33 to 70 form part of this interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2018

(Amounts expressed in RMB)

	Attributable to the equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Capital reserve	Reserve fund	Exchange reserve	Fair value reserve	Retained earnings	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds	Subtotal		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 21(b)									
Balance at 1 January 2018	**8,407,962**	**1,783,262**	**817,193**	**19,965**	**(42,705)**	**8,450,350**	**3,988,340**	**23,424,367**	**3,042,731**	**26,467,098**
Net changes in fair value of equity instruments at fair value through other comprehensive income, net of tax ***(note 3)***	**–**	**–**	**–**	**–**	**334,168**	**–**	**–**	**334,168**	**–**	**334,168**
Restated balance at 1 January 2018	**8,407,962**	**1,783,262**	**817,193**	**19,965**	**291,463**	**8,450,350**	**3,988,340**	**23,758,535**	**3,042,731**	**26,801,266**
Changes in equity for the six months ended 30 June 2018:										
Profit for the period	**–**	**–**	**–**	**–**	**–**	**1,428,267**	**110,794**	**1,539,061**	**96,426**	**1,635,487**
Other comprehensive income	**–**	**–**	**–**	**(18,013)**	**(129,697)**	**–**	**–**	**(147,710)**	**–**	**(147,710)**
Total comprehensive income	**–**	**–**	**–**	**(18,013)**	**(129,697)**	**1,428,267**	**110,794**	**1,391,351**	**96,426**	**1,487,777**
Dividends paid by subsidiaries to non-controlling equity owners	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(37,546)**	**(37,546)**
2017 final dividends *(note 21(a))*	**–**	**–**	**–**	**–**	**–**	**(467,483)**	**–**	**(467,483)**	**–**	**(467,483)**
Distribution for perpetual medium-term notes and renewable corporate bonds *(notes 22 and 23)*	**–**	**–**	**–**	**–**	**–**	**–**	**(110,794)**	**(110,794)**	**–**	**(110,794)**
Transfer to reserve fund	**–**	**–**	**158,406**	**–**	**–**	**(158,406)**	**–**	**–**	**–**	**–**
Balance at 30 June 2018	**8,407,962**	**1,783,262**	**975,599**	**1,952**	**161,766**	**9,252,728**	**3,988,340**	**24,571,609**	**3,101,611**	**27,673,220**

The notes on pages 33 to 70 form part of this interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018
(Amounts expressed in RMB)

	Note	For the six months ended 30 June 2018 RMB'000	2017 RMB'000 (Restated – note 29)
Operating activities			
Cash generated from operations		**2,578,363**	3,425,878
Income tax paid		**(136,786)**	(306,289)
Net cash generated from operating activities		**2,441,577**	3,119,589
Investing activities			
Payment for the purchase of property, plant and equipment, lease prepayments, and intangible assets		**(2,172,812)**	(3,892,891)
Other cash flows arising from investing activities		**551,179**	585,933
Net cash used in investing activities		**(1,621,633)**	(3,306,958)
Financing activities			
Proceeds from borrowings		**16,275,398**	10,490,734
Repayment of borrowings		**(14,624,134)**	(8,495,996)
Interest paid		**(1,441,129)**	(1,537,488)
Other cash used in financing activities		**(155,557)**	(275,725)
Net cash generated from financing activities		**54,578**	181,525
Net increase/(decrease) in cash and cash equivalents		**874,522**	(5,844)
Cash and cash equivalents at 1 January		**2,121,903**	2,895,119
Effect of foreign exchange rate changes		**(2,212)**	7,671
Cash and cash equivalents at 30 June	16	**2,994,213**	2,896,946

The notes on pages 33 to 70 form part of this interim financial information.

1. PRINCIPAL ACTIVITIES AND ORGANISATION

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

2. BASIS OF PREPARATION

This interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*. It was authorised for issuance by the board of directors of the Company on 23 August 2018.

The interim financial information has been prepared assuming the Group will continue as a going concern notwithstanding the fact that the Group has net current liabilities as at 30 June 2018 amounting to RMB9,919,021,000. The directors of the Company are of the opinion that, based on a review of the forecasted cash flows of the Group and the unutilised bank facilities as at 30 June 2018, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements within the next twelve months.

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

This interim financial information contains condensed consolidated financial statements and selected explanatory notes and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The interim condensed consolidated financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* in this interim financial information, which result in changes in accounting policies. As required by IAS 34, the nature and effect of these changes are disclosed below.

A number of other amendments to IFRSs and a new interpretation are effective from 1 January 2018 but they do not have a material impact on the interim condensed consolidated financial information of the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 *Revenue* and IAS 11 *Construction Contracts*. IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted IFRS 15 using the modified retrospective method to all contracts that are not completed at the date of initial application. The Group concluded that the transitional adjustment to be made on 1 January 2018 to retained earnings upon initial adoption of IFRS 15 is nil and the comparative information is not restated. It is because the Group recognised revenue upon the transfer of significant risks and rewards before the adoption, which coincides with the fulfilment of performance obligations. From 1 January 2018, revenue is recognised when a customer obtains control of a good or service and the customer has the ability to direct the use and obtain the benefits from the good or service. Additionally, the Group's contracts with customers generally have only one performance obligation.

The Group's revenue are substantially generated from the sale of electricity, heat and other goods.

(a) Power generation and sale

The Group's contracts with customers for the power generation and sale generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at the point in time and revenue continue to be recognised upon transmission to the customers. The adoption of IFRS 15 did not have an impact on the amount of revenue recognised.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 15 Revenue from Contracts with Customers (continued)

(b) Coal trading

Determining whether coal trading revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. Since the Group has sole discretion in determining the pricing, takes full responsibility of a good provided to the customers, and also is responsible for the risk associated with the goods before change of control over the goods, and the customers' complaints and requests, the Group considers it controls the specified goods or services before their delivery to its customers and is a principal in the transactions. Accordingly, the Group recognises revenues on the gross basis.

(c) Presentation and disclosure requirements

Note 4 has included the disclosures on disaggregated revenue.

IFRS 9 Financial Instruments

IFRS 9 replaces of IAS 39 *Financial Instruments: Recognition and Measurement* from 1 January 2018.

The comparative information is not restated and the Group recognised any transition adjustments in relation to the adoption of IFRS 9 against the opening balance of equity at 1 January 2018 as further disclosed below.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement

On initial application of IFRS 9, the available-for-sale equity investments have been reclassified and measured at fair value through other comprehensive income ("OCI"). These equity investments are subsequently measured at fair value. Dividends from the investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All other financial assets previously measured at amortised cost continue to be measured at amortised cost upon the adoption of IFRS 9.

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed and classified its financial assets into the appropriate IFRS 9 categories. The main effects resulting from the reclassification were as follows:

Financial assets – 1 January 2018	Reclassified and measured at FVOCI (Available-for-sale in 2017) *RMB'000*	Measured at amortised cost (Receivables in 2017) *RMB'000*
Closing balance as at 31 December 2017 under IAS 39	880,176	9,420,785
Fair value adjustment of unquoted equity investments previously stated at cost which are now categorised as equity investments at fair value through other comprehensive income ("FVOCI")	334,168	–
Opening balance as at 1 January 2018 under IFRS 9	**1,214,344**	**9,420,785**

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement (continued)

The total impact on the Group's equity as at 1 January 2018 was as follows:

	Fair value reserve *RMB'000*
Closing balance as at 31 December 2017 under IAS 39	(42,705)
Reclassify investments from available-for-sale to FVOCI	334,168
Opening balance as of 1 January 2018 under IFRS 9	291,463

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group has applied the simplified approach and recorded lifetime expected losses that were estimated based on the present values of all cash shortfalls over the remaining life of all of its trade debtors. Furthermore, the Group has applied the general approach and recorded twelve-month expected credit losses that were estimated based on the possible default events on its other receivables within the next twelve months. The effect of adoption on the Group's financial statements was nil.

4. REVENUE

The amount of each significant category of revenue recognised during the period was as follows:

For the six months ended 30 June 2018

	Wind power *RMB'000*	Solar power *RMB'000*	Hydropower *RMB'000*	Coal-fired power *RMB'000*	Natural gas-fired power *RMB'000*	Other business *RMB'000*	Unallocated head office and corporate revenue *RMB'000*	Total *RMB'000*
Types of goods and service								
Sales of electricity	3,737,856	647,521	666,040	2,673,254	698,175	54,423	–	8,477,269
Service concession construction revenue	36,286	–	–	–	–	–	–	36,286
Others	16,801	4,268	4,344	160,665	102,711	49,537	216	338,542
Total	3,790,943	651,789	670,384	2,833,919	800,886	103,960	216	8,852,097
Geographic market								
Mainland China	3,769,707	651,789	670,384	2,833,919	800,886	103,960	216	8,830,861
Spain	21,236	–	–	–	–	–	–	21,236
Total	3,790,943	651,789	670,384	2,833,919	800,886	103,960	216	8,852,097
Timing of revenue recognition								
Goods transferred at a point of time	3,737,856	647,521	666,040	2,833,919	799,574	84,051	–	8,768,961
Service transferred over time	53,087	4,268	4,344	–	1,312	19,909	216	83,136
Total	3,790,943	651,789	670,384	2,833,919	800,886	103,960	216	8,852,097

4. REVENUE (CONTINUED)

For the six months ended 30 June 2017

	RMB'000 *(Restated)*
Sales of electricity	7,693,093
Service concession construction revenue	49,042
Sales of coal	13,553
Others	234,472
Total	7,990,160

5. OTHER INCOME

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Government grants	**89,415**	61,461
Gain on disposal of property, plant and equipment	**27,004**	35,468
Gain on disposal of subsidiaries	**–**	7,280
Others	**67,336**	36,592
	183,755	140,801

6. FINANCE INCOME AND EXPENSES

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Interest income on financial assets	**12,837**	16,254
Dividend income from securities	**36,774**	35,441
Net foreign exchange gains	**13,908**	–
Finance income	**63,519**	51,695
Interest on bank loans and other borrowings	**1,577,006**	1,531,753
Finance charges on obligations under finance leases	**6,612**	5,886
Less: interest expenses capitalised	**(101,370)**	(109,898)
	1,482,248	1,427,741
Bank charges and others	**10,225**	2,930
Net foreign exchange losses	**–**	2,490
Finance expenses	**1,492,473**	1,433,161
Net finance expenses	**(1,428,954)**	(1,381,466)

The borrowing costs have been capitalised at rates of 3.92% to 4.90% per annum for the six months ended 30 June 2018 (six months ended 30 June 2017: 3.92% to 4.90%).

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Salaries, wages and other benefits	**575,263**	552,354
Contributions to defined contribution retirement plans	**78,285**	80,576
	653,548	632,930

(b) Other items

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Amortisation		
– lease prepayments	**22,121**	16,548
– intangible assets	**19,305**	24,300
Depreciation		
– property, plant and equipment	**2,229,885**	2,098,794
Impairment losses		
– property, plant and equipment	**–**	353
– prepayments and other current assets	**–**	18,174
– trade debtors	**–**	(2)
Operating lease charges		
– machinery	**101**	3,084
– properties	**29,605**	15,225
Cost of inventory	**2,812,563**	2,003,320

8. INCOME TAX

(a) Taxation charged to the profit or loss

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current tax		
Provision for the period	**161,526**	178,123
Underprovision in respect of prior years	**7,788**	15,924
	169,314	194,047
Deferred tax		
Origination and reversal of temporary differences	**10,275**	17,266
Total income tax	**179,589**	211,313

The current tax provision mainly included the provision for PRC Corporate Income Tax, which was made by the Company and its subsidiaries located in the PRC. It is calculated based on a statutory rate of 25% of the assessable profit as determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2018 and 2017, except for certain subsidiaries of the Company which are tax exempted or taxed at preferential rates.

8. INCOME TAX (CONTINUED)

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Profit before taxation	**1,815,076**	1,922,920
Applicable tax rate	**25%**	25%
Notional tax on profit before taxation	**453,769**	480,730
Tax effect of non-deductible expenses	**2,526**	9,087
Tax effect of non-taxable income	**(130,718)**	(127,442)
Tax effect of PRC tax concessions *(note (i))*	**(225,812)**	(226,040)
Tax effect of unused tax losses not recognised	**92,668**	78,344
Tax effect of utilisation of unrecognised tax losses in prior years	**(20,632)**	(19,290)
Under provision in respect of prior years	**7,788**	15,924
Actual tax expenses	**179,589**	211,313

Note:

(i) Pursuant to CaiShui [2011] No. 58, the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2011 to 2020.

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

9. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2018 of RMB1,428,267,000 (six months ended 30 June 2017: RMB1,415,945,000 (restated)) and the weighted average of 8,407,962,000 ordinary shares (six months ended 30 June 2017: 8,407,962,000 ordinary shares) in issue during the six months ended 30 June 2018, calculated as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to equity holders of the Company	**1,539,061**	1,473,445
Less: Distribution to the holders of perpetual medium-term notes *(note 22)*	**(57,500)**	(57,500)
Distribution to the holders of renewable corporate bonds *(note 23)*	**(53,294)**	–
Profit attributable to ordinary equity shareholders of the Company	**1,428,267**	1,415,945

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

10. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments:

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.

– Solar power: this segment constructs, manages and operates solar power plants and generates electric power for sale to power grid companies.

– Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.

– Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.

10. SEGMENT REPORTING (CONTINUED)

– Natural gas-fired power: this segment constructs, manages and operates natural gas-fired power plants and generates electric power for sale to power grid companies.

– Other business: this segment mainly manages and operates other clean energy power and heat plants and generates electric power for sale to power grid companies or heat for sale to the customers. This segment also operates coal trading business.

(a) Segment results, assets and liabilities

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

- Segment assets do not include interests in associates and joint ventures, equity investments at fair value through other comprehensive income, tax recoverable, deferred tax assets or unallocated head office and corporate assets. Segment liabilities do not include tax payable, deferred tax liabilities or unallocated head office and corporate liabilities.

- Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include service concession construction revenue and cost, unallocated head office and corporate revenue and expenses, share of profits less loss of associates or joint ventures and net finance expenses.

10. SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2018 and 2017 is set out below:

For the six months ended 30 June 2018

	Wind power *RMB'000*	Solar power *RMB'000*	Hydropower *RMB'000*	Coal-fired power *RMB'000*	Natural gas-fired power *RMB'000*	Other business *RMB'000*	Total *RMB'000*
Revenue from external customers							
– Sales of electricity	3,737,856	647,521	666,040	2,673,254	698,175	54,423	8,477,269
– Sales of heat and others	16,801	4,268	4,344	160,665	102,711	49,537	338,326
Reportable segment revenue	3,754,657	651,789	670,384	2,833,919	800,886	103,960	8,815,595
Reportable segment profit/(loss)	2,248,281	366,223	118,996	32,692	72,744	(522)	2,838,414
Depreciation and amortisation	(1,318,529)	(224,954)	(238,657)	(366,973)	(104,920)	(15,048)	(2,269,081)
Interest income	4,104	652	1,319	2,306	656	313	9,350
Interest expenses	(823,074)	(138,656)	(43,287)	(163,861)	(55,466)	(5,934)	(1,230,278)
Addition to non-current segment assets during the period	852,465	20,861	273,124	437,351	283,176	3,576	1,870,553
As at 30 June 2018							
Reportable segment assets	58,399,176	10,410,183	10,781,564	15,559,451	5,196,174	860,868	101,207,416
Reportable segment liabilities	45,902,897	7,479,816	3,656,627	12,332,367	3,952,718	663,660	73,988,085

10. SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

For the six months ended 30 June 2017

	Wind Power RMB'000 (Restated)	Solar power RMB'000	Hydropower RMB'000	Coal-fired power RMB'000	Natural gas-fired power RMB'000	Other business RMB'000	Total RMB'000 (Restated)
Revenue from external customers							
– Sales of electricity	3,106,780	545,868	1,476,382	1,798,816	708,526	56,721	7,693,093
– Sales of heat and others	12,399	391	1,816	97,135	99,270	36,921	247,932
Reportable segment revenue	3,119,179	546,259	1,478,198	1,895,951	807,796	93,642	7,941,025
Reportable segment profit	1,656,783	289,755	843,470	4,720	124,522	6,131	2,925,381
Depreciation and amortisation	(1,298,453)	(157,481)	(230,627)	(341,471)	(95,361)	(15,570)	(2,138,963)
Interest income	6,046	1,158	2,171	875	803	536	11,589
Interest expenses	(812,333)	(106,488)	(43,966)	(140,650)	(50,844)	(7,435)	(1,161,716)
Impairment losses of property, plant and equipment	(353)	–	–	–	–	–	(353)
Impairment losses of trade debtors, other receivables and prepayments	2	–	–	(18,162)	–	(12)	(18,172)
Addition to non-current segment assets during the period	1,538,886	343,559	151,493	339,258	192,173	30	2,565,399
As at 31 December 2017							
Reportable segment assets	56,664,028	10,129,250	10,432,875	14,759,586	4,889,246	864,380	97,739,365
Reportable segment liabilities	44,677,533	7,819,380	3,059,801	11,674,299	3,749,166	520,259	71,500,438

10. SEGMENT REPORTING (CONTINUED)

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Reportable segment revenue	**8,815,595**	7,941,025
Service concession construction revenue	**36,286**	49,042
Unallocated head office and corporate revenue	**216**	93
Consolidated revenue	**8,852,097**	7,990,160
Profit		
Reportable segment profit	**2,838,414**	2,925,381
Unallocated head office and corporate revenue	**216**	93
Unallocated head office and corporate expenses	**(80,696)**	(52,971)
Share of profits less losses of associates and joint ventures	**486,096**	431,883
Net finance expenses	**(1,428,954)**	(1,381,466)
Consolidated profit before taxation	**1,815,076**	1,922,920

10. SEGMENT REPORTING (CONTINUED)

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

	30 June 2018 ***RMB'000***	31 December 2017 *RMB'000*
Assets		
Reportable segment assets	**101,207,416**	97,739,365
Inter-segment receivables	**(6,591,141)**	(5,207,935)
	94,616,275	92,531,430
Interests in associates and joint ventures	**8,584,853**	8,190,052
Other non-current assets – equity investments at fair value through other comprehensive income	**1,084,646**	–
Other non-current assets – available-for-sale investment	**–**	880,176
Deferred tax assets	**373,540**	376,513
Tax recoverable	**9,483**	9,642
Unallocated head office and corporate assets	**5,412,654**	5,252,045
Consolidated total assets	**110,081,451**	107,239,858
Liabilities		
Reportable segment liabilities	**73,988,085**	71,500,438
Inter-segment payables	**(6,591,141)**	(5,207,935)
	67,396,944	66,292,503
Tax payable	**144,858**	112,447
Deferred tax liabilities	**924,200**	918,394
Unallocated head office and corporate liabilities	**13,942,229**	13,449,416
Consolidated total liabilities	**82,408,231**	80,772,760

(c) Geographical information

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

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment at a cost of RMB1,854,878,000 (six months ended 30 June 2017: RMB2,517,145,000). Items of property, plant and equipment with a net book value of approximately RMB1,056,000 were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: RMB1,315,000), resulting in a gain on disposal of RMB27,004,000 (six months ended 30 June 2017: a gain of RMB35,468,000).

12. INTANGIBLE ASSETS

The net book value of intangible assets mainly represent service concession assets of RMB735,180,000 (31 December 2017: RMB715,702,000), goodwill of RMB496,647,000 (31 December 2017: RMB496,647,000), and software and other assets of RMB81,581,000 (31 December 2017: RMB86,495,000).

13. OTHER NON-CURRENT ASSETS

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Deductible Value Added Tax ("VAT") *(note (i))*	**2,131,010**	2,256,094
Unquoted equity investment in non-listed companies, at fair value *(note (ii))*	**836,013**	–
Equity investment in Hong Kong listed companies, at fair value *(note (iii))*	**248,633**	–
Unquoted available-for-sale equity investment in non-listed companies, at cost *(note (ii))*	**–**	594,955
Available-for-sale equity securities, listed in Hong Kong *(note (iii))*	**–**	285,221
Deferred differences arising from sale and leaseback resulting in a finance lease	**140,842**	144,042
Others	**145,192**	151,052
	3,501,690	3,431,364

13. OTHER NON-CURRENT ASSETS (CONTINUED)

Notes:

(i) Deductible VAT mainly represents the input VAT relating to the acquisition of property, plant and equipment and inventory, which is deductible from output VAT. The input VAT expected to be deducted within one year is recorded in prepayments and other current assets (see note 15).

(ii) The unquoted equity investments in non-listed companies are limited liability companies established in the PRC. On 1 January 2018 (the initial application date of IFRS 9), the Group's management has assessed and classified these equity investments into equity investment through other comprehensive income and measured at fair value (without recycling).

(iii) Pursuant to the agreement with China Energy Engineering Corporation Limited ("China Energy Engineering"), the Group has subscribed for the 243,722,000 shares of China Energy Engineering at an offering price of HK$1.59 per share on 8 December 2015. The Group recognised it as equity investment at fair value through other comprehensive income. For the six months ended 30 June 2018, the net change in the fair value of the equity investment was RMB36,588,000.

14. TRADE DEBTORS AND BILLS RECEIVABLE

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Amounts due from third parties	**9,613,627**	6,984,231
Amounts due from an associate	**–**	17,141
Amounts due from a fellow subsidiary	**58**	469
Less: allowance for doubtful accounts	**(9,923)**	(9,923)
	9,603,762	6,991,918

The ageing analysis of trade debtors and bills receivable of the Group based on the invoice date, and net of provision, is as follows:

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Within 1 year	**9,539,489**	6,942,990
Between 1 and 2 years	**29,261**	31,673
Between 2 and 3 years	**29,036**	11,519
Over 3 years	**5,976**	5,736
	9,603,762	6,991,918

14. TRADE DEBTORS AND BILLS RECEIVABLE (CONTINUED)

The Group's trade debtors are mainly electricity sales receivables and tariff premium receivables. Pursuant to CaiJian [2012] No.102 *Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy* (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approval on a project by project basis is required before the allocation of funds to local grid companies. As at 30 June 2018, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of Ministry of Finance. There is no due date for settlement.

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

15. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2018 RMB'000	31 December 2017 RMB'000
Certificated Emission Reduction ("CERs") receivables	**92,333**	92,333
Staff advance and other deposits	**45,881**	39,715
Amounts due from related parties *(note (i))*		
– due from fellow subsidiaries	**19,924**	19,060
– due from associates	**37,796**	422,286
Deductible VAT *(note 13(i))*	**942,709**	1,166,463
Prepayments for the coal and spare parts supply	**100,573**	88,027
Other prepayments and debtors	**306,512**	249,167
	1,545,728	2,077,051
Less: allowance for doubtful debts	**(158,533)**	(158,533)
	1,387,195	1,918,518

Note:

(i) These amounts are all unsecured, interest-free and repayable within twelve months.

All of the prepayments and other current assets are expected to be recovered or recognised as expenses within one year.

The Group applies the general approach and records twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group's prepayments and other current assets of RMB158,533,000 as at 30 June 2018 (31 December 2017: RMB158,533,000) were determined to be impaired. The impaired receivables related to the counterparties that were in financial difficulties and management expected default events on these balances that are possible within 12 months after the reporting date. The Group does not hold any collateral over these balances.

16. CASH AND CASH EQUIVALENTS

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Cash on hand	**163**	244
Cash at bank	**811,535**	248,125
Deposits with a fellow subsidiary *(note (i))*	**2,182,515**	1,873,534
	2,994,213	2,121,903

Note:

(i) Deposits with a fellow subsidiary represent the deposits in China Huadian Finance Corporation Limited ("Huadian Finance"), a registered financial institution in the PRC.

17. BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Bank loans and loans from financial institutions		
– Secured *(note (ii))*	**21,483,913**	25,729,180
– Unsecured *(note (i))*	**30,745,155**	23,983,771
Loans from China Huadian Corporation Ltd. ("Huadian")		
– Unsecured	**2,246,447**	2,246,447
Loans from fellow subsidiaries		
– Secured *(note (ii))*	**581,439**	701,788
– Unsecured	**35,000**	238,000
Other borrowings *(note (e)(i)(ii))*		
– Unsecured	**6,818,427**	6,986,874
	61,910,381	59,886,060
Less: current portion of long-term borrowings		
– Bank loans and loans from financial institutions	**(5,333,685)**	(4,950,354)
– Loans from fellow subsidiaries	**(55,343)**	(156,702)
– Other borrowings	**–**	(999,713)
Borrowings in non-current liabilities	**56,521,353**	53,779,291

17. BORROWINGS (CONTINUED)

(a) The long-term interest-bearing borrowings comprise: (continued)

Notes:

All of the long-term interest-bearing borrowings are carried at amortised cost.

(i) Certain unsecured borrowings were guaranteed by the below entities:

	30 June 2018 ***RMB'000***	31 December 2017 *RMB'000*
Guarantor		
– Huadian	**684,850**	1,163,000
– Non-controlling shareholders of subsidiaries	**135,000**	30,600
	819,850	1,193,600

(ii) Certain secured long-term and short-term borrowings of the Group are secured by the property, plant and equipment and lease prepayments amounting to RMB18,802,450,000 (2017: RMB14,819,594,000), trade debtors arose from electricity sales amounting to RMB7,743,350,000 (2017: RMB3,708,860,000) and the right to collect future electricity sales proceeds.

(b) The short-term interest-bearing borrowings comprise

	30 June 2018 ***RMB'000***	31 December 2017 *RMB'000*
Bank loans and loans from financial institutions		
– Secured *(note a(ii))*	**77,500**	98,800
– Unsecured	**6,930,386**	7,766,778
Loans from a fellow subsidiary		
– Unsecured	**1,416,400**	1,410,000
Other borrowings		
– Unsecured *(note e(iii))*	**500,000**	–
	8,924,286	9,275,578
Add: current portion of long-term borrowings		
– Bank loans and loans from financial institutions	**5,333,685**	4,950,354
– Loans from fellow subsidiaries	**55,343**	156,702
– Other borrowings	**–**	999,713
Borrowings in current liabilities	**14,313,314**	15,382,347

17. BORROWINGS (CONTINUED)

(c) The interest rates on borrowings are as follows:

	30 June 2018	31 December 2017
Long-term		
Bank loans and loans from financial institutions	**1.08%–6.55%**	1.08%–6.20%
Loans from Huadian	**4.15%–5.60%**	4.15%–5.60%
Loans from fellow subsidiaries	**4.00%–4.90%**	4.75%–4.90%
Other borrowings	**3.04%–5.38%**	3.04%–5.38%
Short-term		
Bank loans and loans from financial institutions	**0.47%–5.00%**	0.47%–5.00%
Loans from a fellow subsidiary	**4.35%–4.57%**	3.92%–4.35%
Other borrowings	**3.95%**	N/A

(d) The borrowings are repayable as follows:

	30 June 2018 ***RMB'000***	31 December 2017 *RMB'000*
Within 1 year or on demand	**14,313,314**	15,382,347
After 1 year but within 2 years	**9,621,765**	5,632,276
After 2 years but within 5 years	**21,244,154**	22,336,132
After 5 years	**25,655,434**	25,810,883
	70,834,667	69,161,638

17. BORROWINGS (CONTINUED)

(e) Significant terms of other borrowings

Notes:

(i) On 15 March 2018, the Company issued a green asset-backed security of "Ping An Securities-Huadian Fuxin on-grid Electricity Sales Receivable Green Asset Plan (the "ABS") of RMB840,000,000 at par with an effective interest rate of 5.10% per annum, with due dates from 2 to 12 years. The ABS was set up based on the on-grid electricity sales receivables of seven subsidiaries with mature periods from 6 years to 12 years.

(ii) On 25 March 2013, the Company issued a five-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.00% per annum, which was repaid on 25 March 2018, and a ten-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.30% per annum. The effective interest rates of above bonds are 5.13% and 5.38% per annum, respectively.

On 22 September 2016, the Company issued a five-year unsecured corporate bond of RMB3,000,000,000 at par with a coupon rate of 2.97% per annum, the effective interest rate of this bond is 3.04% per annum.

On 4 November 2016, the Company issued a five-year unsecured corporate bond of RMB900,000,000 at par with a coupon rate of 3.02% per annum and a seven-year unsecured corporate bond of RMB1,100,000,000 at par with a coupon rate of 3.18% per annum. The effective interest rates of above bonds are 3.09% and 3.23% per annum, respectively.

(iii) At 30 June 2018, the balances represented unsecured ultra-short-term corporate bonds with a coupon rate of 3.95% per annum, which were repaid on 23 August 2018.

18. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	30 June 2018		31 December 2017	
	Present value of the minimum lease payments *RMB'000*	**Total minimum lease payments** *RMB'000*	Present value of the minimum lease payments *RMB'000*	Total minimum lease payments *RMB'000*
Within 1 year	**25,658**	**36,211**	25,530	36,666
After 1 year but within 2 years	**25,952**	**35,310**	25,810	35,748
After 2 years but within 5 years	**79,748**	**100,373**	79,229	101,754
After 5 years	**111,241**	**121,643**	120,858	134,808
	216,941	**257,326**	225,897	272,310
	242,599	**293,537**	251,427	308,976
Less: total future interest expenses		**(50,938)**		(57,549)
Present value of finance lease obligations		**242,599**		251,427

At inception, the lease periods of the finance lease obligation are approximately 9 to 11 years.

19. TRADE CREDITORS AND BILLS PAYABLE

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Trade creditors to third parties	**911,662**	722,324
Bills payable to third parties	**39,161**	165,035
Trade creditors to related parties	**164,317**	59,587
Bills payable to related parties	**99,220**	134,143
	1,214,360	1,081,089

The ageing analysis for the trade creditors and bills payable, based on invoice date, is as follows:

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Within 1 year	**911,672**	904,885
Between 1 and 2 years	**219,165**	114,464
Between 2 and 3 years	**59,563**	42,325
Over 3 years	**23,960**	19,415
	1,214,360	1,081,089

All of the trade creditors and bills payable are expected to be settled within one year or are repayable on demand.

20. OTHER PAYABLES

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Payables for acquisition of property, plant and equipment and intangible assets	**5,063,971**	5,324,073
Provision for Mianhuatan resettlement compensation *(note (i))*	**40,000**	40,000
Retention payable *(note (ii))*	**956,029**	896,430
Dividends payable	**602,303**	123,674
Payable for acquisition of subsidiaries	**20,260**	26,758
Payables for staff related costs	**58,041**	58,033
Payables for other taxes	**112,400**	171,834
Interest payable	**246,233**	219,479
Amounts due to fellow subsidiaries *(note (iii))*	**776,143**	865,362
Amounts due to associates *(note (iii))*	**482,623**	739,570
Amounts due to Huadian *(note (iii))*	**2,000**	12,000
Other accruals and payables	**161,635**	237,645
	8,521,638	8,714,858

Notes:

(i) Mianhuatan Hydropower, one of the Company's subsidiaries, owns and operates a hydropower plant (the "Mianhuatan Project") in Longyan, Fujian. The relevant local government authority disputed the amount of resettlement compensation and requested Mianhuatan Hydropower to increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower engaged the original independent design institute for this hydropower project, Shanghai Investigation, Design & Research Institute (the "Shanghai Institute"), to assess the need to pay any additional resettlement compensation. To support the local government's relocation and resettlement efforts, Mianhuatan Hydropower agreed in principle and paid to the local government additional compensations of RMB15 million, RMB15 million and RMB360 million in 2009, 2010 and 2011, respectively, totaling RMB390 million. In addition, the management of Mianhuatan Hydropower has recognised an additional provision of RMB40 million for this dispute during the year ended 31 December 2011. The total amount of RMB430 million has been capitalised in the property, plant and equipment. After reviewing the assessment report from the Shanghai Institute, Fujian Development and Reform Commission (the "Fujian DRC") and National Development and Reform Commission of the PRC (the "NDRC") will determine the adjusted resettlement compensation to be borne by Mianhuatan Hydropower.

(ii) Retention payable represents amounts due to equipment suppliers and construction contractors which will be settled upon the expiry of the warranty period.

(iii) These amounts are all unsecured, interest-free and have no fixed terms of payment.

All other payables are expected to be settled within one year or are repayable on demand.

21. CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

The board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Final dividend approved during the period in respect of the previous financial year of RMB0.0556 per share (six months ended 30 June 2017: RMB0.0510 per share)	**467,483**	428,806

(b) Share capital

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Ordinary shares, issued and fully paid		
5,837,738,400 domestic state-owned ordinary shares of RMB1.00 each	**5,837,738**	5,837,738
2,570,223,120 H shares of RMB1.00 each	**2,570,224**	2,570,224
	8,407,962	8,407,962

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

22. PERPETUAL MEDIUM-TERM NOTES

On 21 April 2015, the Company issued the first tranche of 2015 perpetual medium-term notes with a total amount of RMB2,000,000,000. The perpetual medium-term notes are issued at par value with an initial distribution rate of 5.75%. The perpetual medium-term notes were recorded as equity in the Group's financial statements, after netting off related issuance costs of approximately RMB6,000,000.

Interest of the perpetual medium-term notes is recorded as distributions, which is paid annually in arrears on 23 April in each year ("Distribution Payment Date") and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred.

The perpetual medium-term notes have no fixed maturity date and are callable at the Company's option in whole on 23 April 2020 ("First Call Date") or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Call Date and every five years after the First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

During the six months ended 30 June 2018, the profit attributable to holders of perpetual medium-term notes, based on the applicable distribution rate, was RMB57,500,000 (six months ended 30 June 2017: RMB57,500,000).

23. RENEWABLE CORPORATE BONDS

On 6 November 2017, the Company issued the first tranche of renewable corporate bonds 2017 with a total amount of RMB2,000,000,000. The renewable corporate bonds are issued at par value with an initial distribution rate of 5.30%. The renewable corporate bonds were recorded as equity in the Group's financial statements, after netting off related issuance costs of approximately RMB5,660,000.

Interest of the renewable corporate bonds is recorded as distributions, which is paid annually in arrears on 6 November in each year ("Distribution Payment Date") and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company, reduction of the registered capital of the Company or external equity investment in equity) has occurred.

The renewable corporate bonds have no fixed maturity date and are callable at the Company's option in whole on 6 November 2020 ("First Call Date") or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable distribution rate will reset, on First Call Date and every three years after the First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

During the six months ended 30 June 2018, the profit attributable to holders of renewable corporate bonds, based on the applicable distribution rate, was RMB53,294,000 (six months ended 30 June 2017: nil).

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

At 30 June 2018, the financial instruments of the Group carried at fair value were equity investments at FVOCI (31 December 2017: available-for-sale equity securities). These instruments fall into Level 1 or Level 3 of the fair value hierarchy described above, respectively.

Fair value of the unquoted equity investment in non-listed companies has been estimated by using valuation techniques, including price of recent investment, discounted cash flows from the investment, market multiples methods, etc. The fair value was based on value inputs that are not observable market data, but change of these value inputs to reasonably possible alternatives would not have material effect on the Group's results and financial position.

		Fair value measurements as at 30 June 2018 categorised into		
	Fair value at 30 June 2018	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets:				
Equity investment in Hong Kong listed companies, at fair value	**248,633**	**248,633**	**–**	**–**
Unquoted equity investment in non-listed companies, at fair value	**836,013**	**–**	**–**	**836,013**

24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

		Fair value measurements as at 31 December 2017 categorised into		
	Fair value at 31 December 2017 *RMB'000*	Quoted prices in active market for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement				
Financial assets:				
Available-for-sale equity securities:				
– Listed	285,221	285,221	–	–

(b) Fair values of financial assets and liabilities not carried at fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2018 and 31 December 2017 except for the following:

	30 June 2018		31 December 2017	
	Carrying amount ***RMB'000***	**Fair value** ***RMB'000***	Carrying amount *RMB'000*	Fair value *RMB'000*
Other borrowings	**6,818,427**	**6,534,675**	5,987,161	5,659,881
Fixed rate long-term loans	**6,117,130**	**6,054,117**	4,473,642	4,193,187
Total	**12,935,557**	**12,588,792**	10,460,803	9,853,068

25. CAPITAL COMMITMENTS

Capital commitments outstanding at the period/year end not provided for in the interim financial information were as follows:

	30 June 2018 ***RMB'000***	31 December 2017 *RMB'000*
Contracted for	**9,336,004**	7,638,223

26. CONTINGENT LIABILITIES

(a) Financial guarantees issued

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Financial guarantees to banks for:		
– An associate	**45,370**	14,476

As at 30 June 2018, the directors did not consider it probable that a claim will be made against the Group under any of the guarantees

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

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

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

As set out in note 20(i), Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the Fujian DRC and the NDRC. Mianhuatan Hydropower has prepaid an aggregated amount of RMB390 million during the years ended 31 December 2009, 2010 and 2011 in relation to this dispute and has recognised a provision of RMB40,000,000 during the year ended 31 December 2011 based on the assessment of the circumstances.

Huadian has undertaken to indemnify the Group against its losses, claims, charges and expenses arising from the relocation and resettlement of local residents in relation to Mianhuatan Project if the additional compensation the NDRC requires the Group to pay is to exceed the RMB40,000,000.

27. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under Huadian and has significant transactions and relationships with the subsidiaries of Huadian.

The principal related party transactions which were carried out in the ordinary course of business are as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Purchase of coal shipping service from		
Fellow subsidiaries	**29,183**	27,807
Purchase of power generation quota from		
A fellow subsidiary	**1,516**	–
Purchase of construction service and construction materials from		
Fellow subsidiaries	**255,714**	208,794
An associate	**–**	55,443
Office rental and property management service provided by		
Fellow subsidiaries	**12,254**	14,172
Sale of electricity to		
An associate	**–**	11,924
Purchases of coal from		
Fellow subsidiaries	**1,629,559**	1,559,654
Loans received from/(repaid to)		
Huadian	**–**	(1,000,000)
Fellow subsidiaries	**(316,949)**	680,727
Net deposit change in		
Huadian Finance	**308,981**	(136,124)

27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with related parties (continued)

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest expenses		
Huadian	**60,329**	86,679
Fellow subsidiaries	**52,721**	22,397
Interest income		
Huadian Finance	**8,571**	9,320
Associates	**–**	640

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 13, 14, 15, 16, 17, 19, 20 and 26(a).

(c) Transactions with other government-related entities in the PRC

The Company is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "government-related entities").

Apart from transactions mentioned above, the Group conducts a majority of its business activities with government-related entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-government-related entities. Transactions with other government-related entities included but are not limited to the following:

– Sale of electricity；

– Depositing and borrowing money；

– Purchase of materials and receiving of construction work services;

– Service concession arrangements.

27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with other government-related entities in the PRC (continued)

The tariff of electricity is regulated by relevant government authorities. The Group prices its other services and products based on commercial negotiations. The Group has also established its approval processes for sale of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

For the six months ended 30 June 2018, revenue from the sale of electricity made to the provincial power grid companies which are government-related entities accounted for 99.53% of total revenue from the sales of electricity (six months ended 30 June 2017: 91.66%). As at 30 June 2018, the trade debtors and bills receivable due from these power grid companies accounted for 95.44% of total trade and bills receivable (31 December 2017: 95%).

The Company and its subsidiaries maintained substantially all of the bank deposits in government-related financial institutions while lenders of substantially all of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

Other collectively significant transactions with government-related entities also included a large portion of equipment and material purchases, receiving of property, plant and equipment construction services, and the service concession arrangements.

(d) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel is as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Salaries and other emoluments	**1,527**	1,471
Discretionary bonus	**2,004**	1,601
Retirement scheme contributions	**762**	375
	4,293	3,447

27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and Huadian for its staff. As at 30 June 2018 and 31 December 2017, there was no material outstanding contribution to post-employment benefit plans.

(f) Commitment with related parties

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Capital commitment	**1,167,437**	1,175,855
Commitment for office rental and property management fee	**54,052**	56,859

28. TRANSFER OF FINANCIAL ASSETS

On 15 March 2018, the green asset-backed security of "Ping An Securities-Huadian Fuxin on-grid Electricity Sales Receivables Green Asset Plan" (the "ABS") was issued on the Shanghai stock exchange with total proceeds of RMB840,000,000. The ABS was set up based on the on-grid electricity sales receivables of seven subsidiaries. Under the ABS arrangement, the Group did not transfer but retain substantially all risks and rewards since the Group is still exposed to default risks of the trade debtors after the transfer. The carrying amount of the assets that the Group continued to recognise as at 30 June 2018 was RMB70,052,000 (31 December 2017: nil) and that of the associated liabilities as at 30 June 2018 was RMB828,972,000 (31 December 2017: nil).

29. BUSINESS COMBINATION UNDER COMMON CONTROL

On 31 December 2017, Shanxi Ruicheng Huadian Fuxin Solar Power Company Limited, the Company's subsidiary, acquired Yanhu wind power branch ("Yanhu Wind Power") of Huadian Shanxi Energy Company Limited ("Shanxi Energy") from Shanxi Energy, a subsidiary of Huadian. As the Group and Yanhu Wind Power are under common control of Huadian, the acquisition is determined as a business combination under common control. The interim condensed consolidated financial information of the Group have been restated as if the combination had occurred at the beginning of the periods presented.

Details of the restatement of the Group's interim condensed consolidated financial information are as follows:

	As previously reported *RMB'000*	**Yanhu Wind Power** *RMB'000*	**As restated** *RMB'000*
Results of operations for the six months ended 30 June 2017:			
Operating profit	2,846,254	26,249	2,872,503
Profit for the period	1,690,229	21,378	1,711,607
Profit attributable to:			
– Equity holders of the Company	1,452,067	21,378	1,473,445
– Non-controlling interests	238,162	–	238,162
Basic and diluted earnings per share (RMB cents)	16.59	0.25	16.84

30. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 9 August 2018, the Company issued the first tranche of renewable corporate bonds 2018 with a total amount of RMB2,000,000,000. The renewable corporate bonds are issued at par value with an initial distribution rate of 4.70% to 5.00% per annum.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 23 August 2018.

Definition and Glossary of Technical Terms

"Articles of Association"	the articles of association of the Company
"attributable consolidated installed capacity"	calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity, usually denominated in MW
"average utilization hours"	the gross power generation in a specified period divided by the average installed capacity in such period
"biomass"	plant material, vegetation or agricultural waste used as a fuel or energy source
"Board"	the board of Directors of the Company
"Board of Supervisors"	the board of Supervisors of the Company
"Company", "we" or "us"	Huadian Fuxin Energy Corporation Limited
"consolidated installed capacity"	the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects
"Corporate Governance Code"	the Corporate Governance Code in Appendix 14 to the Main Board Listing Rules on the Stock Exchange of Hong Kong Limited
"corresponding period of 2017"	Six months ended 30 June 2017
"Directors"	the director(s) of the Company
"electricity sales"	the actual amount of electricity sold by a power plant in a particular period which equals gross power generation less consolidated auxiliary electricity
"Fuqing Nuclear"	Fujian Fuqing Nuclear Power Company Limited
"gross generation"	for a specified period, the total amount of electricity produced by a power generating project during that period
"Group"	Huadian Fuxin Energy Corporation Limited and its subsidiaries
"GW"	gigawatt, a unit of power, 1 GW = 1,000 MW
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Huadian"	China Huadian Corporation Ltd.
"Huadian Finance"	China Huadian Finance Co., Ltd. (中國華電集團財務有限公司), a subsidiary of Huadian
"KWh"	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MW"	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
"MWh"	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh
"NDRC"	National Development and Reform Commission of the People's Republic of China
"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generates to the power grid companies, usually denominated in RMB per kWh (such on-grid tariff includes value-added tax)
"PRC" or "China"	the People's Republic of China
"reporting period"	the period from 1 January 2018 to 30 June 2018
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Supervisors"	the supervisor(s) of the Company
"13th Five-Year Plan"	"13th Five-Year Plan" with the full name being the Outline of the 13th Five-Year Plan for National Economic and Social Development of the People's Republic of China, and the term of the "13th Five-Year Plan" starts in 2016 and ends in 2020

Corporate Information

LEGAL NAME OF THE COMPANY

華電福新能源股份有限公司

ENGLISH NAME OF THE COMPANY

Huadian Fuxin Energy Corporation Limited

REGISTERED OFFICE

20th Floor
Qiantian Mansion
231 Hudong Road
Gulou District
Fuzhou
Fujian Province, the PRC

HEAD OFFICE IN THE PRC

919, Building B
Huadian Plaza
No. 2 Xuanwumennei Road
Xicheng District
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

MEMBERS OF THE BOARD

Executive Directors

Mr. Huang Shaoxiong *(Chairman of the Board)*
Mr. Wu Jianchun
Mr. Li Lixin

Non-executive Directors

Mr. Tao Yunpeng
Mr. Li Yinan
Mr. Mei Weiyi

Independent Non-executive Directors

Mr. Zhang Bai
Mr. Tao Zhigang
Mr. Wu Yiqiang

COMMITTEES OF THE BOARD

Audit and Risk Management Committee

Mr. Zhang Bai *(Independent Non-executive Director) (Chairman)*
Mr. Tao Zhigang *(Independent Non-executive Director)*
Mr. Li Yinan *(Non-executive Director)*

Nomination Committee

Mr. Huang Shaoxiong *(Executive Director and Chairman of the Board) (Chairman)*
Mr. Tao Zhigang *(Independent Non-executive Director)*
Mr. Wu Yiqiang *(Independent Non-executive Director)*

Remuneration and Assessment Committee

Mr. Wu Yiqiang *(Independent Non-executive Director) (Chairman)*
Mr. Zhang Bai *(Independent Non-executive Directors)*
Mr. Li Lixin *(Executive Director)*

Strategic Committee

Mr. Huang Shaoxiong *(Executive Director and Chairman of the Board) (Chairman)*
Mr. Wu Jianchun *(Executive Director)*
Mr. Wu Yiqiang *(Independent Non-executive Director)*

SUPERVISORS

Mr. Li Changxu *(Chairman of the Board of Supervisors)*
Mr. Wang Kun
Ms. Hu Xiaohong
Mr. Xu Lei
Mr. Chen Wenxin
Mr. Zhu Deyuan
Mr. Lai Jiaxing
Ms. Ding Ruiling
Mr. Guo Xiaoping

Corporate Information (Continued)

COMPANY SECRETARY

Mr. Lee Kwok Fai Kenneth

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Huang Shaoxiong

AUTHORIZED REPRESENTATIVES

Mr. Huang Shaoxiong
Mr. Lee Kwok Fai Kenneth

AUDITORS

Ernst & Young
22/F, CITIC Tower
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As to PRC law

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PRINCIPAL BANKS

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No. 29 Fuchengmenwai Avenue, Xicheng District
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Agricultural Bank of China Limited (Headquarters)
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Beijing, the PRC

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Fujian Province, the PRC

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STOCK CODE

00816