China Power International Development Limited
中國電力國際發展有限公司
(incorporated in Hong Kong with limited liability)
(Stock Code : 2380)

CLEAN ENERGY
GREEN ENTERPRISE

2018
Interim Report

INFORMATION FOR OUR SHAREHOLDERS AND INVESTORS

LISTING INFORMATION

Shares of China Power are:

- listed on the Hong Kong Stock Exchange (Stock Code: 2380); and
- eligible for Southbound trading through Shanghai–Hong Kong Stock Connect and Shenzhen–Hong Kong Stock Connect.

INTERIM REPORT

The 2018 interim report will be sent to the shareholders of the Company who have selected to receive the printed version of corporate communication by 19 September 2018.

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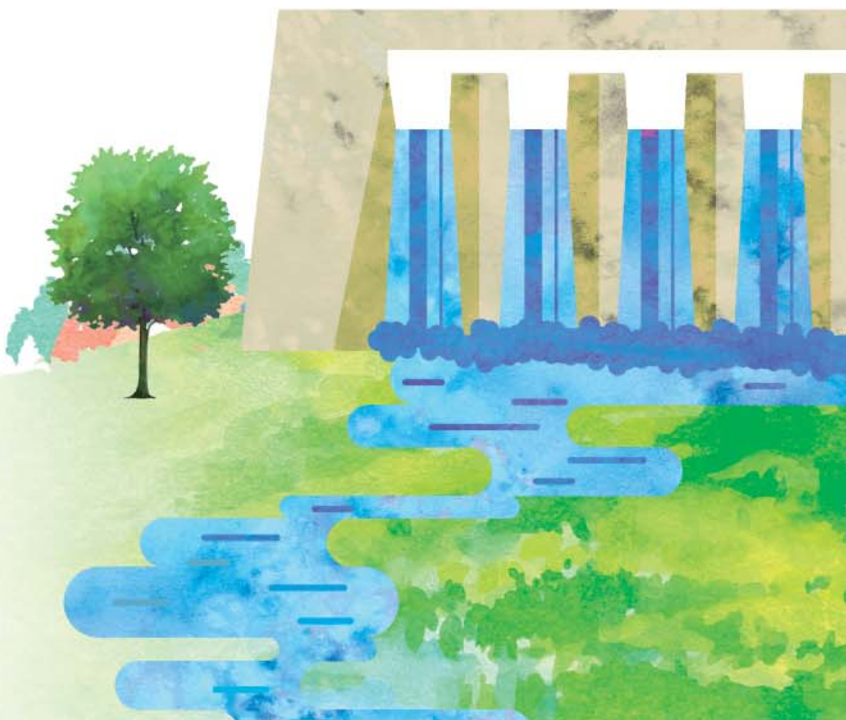

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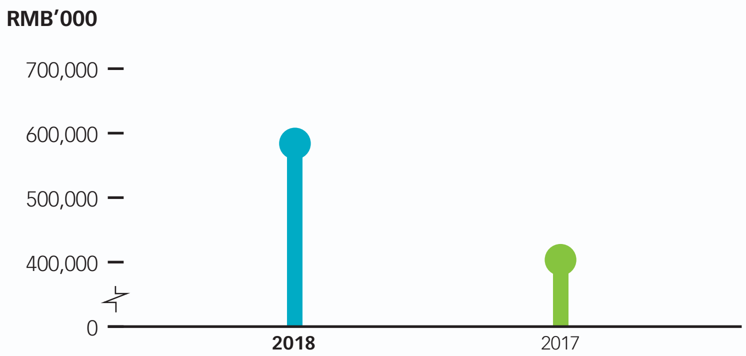
Interim Financial Highlights

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

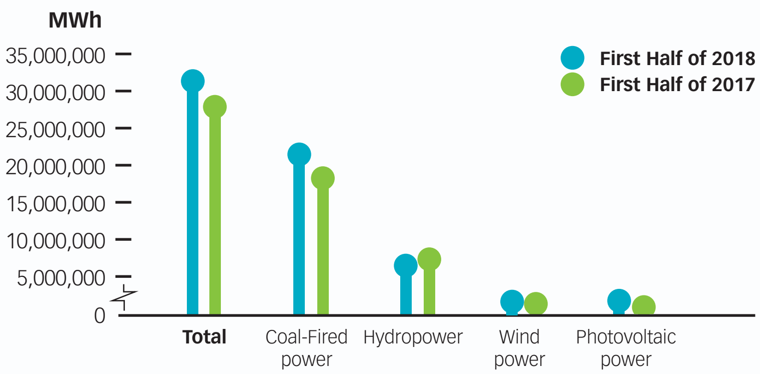
for the six months ended 30 June



	Unaudited Six months ended 30 June 2018 RMB'000	2017 RMB'000	Change %
Profit attributable to owners of the Company	**606,389**	425,138	42.63

TOTAL ELECTRICITY SOLD

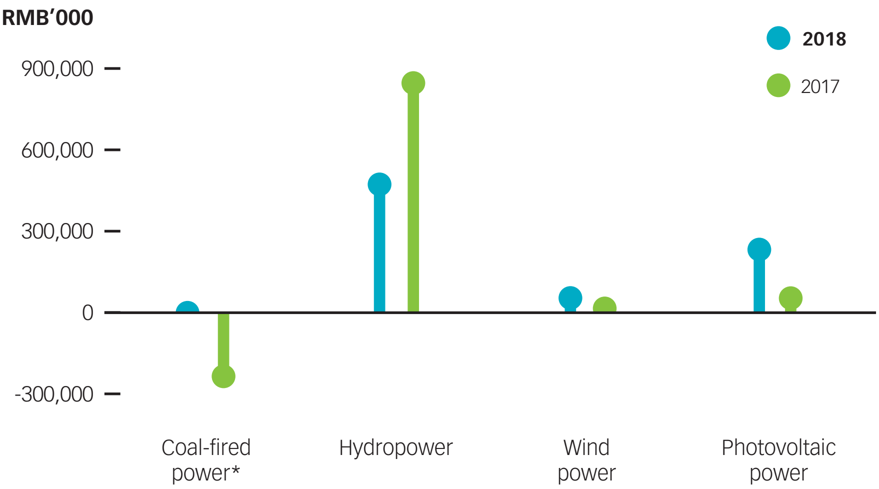
for the six months ended 30 June



	Six months ended 30 June 2018 MWh	2017 MWh	Change %
Total power generation of subsidiaries	**34,511,594**	30,880,585	11.76
Total electricity sold of subsidiaries	**33,095,069**	29,639,547	11.66
— Coal-fired power	**23,257,792**	19,849,770	17.17
— Hydropower	**8,250,470**	9,093,726	–9.27
— Wind power	**761,072**	412,507	84.50
— Photovoltaic power	**825,735**	283,544	191.22
Total electricity sold of major associates and joint venture	**8,835,965**	10,243,782	–13.74
Associates			
— Coal-fired power	**7,028,985**	8,624,901	–18.50
— Photovoltaic power	**47,571**	17,286	175.20
Joint venture			
— Coal-fired power	**1,759,409**	1,601,595	9.85

NET PROFIT

for the six months ended 30 June



	Unaudited Six months ended 30 June			
	2018 RMB'000	**Proportion %**	2017 RMB'000	Proportion %
Net profit/(loss)	**908,370**	**100**	739,999	100
— Coal-fired power*	**20,533**	**2.26**	(271,700)	–36.71
— Hydropower	**516,033**	**56.81**	890,310	120.31
— Wind power	**92,815**	**10.22**	25,254	3.41
— Photovoltaic power	**278,989**	**30.71**	96,135	12.99

* *It included unallocated items, please refer to the details as set out in Note 3 "Turnover, revenue and segment information" in the Notes to the Condensed Consolidated Financial Statements.*

	Unaudited Six months ended 30 June		
	2018 RMB'000	2017 RMB'000	Change %
Revenue	**10,824,171**	9,144,490	18.37
Profit attributable to owners of the Company	**606,389**	425,138	42.63
	RMB'000	RMB'000 (Restated)	%
Earnings per share			
— Basic	**0.06**	0.05	20.00
— Diluted	**0.06**	0.05	20.00

	As at		
	30 June 2018 RMB'000 Unaudited	31 December 2017 RMB'000 Audited	Change %
Equity attributable to owners of the Company	**28,956,799**	29,801,880	–2.84
Total assets	**111,944,086**	98,026,599	14.20
Cash and cash equivalents	**2,918,663**	4,577,786	–36.24
Total debts	**59,973,825**	51,640,030	16.14

BUSINESS REVIEW

The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

In the first half of 2018, the total national electricity consumption rose by 9.4% as compared with the corresponding period last year, maintaining the growth momentum from 2017. The national power generation recorded an increase of 8.3% as compared with the corresponding period last year. Among which, coal-fired power increased by 8.0% and hydropower increased by 2.9%. The national power generation installed capacity increased stably, though 0.7 percentage points lower in growth rate year-on-year. The gap between overall demand and supply of the electricity market slightly narrowed as compared to 2017.

In the first half of 2018, the total electricity sales of the Group amounted to 33,095,069MWh, representing an increase of 11.66% as compared with the corresponding period last year while the profit attributable to owners of the Company was RMB606,389,000, representing an increase of 42.63% as compared with the corresponding period last year. Basic earnings per share was approximately RMB0.06. Net asset per share (excluding non-controlling interests) was approximately RMB2.95, decreased by 2.96% as compared with 31 December 2017.

During the period under review, the Group continued to promote the development of business in various aspects:

- Continued to promote the development of clean energy — In May 2018, the Group completed the acquisitions of Guangxi Company and Shandong Company from CPI Holding and SPIC respectively, which further increase the clean energy installed capacity of the Group. As of 30 June 2018, the proportion of clean energy increased from approximately 25% for the corresponding period last year to 33.15% in terms of attributable installed capacity of the Group, among which, the proportion of attributable installed capacity of hydropower increased to 19.58%, signifying the Group's efforts in accelerating its transformation into a clean energy company focusing on hydropower.

  In addition, during the period under review, the Group has won the bid for Datong Phase II development rights of four photovoltaic power projects of 100MW installed capacity each in Shanxi Province of the PRC. These projects are national "Top Runner" photovoltaic power demonstration projects promulgated by the National Energy Administration of the PRC, which are of strategic significance.

- Marketing efforts of electricity sales achieved results — For market transaction of electricity, the Group has stepped up its efforts in gaining more sizable customers and actively maintained sound cooperation with quality electricity users including railway companies and large-scale factories located in the various regions. During the period, the sales of electricity through direct power supply transactions increased by 46.96% as compared with the corresponding period last year.

- Expansion to new market for heat supply — The Group has expanded its regional heat market to Shanxi Province and Guangxi Zhuang Autonomous Region. During the period under review, the total heat sold (including an associate and two joint ventures) increased by 8.33% as compared with the corresponding period last year.

Power Generation and Electricity Sold

For the first half of 2018, the details of power generation and electricity sold of the Group are set out as follows:

	First half of 2018 (MWh)	First half of 2017 (MWh)	Changes (%)
Total power generation	**34,511,594**	30,880,585	11.76
— Coal-fired power	**24,535,661**	20,956,322	17.08
— Hydropower	**8,352,102**	9,208,391	-9.30
— Wind power	**784,469**	427,902	83.33
— Photovoltaic power	**839,362**	287,970	191.48
Total electricity sold	**33,095,069**	29,639,547	11.66
— Coal-fired power	**23,257,792**	19,849,770	17.17
— Hydropower	**8,250,470**	9,093,726	-9.27
— Wind power	**761,072**	412,507	84.50
— Photovoltaic power	**825,735**	283,544	191.22

In the first half of 2018, the total electricity sales of the Group increased by 11.66% as compared with the corresponding period last year. For coal-fired power, as a result of rising demand for electricity due to the stable increase in overall national industrial production and the sustained cold weather early this year, together with the Group's greater efforts in electricity sales marketing, coal-fired power sold by the Group recorded an increase of 17.17%, and the growth rate of utilization hours of coal-fired power was slightly higher than the average growth rate nationwide during the same period.

As for hydropower, owing to low rainfall in the area where the Group's hydropower plants are located during the period, hydropower sales decreased by 9.27% year-on-year. Nevertheless, sales of clean energy power continued to grow in general, sales of wind power and photovoltaic power drastically increased by 84.50% and 191.22% respectively year-on-year, driven by the Group's efforts in promoting the development of clean energy on an ongoing basis.

Except for the above-mentioned factors, the Group also performed well in acquiring incentive electricity. In recognition of the fulfillment of the government's target of environmental protection and the capacity of heat supply and operation of the power generating units, as of 30 June 2018, the Group has accumulative obtained a significant increase in the amount of various incentive electricity available for production in 2018 as compared to last year.

For the first half of 2018, the details of electricity sold of the Group's main associates and joint venture are set out as follows:

	First half of 2018 (MWh)	First half of 2017 (MWh)	Changes (%)
Total electricity sold	**8,835,965**	10,243,782	-13.74
Associates			
— Coal-fired power	**7,028,985**	8,624,901	-18.50
— Photovoltaic power	**47,571**	17,286	175.20
Joint venture			
— Coal-fired power	**1,759,409**	1,601,595	9.85

Heat Sold

The Group has made proactive efforts to develop heat supply projects and carry out transformation of existing coal-fired power generating units for heat supply. Utilization of residual heat becomes a new profit source of the Group and thus realized the conservation of energy and reduction of consumption. For the first half of 2018, the total heat sold by the Group (including an associate and two joint ventures) was 7,652,351GJ, representing an increase of 588,506GJ or 8.33% as compared with the corresponding period last year.

In the first half of 2018, an associate of the Group commenced to upgrade and expand the heating system of four generating units. Upon completion of the expansion, the maximum heat supply of each generating unit is expected to increase by 150%, greatly improving its heating capacity.

Direct Power Supply

The Group has actively participated in the market reform of national power system and analyzed the opportunities therein. Amid the market environment where the gap between overall national power demand and supply has narrowed, the Group has proactively participated in direct power supply transactions (including competitive bidding for on-grid electricity sales) with a view to securing market share. For the first half of 2018, a number of coal-fired power plants and clean energy power plants of the Group participated in direct power supply transactions, the electricity sold through direct power supply transactions amounted to 7,186,549MWh and 2,776,613MWh respectively, accounting together for approximately 30.10% of the Group's total electricity sold.

As direct power supply is a way of open market trading of electricity, the tariffs will therefore vary with supply and demand in the electricity market. In the first half of 2018, for those coal-fired power and hydropower plants of the Group which participated in direct power supply transactions, their average post-tax tariffs were at a discount of approximately 8.26% and 2.89% respectively compared with the respective average post-tax on-grid tariffs approved by the PRC government (including ultra-low emission tariff). During the period under review, however, the direct power supply tariff of the coal-fired power was still higher than that of the corresponding period last year.

On-Grid Tariff

For the first half of 2018, the Group's average on-grid tariffs compared to the corresponding period last year:

- coal-fired power was RMB323.30/MWh, representing an increase of RMB14.02/MWh;
- hydropower was RMB285.66/MWh, representing a decrease of RMB0.45/MWh;
- wind power was RMB479.49/MWh, representing an increase of RMB32.60/MWh; and
- photovoltaic power was RMB706.21/MWh, representing a decrease of RMB94.16/MWh.

The year-on-year increase in average on-grid tariff of coal-fired power of the Group was mainly due to the rise of the relevant on-grid tariff commencing from 1 July 2017. The increase in average on-grid tariff of wind power was mainly due to the decrease in the proportion of some wind power plants replacing the electricity from coal-fired power plants with discounted on-grid tariffs in several regions during the period under review, and the higher average tariff resulting from the consolidation of new project companies with higher average on-grid tariffs of wind power. The decrease in average on-grid tariff of photovoltaic power was mainly due to the reductions of on-grid tariffs by the National Development and Reform Commission for those photovoltaic power projects that commenced operation after 30 June 2017 and 1 January 2018 respectively.

The Group will continue to closely monitor the development of environmental protection policies of the PRC government and strengthen the research on green energy tariff policies in order to actively seek for more green energy subsidies and increase revenue.

Unit Fuel Cost

For the first half of 2018, the unit fuel cost of the Group's coal-fired power business was RMB216.45/MWh, representing an increase of 1.82% from that of RMB212.58/MWh of the corresponding period last year. Since 2018, the coal production failed to meet expectation as affected by factors such as the slow release of quality production capacity as well as safety and environmental protection inspection. The tension of balance between supply and demand in the coal market is intensifying, resulting in a continuous slight fluctuation in coal prices on upward trend in general and a slight year-on-year increase in unit fuel cost.

During the period under review, the Group continued to strengthen the management over coal procurement, enlarge the scale of centralized procurement, make timely adjustment to its coal inventory level in response to the market change, manage coal procurement with long-term procurement contracts so as to proactively control the fuel costs.

Coal Consumption

For the first half of 2018, the net coal consumption rate of the Group was 301.45g/kWh, representing a decrease of 1.58g/kWh as compared with the corresponding period last year. Through the new energy-saving technology, the net coal consumption rate of power supply was further reduced effectively.

The existing coal-fired power generating units of the Group are mostly environmental friendly power generating units with large capacity and high parameter. These units have achieved substantial effect in energy saving and emission reduction and also helped maintaining the net coal consumption rate at a low level.

Utilization Hours of Power Generating Units

In the first half of 2018, the average utilization hours of the Group's coal-fired power generating units was 2,097 hours, representing an increase of 352 hours as compared with the corresponding period last year. Due to the fact that the PRC government has been committed to regulating the development of coal-fired power in an orderly manner in recent years, the growth of newly-installed capacity of coal-fired power across China slowed down and the national total power consumption increased, the average utilization hours of coal-fired power of the Group have also picked up. The average utilization hours of hydropower generating units was 1,664 hours, representing a decrease of 253 hours as compared with the corresponding period last year, mainly attributable to a decrease of power generation due to low rainfall in the river basins where the Group's hydropower plants are located. The average utilization hours of wind power generating units was 1,060 hours, representing an increase of 124 hours as compared with the corresponding period last year. The average utilization hours of photovoltaic power stations was 755 hours, representing a decrease of 71 hours as compared with the corresponding period last year.

OPERATING RESULTS OF THE FIRST HALF OF 2018

For the first half of 2018, the net profit of the Group amounted to RMB908,370,000, representing an increase of RMB168,371,000 as compared with the corresponding period last year. During the period under review, coal-fired power segment showed turnaround to profits. Regarding clean energy business, with the commencement of operation of new power generating units and the consolidation of newly acquired project companies, profit contribution from wind power and photovoltaic power segments continued to grow. Although the profit of hydropower segment declined due to low rainfall in related areas, it remained the main source of profit for the Group. In the first half of 2018, the profits and losses of each business segment and their respective ratio of contribution to the total net profit were as follows:

- net profit from hydropower was RMB516,033,000 (56.81%, 2017: 120.31%);
- net profit from wind power was RMB92,815,000 (10.22%, 2017: 3.41%);
- net profit from photovoltaic power was RMB278,989,000 (30.71%, 2017: 12.99%); and
- net profit from coal-fired power was RMB20,533,000 (2.26%, 2017: -36.71% (net loss)).

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

- Revenue from coal-fired power increased by RMB1,380,077,000, which is attributable to the increase in sales and rise of the average on-grid tariff of coal-fired power;
- Revenue from wind power and photovoltaic power increased by RMB544,608,000 due to the commencement of operation of various new power generating units and the consolidation of newly acquired project companies;
- Fuel costs increased by RMB814,473,000 as a result of the increase in unit fuel cost of RMB3.87/MWh and increased fuel consumption due to increased sales of coal-fired power during the period;

- Revenue from hydropower decreased by RMB245,004,000 as a result of lower hydropower electricity sales;
- Depreciation of plant and equipment increased by RMB235,620,000 as a result of business expansion, newly acquired project companies and addition of power generating units; and
- Finance costs increased by RMB214,003,000 as a result of the increase in total borrowings and lending interest rates.

Revenue

The revenue of the Group was mainly derived from the sales of electricity. For the first half of 2018, the Group recorded a revenue of RMB10,824,171,000, representing an increase of 18.37% as compared with RMB9,144,490,000 of the corresponding period last year. The increase in revenue was mainly attributable to a year-on-year increase of RMB1,380,077,000 in revenue from coal-fired power due to year-on-year increases of 17.17% and 4.53% in the sales and average on-grid tariff of coal-fired power respectively.

Segment Information

The reportable segments identified by the Group are now the "Generation and sales of coal-fired electricity", "Generation and sales of hydropower electricity", "Generation and sales of wind power electricity", and "Generation and sales of photovoltaic power electricity". During the six months ended 30 June 2018, the management has concluded that the segment of the "Generation and sales of wind and photovoltaic power electricity" should be reported separately, namely "Generation and sales of wind power electricity" and "Generation and sales of photovoltaic power electricity", as both were the reportable segments meeting the quantitative thresholds required by HKFRS 8. The comparative figures have been restated to reflect such change.

Operating Costs

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

For the first half of 2018, the operating costs of the Group amounted to RMB8,902,437,000, representing a rise of 15.68% as compared with RMB7,695,988,000 of the corresponding period last year. Operating costs increased mainly due to the rising fuel cost, and the increase in depreciation arising from the commencement of operation of various new power generating units and the consolidation of newly acquired project companies.

As the fuel cost constituted the majority of the total operating costs, control of fuel cost became an important task for the coal-fired power generating enterprises. During the period under review, in its best effort to curb the increase of fuel cost, the Group continued to fortify its coal purchase management, implement diversified procurement strategy, and increase the scale of its centralized procurement through a wholly-owned subsidiary as the Group's procurement platform. It has strengthened the management of long-term coal contracts and control over the fulfilment of annual contracts to increase the realization rate of long-term coal contracts. By way of strengthening market analysis, the Group adjusted its coal inventory level in response to the market changes in a timely manner. It has expanded various new coal supply channels including imported coal and maintained active communication with coal enterprises to improve its bargaining power and reduce the fuel cost.

Operating Profit

For the first half of 2018, the Group's operating profit was RMB2,132,498,000, representing an increase of 26.91% as compared with RMB1,680,338,000 of the corresponding period last year. The increase in operating profit was mainly due to the improvement of gross profit of the coal-fired power business attributable to the increase in the sales and the rise of average on-grid tariff of coal-fired power, as well as the profit contribution from the continuous expansion of the wind power and photovoltaic power businesses.

Finance Costs

For the first half of 2018, the finance costs of the Group amounted to RMB1,157,616,000, representing an increase of 22.68% as compared with RMB943,613,000 of the corresponding period last year. In particular, the increase in interest expense was mainly due to the rise of bank borrowings level and lending interest rates. Challenged by the interest rate hike of borrowings, the Group put more efforts to improve the efficiency of capital utilization and expedite financing among various business units internally to simplify the procedures of internal fund transfer.

Share of Profits of Associates

For the first half of 2018, the share of profits of associates was RMB65,168,000, representing a decrease in profits of RMB71,378,000 or 52.27% as compared with the share of profits of RMB136,546,000 of the corresponding period last year. The decrease in profits was mainly due to the policy of reducing coal consumption in order to cut down pollutant emission from coal-fired generation and encouraging electricity consumption from other provinces adopted by the provincial government where Changshu Power Plant (an associate principally engaged in coal-fired power generation and heat supply) is located, resulting in a decline in power generation. With regards to this, Changshu Power Plant commenced to upgrade and expand the heat supply system of four power generating units (without affecting the normal heat supply of such units during the construction) during the period under review. Upon completion of the upgrade and expansion, the maximum heating capacity of each unit is expected to improve by 150%, showing a significant increase in heat supply capacity.

Share of Losses/Profits of Joint Ventures

For the first half of 2018, the share of losses of joint ventures was RMB5,038,000, representing a decrease in profits of RMB10,993,000 or 184.60% as compared with the share of profits of RMB5,955,000 of the corresponding period last year. The loss was mainly due to the relocation of some major heat consumers of the industrial park where Xintang Power Plant (a joint venture principally engaged in coal-fired power generation and heat supply) is located, and the rise in coal price led to an increase in fuel costs, which turned the business from profit to loss.

Income Tax Expense

For the first half of 2018, income tax expense of the Group was RMB191,933,000, representing an increase of RMB26,421,000 as compared with RMB165,512,000 of the corresponding period last year. The increase was mainly due to the increase in operating profit.

Earnings per Share and Interim Dividend

For the first half of 2018, the basic and diluted earnings per share for profit attributable to owners of the Company were RMB0.06 (2017 (restated): RMB0.05) and RMB0.06 (2017 (restated): RMB0.05) respectively.

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2018.

ATTRIBUTABLE INSTALLED CAPACITY

As at 30 June 2018, the attributable installed capacity of the Group's power plant reached 18,484MW, representing a year-on-year increase of 1,640.2MW. Among which, the attributable installed capacity of coal-fired power was 12,355.7MW, representing 66.85% of the total attributable installed capacity, and the attributable installed capacity of clean energy including hydropower, wind power, photovoltaic power and natural gas power was 6,128.3MW in total, accounting for 33.15% of the total attributable installed capacity and representing an increase of 8.15 percentage points as compared with the corresponding period last year. All of the attributable installed capacity of the Group's existing natural gas power was held by Shanghai Power.

For the first half of 2018, the Group continued to promote its development of clean energy. By increasing the proportion of clean energy in its asset portfolio through construction and acquisition on an on-going basis, the Group is further approaching towards the goal of being a resource-saving and environmental friendly enterprise.

During the period from 1 July 2017 to 30 June 2018, the Group's attributable installed capacity from new power plants of wind power and photovoltaic power that commenced commercial operation were 15.9MW and 408.4MW respectively.

The Group's new power generating units that commenced commercial operation during the period from 1 July 2017 to 30 June 2018 included:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Timeline for Commencement of Operation
Xingping Power Plant	Wind power	49.5	32.1	15.9	September 2017
New Barag Left Banner Power Station	Photovoltaic power	10	63	6.3	July 2017
Pu'an New Energy^	Photovoltaic power	100	100	100	July to November 2017
Gaotang Power Station	Photovoltaic power	20	44.1	8.8	July 2017
Yuhan Power Station	Photovoltaic power	20	44.1	8.8	July 2017
Xiejiaji Power Station	Photovoltaic power	70	100	70	August 2017
Ruicheng Power Station	Photovoltaic power	80	100	80	September 2017
Xintai Power Station	Photovoltaic power	100	100	100	November to December 2017
Xintian Power Station	Photovoltaic power	20	63	12.6	December 2017
Liannan Power Station	Photovoltaic power	20	44.1	8.8	January 2018
Beike Power Station	Photovoltaic power	0.5	100	0.5	April 2018
Shimen Power Station	Photovoltaic power	20	63	12.6	April 2018
Total		**510**		**424.3**	

^ Pu'an New Energy includes two photovoltaic power projects, namely Xindian (50MW) and Qingshan (50MW).

Note: Apart from the above new power generating units, as compared to the corresponding period last year, the Group recorded a net increase in attributable installed capacity of 1,640.2MW after taking into account (i) the commencement of commercial operation of an attributable installed capacity of 5MW of the third phase of a photovoltaic power station of Changshu Power Plant, an associate; (ii) the acquisition of attributable installed capacity totaling 1,330.8MW from new project companies; and (iii) the changes in the installed capacity of Sichuan Energy Investment and Shanghai Power.

PROJECTS UNDER CONSTRUCTION

As at 30 June 2018, the attributable installed capacity of projects under construction was 4,451.1MW, among which, the attributable installed capacity of clean energy was 1,823.9MW, accounting for 40.98%. The Group's projects under construction are as follows:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Expected Timeline for Commencement of Operation
CP Pu'an Power Plant	Coal-fired power	1,320	95	1,254	2018
Dabieshan Power Plant	Coal-fired power	1,320	51	673.2	2019
Shangqiu Power Plant	Co-generation of heat and power	700	100	700	2018
Luoshuidong Power Plant	Hydropower	35	63	22.1	2018
Mawo Power Plant	Hydropower	32	63	20.2	2018
Wu Qiang Xi Power Plant	Hydropower	500	63	315	2023
Lianyuan Longshan Power Plant	Wind power	49.9	44.1	22	2018
Jingzhushan Power Plant	Wind power	50	63	31.5	2018
Weishan Power Plant	Wind power	70	63	44.1	2019
Songmutang Power Plant	Wind power	50	63	31.5	2019
Taihexian Power Plant	Wind power	50.5	63	31.8	2019
Shangjiangxu Power Plant	Wind power	70	44.1	30.9	2018
Jinzixian Power Plant	Wind power	50	63	31.5	2020
Ziyunshan Power Plant	Wind power	50	44.1	22.1	2019
Dashetou Power Plant	Wind power	50	56.7	28.4	2019
Shiwangutian Power Plant	Wind power	150	95	142.5	2019
Shibanling Power Plant	Wind power	79.5	95	75.5	2018
Yanguan Power Plant	Wind power	100	95	95	2018
Jieshou Power Plant	Wind power	100	95	95	2019
Lingtian Power Plant	Wind power	60	100	60	2019
Dahuaishan Power Plant	Wind power	100	100	100	2019
Jiudingshan Power Plant	Wind power	100	70	70	2018
Qingyun Power Plant	Wind power	50	66	33	2019
Zheshan Power Plant	Wind power	40	51	20.4	2018
Shibuzi Power Plant	Wind power	45	51	23	2018
Hefei Airport Power Plant	Photovoltaic power	1	100	1	2018
Hepu Power Plant	Photovoltaic power	20	100	20	2018
Zuoyun Power Plant*	Photovoltaic power	100	100	100	2018
Hunyuan Power Plant*	Photovoltaic power	100	100	100	2018
Ya'erya Power Plant*	Photovoltaic power	100	100	100	2018
Gaoshanzhen Power Plant*	Photovoltaic power	100	100	100	2018
Wuhai Power Plant*	Photovoltaic power	50	63	31.5	2018
Tonghehanlan Power Plant	Photovoltaic power	4	51	2	2018
Tai'anlibo Power Plant	Photovoltaic power	6	100	6	2018
Shouguanghongtai Power Plant	Photovoltaic power	6	70	4.2	2018
Zaishengkeji Power Plant	Photovoltaic power	5.9	90	5.3	2018
XinZhijixie Power Plant	Photovoltaic power	1.6	90	1.4	2018
Qihehainuo Power Plant	Photovoltaic power	2.4	70	1.7	2018
Qihexinnuo Power Plant	Photovoltaic power	4.3	70	3	2018
Dahandianzi Power Plant	Photovoltaic power	3.3	70	2.3	2018
Total		**5,726.4**		**4,451.1**	

* These power plants are photovoltaic "Top Runner" projects, hence their on-grid tariffs will not be affected by the "Notice on Photovoltaic Power-related Matters 2018" (關於2018年光伏發電有關事項的通知).

NEW DEVELOPMENT PROJECTS

In response to the national supply-side reform, the Group actively stepped up its efforts in developing clean energy projects, and appropriately adjusted the development and construction of coal-fired power projects and controlled the relevant capital expenditure. The coal-fired power projects that the Group has started construction are all projects that have been approved by the government, progressed according to the government's stipulated construction schedule, and matched with the planning of electricity demand in places where the project users are located.

Currently, the total installed capacity of new projects of the Group at a preliminary development stage (including projects with applications submitted to the PRC government for approvals) is approximately 4,800MW, among which, the total installed capacity of the clean energy projects (including natural gas power projects) is approximately 2,800MW, which is mainly located in areas with development potential, including Jiangsu, Anhui, Hunan and Hubei.

On 31 May 2018, the National Development and Reform Commission, the Ministry of Finance and the National Energy Administration jointly published the "Notice on Photovoltaic Power-related Matters 2018" (關於2018年光伏發電有關事項的通知), pursuant to which, construction of general photovoltaic power stations will not be arranged in 2018 while continuing to support the photovoltaic poverty alleviation projects and to promote construction of "Top Runner" photovoltaic power bases and to speed up the withdrawal from the photovoltaic power subsidy policies. In response to the policy changes, the Group will prudently invest in photovoltaic power projects in the future in order to cope with the new operating environment.

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 30 June 2018, the carrying amount of equity instruments at fair value through other comprehensive income was RMB2,607,882,000, accounting for 2.33% of total assets, including listed equity securities of RMB2,448,590,000 and unlisted equity investments of RMB159,292,000.

Listed equity securities represent the equity interests in Shanghai Power held by the Group. As at 30 June 2018, the Group held 15.08% of the issued share capital of Shanghai Power, the A shares of which are listed on Shanghai Stock Exchange. Fair value of such equity interests decreased by 26.26% as compared with RMB3,320,491,000 as at 31 December 2017.

Unlisted equity investments represent the Group's investment in equity of some unlisted companies principally engaged in financial services, coal production and water supply respectively. Upon the application of HKFRS 9 on 1 January 2018, the Group's unlisted equity investments have changed to be measured at fair value, instead of previously measuring at cost less impairment. As at 30 June 2018, fair value of unlisted equity investments owned by the Group was RMB174,388,000 (including an unlisted equity investment in PRC classified as part of a disposal group held for sale), which is approximate to that of RMB175,442,000, at cost less impairment, as at 31 December 2017.

MATERIAL ACQUISITIONS AND DISPOSALS

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

In May 2018, the Company completed the acquisitions of the entire interest in Guangxi Company and Shandong Company. Upon completion, each of Guangxi Company and Shandong Company became a wholly-owned subsidiary of the Group. For details, please refer to the announcement of the Company dated 31 May 2018. In the second half of 2018, the Group will closely monitor the progress on the approval from the relevant authorities for the acquisition of the remaining five companies.

In February 2018, Shanxi Shentou entered into the Joint Venture Agreement with other five external companies to form the Joint Venture in Shanxi Province of the PRC. Shanxi Shentou will make contribution by way of cash and assets injection. The Company will use its interests in a non-wholly-owned subsidiary (i.e. 80% interests in CP Shentou) as Shanxi Shentou's second tranche contribution to the Joint Venture. As at 30 June 2018, such interests have been categorized as "Assets and liabilities associated with disposal group classified as held for sale" in the condensed consolidated statement of financial position of the Group. Upon completion of the relevant procedures of equity change, CP Shentou will cease to be a subsidiary of the Company. For details, please refer to the announcement of the Company dated 6 February 2018.

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

LIQUIDITY, CASHFLOW AND FINANCIAL RESOURCES

As at 30 June 2018, cash and cash equivalents of the Group were RMB2,918,663,000 (31 December 2017: RMB4,577,786,000). Current assets amounted to RMB8,415,099,000 (31 December 2017: RMB9,319,946,000), current liabilities amounted to RMB27,948,944,000 (31 December 2017: RMB28,821,524,000) and current ratio was 0.30 (31 December 2017: 0.32).

In 2016, the Company entered into a financial services framework agreement with SPIC Financial. According to the agreement, the deposit services to be provided by SPIC Financial to the Group would be on normal commercial terms or better (similar to or more favorable than those offered by other major commercial banks in China for the provision of comparable services), and the annual cap in respect of the maximum daily balance of deposit (including accrued interests) placed by the Group with SPIC Financial should not exceed RMB3 billion during the term of the agreement. During the period from 1 January 2018 to 30 June 2018, the Group deposited funds with SPIC Financial at the deposit rates higher than PBOC's benchmark interest rates for saving deposits and not lower than the agreed interest rates for saving deposits provided by major commercial banks in China for the same period on average, and the daily balance of deposit together with accrued interests did not exceed RMB3 billion. For the six months ended 30 June 2018, the maximum amount of daily deposit placed by the Group with SPIC Financial was approximately RMB2.66 billion. In order to ensure that the relevant business is in compliance with the terms of the financial services framework agreement, the Company designated personnel to monitor the funds deposited with SPIC Financial and performed daily real-time inquiries on the funds deposited with SPIC Financial, and also collected deposit rates offered by major domestic commercial banks for comparison with the deposit rates offered by SPIC Financial on a monthly basis.

During the period under review, the Group recorded a net decrease in cash and cash equivalents (including cash and cash equivalents classified as part of a disposal group held for sale) of RMB1,653,497,000 (2017: increase of RMB748,640,000). For the six months ended 30 June 2018,

- net cash generated from operating activities amounted to RMB2,137,007,000 (2017: RMB2,119,326,000).

- net cash used in investing activities amounted to RMB7,401,567,000 (2017: RMB3,306,501,000), which mainly represented the payment of the consideration of acquisitions of Guangxi Company as well as cash outflow of capital expenditure on the Group's property, plant and equipment and prepayments for construction of power plants.

- net cash generated from financing activities amounted to RMB3,611,063,000 (2017: RMB1,935,815,000). The significant increase in cash inflow, as compared with the corresponding period last year, was mainly attributable to the increase in net cash inflow from debts.

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

Majority of the proceeds from the rights issue in 2017 has been used in settling the consideration for the acquisition of Guangxi Company during the period under review. As at 30 June 2018, the remaining proceeds from the rights issue of approximately RMB0.1 billion will be used to settle the consideration payables of the designated acquisitions yet to be completed.

DEBTS

As at 30 June 2018, total debts of the Group amounted to RMB59,973,825,000 (31 December 2017: RMB51,640,030,000). All debts of the Group are denominated in RMB, Japanese Yen ("JPY") or United States Dollars ("USD").

As at 30 June 2018, the Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), was approximately 61% (31 December 2017: 56%). The Group's gearing ratio slightly increased.

According to the above-mentioned financial services framework agreement which the Company entered into with SPIC Financial in 2016, the loan services to be provided by SPIC Financial to the Group would be on normal commercial terms or better (similar to or more favorable than those offered by other major commercial banks in China for the provision of comparable services), which would be beneficial to further enhancing the efficiency of fund management and controlling finance costs of the Group. As at 30 June 2018, the amount of borrowings granted by SPIC Financial was approximately RMB2.62 billion (31 December 2017: approximately RMB1.36 billion).

SIGNIFICANT FINANCING ACTIVITIES

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

CAPITAL EXPENDITURE

During the six months ended 30 June 2018, the capital expenditure of the Group was RMB3,275,272,000 (2017: RMB3,793,808,000). In particular, the capital expenditure for clean energy segment (hydropower, wind power and photovoltaic power) was RMB1,748,038,000 (2017: RMB2,160,672,000), which was mainly applied for the construction of new power plants and power stations; whereas the capital expenditure for coal-fired power segment was RMB1,456,318,000 (2017: RMB1,592,231,000), which was mainly applied for the construction of new coal-fired power generating units and technical upgrade for the existing power generating units. These capital were mainly derived from project financing, funds generated from business operation and borrowings from related parties.

PLEDGE OF ASSETS

As at 30 June 2018, the Group pledged certain property, plant and equipment and prepaid lease payments with a net book value of RMB539,629,000 (31 December 2017: RMB561,001,000) to certain banks to secure bank borrowings in the amount of RMB242,870,000 (31 December 2017: RMB257,820,000). In addition, certain bank borrowings, borrowings from related parties and obligations under finance leases totaling RMB18,142,386,000 (31 December 2017: RMB13,267,104,000) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings amounted to RMB1,341,043,000 (31 December 2017: RMB1,125,299,000).

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no material contingent liabilities.

RISK MANAGEMENT

The Group has implemented all-rounded risk management and has established a systematic, comprehensive risk management mechanism and internal control system. The Group has a Risk Management Committee which is accountable to the Board and responsible for assisting the Board in providing leadership, direction and oversight with regard to the overall risk appetite and tolerance and risk management framework of the Group, including risk policies, process and controls. The Group also has an internal audit department in place for execution and implementation of risk management measures.

FOREIGN EXCHANGE RATE RISKS

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

The Group has always leveraged its capability of accessing Mainland China and overseas markets to optimize its funding sources, increase the credit facilities and lower its financing costs. Various cost-saving and efficiency enhancement initiatives have also been adopted in the Group's business management to lower administrative and operating expenses. Management reports annually to the Board on the working capital budget for the year at the beginning of each year and estimates the required amount of annual credit facilities and facilities reserves to ensure that the Group has obtained adequate financial resources to support the continued operation and development of projects in the foreseeable future. Management will also review the situation regularly to make contingency measures. As at 30 June 2018, the Group's borrowings denominated in foreign currencies amounted to RMB3,030,596,000 (31 December 2017: RMB3,864,606,000). The Group will continue to keep track on the exchange rate movements and, if necessary, take responsive measures to avoid excessive foreign exchange rate risks.

FUNDING RISKS

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

As at 30 June 2018, the Group had available unutilized financing facilities amounting to RMB34,763,380,000. Standby credits are very sufficient at present.

ENERGY SAVING AND EMISSION REDUCTION

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

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

For the first half of 2018, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2017: 100%), and the efficiency ratio of desulphurization was 98.35% (2017: 97.94%); the operational ratio of denitration facilities reached 100% (2017: 99.95%) and the efficiency ratio of denitration reached 90.76% (2017: 92.05%).

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

- the emission rate of sulphur dioxide (SO_2) at 0.050g/KWh, representing a decrease of 0.027g/KWh as compared with the corresponding period last year;
- the emission rate of nitrogen oxide (NO_x) at 0.087g/KWh, representing a decrease of 0.023g/KWh as compared with the corresponding period last year; and
- the emission rate of flue gas and dusts at 0.007g/KWh, representing a decrease of 0.009g/KWh as compared with the corresponding period last year.

To prevent pollutants from exceeding the emission standards from the source, the Group has also incorporated concepts and requirements of social responsibilities in the management of suppliers, and clearly stipulated that the materials must meet the standards of the relevant national environmental protection laws while signing material purchase contracts.

During the period under review, all the power plants in which the Group has operational control complied with the relevant environmental protection regulations of China. No fines or charges were imposed due to violation of regulations.

OPERATIONAL SAFETY

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

During the period under review, all operating power plants in which the Group has operational controls complied with the relevant safety production regulations of China. No fines or charges were imposed due to violation of regulations.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had a total of 9,940 (2017: 9,688) full-time employees. The increase in the number of employees was due to the consolidation of newly-acquired project companies.

The Group has put great emphasis on the establishment of performance evaluation as well as rewarding and punishment mechanism for all employees. The Group determines the emoluments of its directors and employees based on their respective performance, working experience, duties and the prevailing market conditions. The Group has also implemented an incentive policy linking emoluments with performance.

The Group has also focused on the learning and training of employees and communication between employees of different positions, and continued to improve the professional and technical capacities and overall competence of its employees to satisfy the needs of its expanding businesses.

During the period under review, all business units in which the Group has operational controls complied with the local labor laws. No fines or charges were imposed due to violation of laws.

OUTLOOK FOR THE SECOND HALF OF 2018

In the first half of 2018, the total national electricity consumption has continued the relatively rapid growth trend since the second half of 2017. China Electricity Council (中國電力企業聯合會) forecasted that the national total power consumption of 2018 would grow faster than that of 2017. In the past two years to present, with a series of energy reform policies introduced by the Chinese government, the power generation companies are facing new development situations. The market-oriented electricity trading process continues to accelerate, and the business environment of renewable energy is also constantly changing. The Group is optimistic about the outlook of the second half of the year by leveraging on the advantages from the more balanced development of both traditional coal-fired power and renewable energy.

The Group will further strengthen its core competitiveness to enhance adaptation to new policies and new market order. The priorities of the Group for the second half of the year include the followings:

- Comprehensively improve the operating results — In terms of increasing income, the Group will continue to make greater efforts in marketing of electricity sales, strive for more direct market electricity sales, and control the tariff discount for market trading electricity. The Group will continue to develop the heat supply market of coal-fired power generating units, further enhance heat supply capacity and increase the revenue from heat sales. In terms of controlling costs, the Group will optimize coal procurement strategies so as to strictly control fuel costs and further reduce repair and maintenance fees, consumables and other operating costs.

- Continue to promote the transformation progress — The Group will complete the acquisitions of the remaining five clean energy companies from CPI Holding and SPIC as soon as possible. With the consolidation of new assets and the commissioning of some new clean energy projects, the Group's clean energy capacity will further expand and continue to accelerate the Group's transformation into a clean energy enterprise.

- Actively respond to the changes in national policies — The Group will continue to follow up on the energy market reform process, make full use of the government-led policy of the guaranteed buyout of electricity generated by renewable energy resources, and strive to raise the level of renewable energy utilization hours. The Group will select to develop high-quality photovoltaic power generation projects with high economic benefits which are aligned with the newly introduced national development policies of the photovoltaic industry. In response to the State's policy of encouraging enterprises to control debt leverage, the Group will actively control the debt ratio to a reasonable level while securing the supply and safety of sufficient funds against business risks.

Corporate Governance

China Power is committed to high standards of corporate governance. The Board recognizes that good corporate governance is vital to the healthy and sustainable development of the Group. Through continuing exploration and practices, the Company has formed a standardized governance structure and established an effective internal control system. The Board and the management always follow good governance principles to manage the Group's business effectively, treat all the shareholders fairly and strive for the long-term, stable and growing return for the shareholders.

The Group's corporate governance has been fully disclosed in the "Corporate Governance Report" of the Company's 2017 annual report. Save for the deviation from the code provision of E.1.2, the Company has complied with all the code provisions of Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2018.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by the Directors (the "Code of Conduct"), the terms of which are no less than the requirements of Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to each of the Directors, they all confirmed that they have fully complied with the Code of Conduct throughout the six months ended 30 June 2018.

CHANGE IN DIRECTORATE AND UPDATED DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in directorate and updated information of the Director required to be disclosed since the date of the 2017 annual report are as follows:

All of the following changes were effective from 27 July 2018:

- Mr. Yu Bing, due to new work arrangement, resigned as an executive Director, the Chairman of the Board, the Chairman of the Risk Management Committee, the Chairman of the Executive Committee and an authorized representative of the Company; and

- Mr. Tian Jun, an executive Director and the President of the Company, was appointed to succeed Mr. Yu Bing as the Chairman of the Executive Committee and the authorized representative of the Company.

Save as disclosed above, there had been no other changes in the composition of the Board and the Board Committees as set out in the 2017 annual report during the reported period and up to the date of this Report.

FINANCIAL REPORTING

The Audit Committee has reviewed the accounting principles adopted by the Group and the unaudited condensed consolidated financial statements for the six months ended 30 June 2018.

The Company has engaged Deloitte Touche Tohmatsu to provide a "Report on Review of Condensed Consolidated Financial Statements from Independent Auditor", which is set out on page 25.

RISK MANAGEMENT AND INTERNAL CONTROL

In respect of risk management in the first half of 2018, the Internal Audit Department tracked the Group's major risk management control quarterly and updated the major risk management list, implemented risk management responsibilities by level grading, supervised business units to strengthen major risk management, and timely grasped the major risk prevention and control trends to ensure that significant risks were controllable and in control. At the same time, the Internal Audit Department strengthened its focus on information disclosure and compliance and monitoring risks and organized training courses on the continuing connected transactions to build up the internal control and risk management systems of the companies at provincial level.

In respect of the internal control in the first half of 2018, the Internal Audit Department continued to deepen the improvement of the internal control compliance manuals. It placed strong emphasis on the building of an information platform for compliance management for the Group, and further managed the compliance review and assurance procedures for decision-making, contract and capital management with information technology to implement a comprehensive online operation. To enhance the employees' awareness of compliance and risks, the internal control compliance trainings have been organized regularly for the relevant personnel. For the six months ended 30 June 2018, as reflected by the audits conducted by the Internal Audit Department, it set rectification requirements for 7 issues, added 14 proposals to strengthen controls and followed up actively to ensure the relevant situations have been improved.

In addition, the Internal Audit Department has also taken appropriate measures to review the implementation of the Group's existing continuing connected transactions on a quarterly basis. For the six months ended 30 June 2018, the relevant companies of the Group have strictly monitored continuing connected transactions pursuant to the agreed terms and pricing policies during the actual course of business, and have not exceeded those relevant annual caps as disclosed.

COMMUNICATION WITH SHAREHOLDERS

The Company always recognizes the importance of maintaining effective communication with shareholders and investors. The shareholders and investors are informed of the latest business performance and development of the Group by means of various communication channels, including the Company's website at www.chinapower.hk, the annual and interim reports, the quarterly electricity sold announcements and other announcements on the Group's key business development, so that they can make informed investment decisions. Regular holding of shareholders' meetings, press conferences as well as meetings with financial analysts and investors also provide our shareholders and investors with the opportunities to directly communicate with the management of the Company. Furthermore, the Company's website is updated constantly to provide investors and general public with the latest information in all aspects of the Company. The "Shareholder Communications Policy" of the Company is posted on the Company's website under the "Corporate Governance" section.

According to the code provision E.1.2 of the CG Code, chairman of the Board should attend the annual general meeting. The then chairman of the Board, Mr. Yu Bing, was unable to attend the annual general meeting of the Company held on 5 June 2018. Mr. Yu had arranged Mr. Tian Jun, the Executive Director and President of the Company, who is very familiar with the Group's business and operations, to attend and chair the meeting on his behalf. All other Directors, including three independent non-executive Directors, being the chairman/members of the Audit Committee, the Remuneration and Nomination Committee and the Risk Management Committee, together with the external independent auditor, attended the annual general meeting and answered questions from shareholders and investors. All resolutions proposed were duly passed by the shareholders at the meeting.

INVESTOR RELATIONS

In the first half of 2018, the Company organized the results press conference right after the publication of its 2017 annual results. At the same time, we also launched roadshows in Hong Kong, Shenzhen and Beijing to coordinate with the announcement of the annual results respectively. The senior management of the Company and investor relations team participated in the roadshows.

In addition, the Company participated in four investment forums in Hong Kong, Shenzhen and Beijing in the first half of the year. Through the participation in investment forums, the reception of investors' visits and conference calls and various investor activities, the investor relations team interviewed nearly 80 staff from investment institutions. Through active investor relations activities, the investors are given opportunities to fully understand the Group's business, thereby maintaining effective communication between the Company and the market.

SHARE OPTION SCHEME

A share option scheme was conditionally approved and adopted by a written resolution passed by the Company's shareholders on 24 August 2004 (the "Share Option Scheme"). The purposes of the Share Option Scheme are to attract and retain high-caliber personnel to provide them with the opportunity to acquire equity of the Company and to motivate them to higher level of performance. The main terms of the Share Option Scheme are summarized in the 2017 annual report.

Movements of the share options granted under the Share Option Scheme for the six months ended 30 June 2018 are as follows:

		Number of shares subject to share options						
Grantee	Date of grant	Outstanding as at 1 January 2018	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2018	Expiry date (1)	Exercise price per share (HK$)
Directors:								
GUAN Qihong	2 July 2008	428,076	–	–	–	428,076	1 July 2018	2.173
Other employees	2 July 2008	10,958,752	–	(577,903)	–	10,380,849	1 July 2018	2.173

Note:

(1) Each share option has a 10-year exercise period within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her share option (less any number of shares in respect of which the share option has been previously exercised).

The Share Option Scheme expired on 24 August 2014, i.e. at the tenth anniversary since its adoption date. Following the expiration of the Share Option Scheme, no further share options may be granted after that date but the provisions of the Share Option Scheme shall remain in full force and effect.

As at 30 June 2018, the total number of shares issuable under the Share Option Scheme was 10,808,925 shares, representing approximately 0.11% of the Company's existing number of shares in issue.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2018, save as disclosed below, none of the Directors or the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO") which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executive of the Company were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Name of Directors	Capacity	Name of company in which interest are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives [1]	Percentage of issued share capital of the Company (%)	Long/short position
GUAN Qihong	Beneficial owner	the Company	2 July 2008	428,076	0.0044	Long

Notes:

(1) The interests of the above Director in the underlying shares of the Company represent the share options granted to him under the Share Option Scheme by the Company.

(2) The above Director has no interest in any securities of the Company (except for interests held under equity derivatives disclosed above).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2018, to the best knowledge of the Directors, the following substantial shareholders had an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange:

Name of shareholders	Capacity	Number of shares in which interested other than under equity derivatives [4]	Percentage of issued share capital of the Company (%)	Long/short position
China Power Development Limited ("CPDL")	Beneficial owner	2,662,000,000	27.14	Long
Seth Holdings Corporation Limited ("Seth Holdings") [1]	Interest of a controlled corporation	2,662,000,000	27.14	Long
CPI Holding [2]	Interest of a controlled corporation	2,662,000,000	27.14	Long
	Beneficial owner	2,833,518,060	28.89	Long
SPIC [3]	Interest of a controlled corporation	5,495,518,060	56.04	Long

Notes:

(1) On 28 December 2017, CPDL had made an issue of non-voting convertible preferred shares to Seth Holdings pursuant to an agreement entered into between Seth Holdings, CPI Holding and CPDL. If those non-voting convertible preferred shares were fully converted into ordinary shares, Seth Holdings would hold approximately 33.48% of the voting rights in CPDL. As a result of the agreement, Seth Holdings became a beneficial owner of CPDL and therefore Seth Holdings is deemed to be interested in the shares of the Company owned by CPDL for the purposes of the SFO.

(2) CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in the shares of the Company owned by CPDL for the purposes of the SFO.

(3) SPIC is the beneficial owner of CPI Holding and therefore SPIC is deemed to be interested in the shares of the Company owned by CPI Holding for the purposes of the SFO.

(4) SPIC, CPI Holding, Seth Holdings and CPDL do not have any interest in the equity derivatives of the Company.

Save as disclosed above, as at 30 June 2018, no person, other than the Director whose interest is set out in the section "Directors' Interests in Securities" above, had any interest or short position in the shares, underlying shares or debentures of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange.

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

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

PUBLIC FLOAT

As at the date of this report, based on public information available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float, being no less than 25% of the Company's number of shares in issue as required under the Listing Rules.

Report on Review of Condensed Consolidated Financial Statements from Independent Auditor

Deloitte.

德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF
CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Power International Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 82, which comprises the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing 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 Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 August 2018

Condensed Consolidated Income Statement

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue — Goods and services	3	**10,824,171**	9,144,490
Other income	4	**149,706**	194,047
Fuel costs		**(5,034,203)**	(4,219,730)
Depreciation		**(1,891,553)**	(1,655,933)
Staff costs		**(835,546)**	(814,190)
Repairs and maintenance		**(298,372)**	(267,445)
Consumables		**(139,532)**	(103,265)
Other gains and losses, net	5	**61,058**	37,789
Other operating expenses		**(703,231)**	(635,425)
Operating profit	6	**2,132,498**	1,680,338
Finance income	7	**65,291**	26,285
Finance costs	7	**(1,157,616)**	(943,613)
Share of profits of associates		**65,168**	136,546
Share of (losses)/profits of joint ventures		**(5,038)**	5,955
Profit before taxation		**1,100,303**	905,511
Income tax expense	8	**(191,933)**	(165,512)
Profit for the period		**908,370**	739,999
Attributable to:			
Owners of the Company		**606,389**	425,138
Non-controlling interests		**301,981**	314,861
		908,370	739,999
			(restated)
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic	9	**0.06**	0.05
— Diluted	9	**0.06**	0.05

The notes on pages 33 to 82 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	**908,370**	739,999
Other comprehensive expense:		
Item that will not be reclassified to profit or loss:		
Fair value loss on equity instruments at fair value through other comprehensive income, net of tax	**(699,983)**	–
	(699,983)	–
Items that may be reclassified subsequently to profit or loss:		
Fair value loss on:		
— available-for-sale financial assets, net of tax	**–**	(13,623)
— debt instruments at fair value through other comprehensive income, net of tax	**(840)**	–
	(840)	(13,623)
Other comprehensive expense for the period, net of tax	**(700,823)**	(13,623)
Total comprehensive income for the period	**207,547**	726,376
Attributable to:		
Owners of the Company	**(77,904)**	411,515
Non-controlling interests	**285,451**	314,861
Total comprehensive income for the period	**207,547**	726,376

The notes on pages 33 to 82 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Note	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	**83,791,562**	75,118,822
Prepayments for construction of power plants	11	**4,639,566**	3,266,642
Prepaid lease payments	11	**1,063,688**	979,376
Goodwill		**1,125,344**	835,165
Interests in associates		**2,618,051**	2,732,560
Interests in joint ventures		**484,122**	471,845
Equity instruments at fair value through other comprehensive income	12	**2,607,882**	–
Available-for-sale financial assets	12	**–**	3,495,933
Deferred income tax assets		**359,828**	431,878
Other non-current assets	13	**2,464,252**	1,374,432
		99,154,295	88,706,653
Current assets			
Inventories		**646,090**	462,942
Prepaid lease payments	11	**23,520**	23,408
Accounts receivable	14	**2,498,621**	2,642,383
Prepayments, deposits and other receivables		**1,132,923**	1,113,464
Amounts due from related parties	29	**837,825**	452,768
Tax recoverable		**24,430**	27,613
Debt instruments at fair value through other comprehensive income	15	**255,570**	–
Restricted deposits	16	**77,457**	19,582
Cash and cash equivalents		**2,918,663**	4,577,786
		8,415,099	9,319,946
Assets associated with disposal group classified as held for sale	17	**4,374,692**	–
Total assets		**111,944,086**	98,026,599
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	18	**17,268,192**	17,268,192
Reserves	19	**11,688,607**	12,533,688
		28,956,799	29,801,880
Non-controlling interests		**8,064,364**	7,392,579
Total equity		**37,021,163**	37,194,459

The notes on pages 33 to 82 are an integral part of these condensed consolidated financial statements.

	Note	**30 June 2018 RMB'000 (unaudited)**	31 December 2017 RMB'000 (audited)
LIABILITIES			
Non-current liabilities			
Deferred income		**75,914**	101,937
Bank borrowings	20	**36,011,685**	25,089,317
Borrowings from related parties	21	**3,797,400**	2,837,800
Other borrowings	22	**–**	999,544
Obligations under finance leases	23	**762,829**	685,415
Deferred income tax liabilities		**1,421,308**	1,461,717
Provisions for other long-term liabilities	24	**1,043,658**	834,886
		43,112,794	32,010,616
Current liabilities			
Accounts and bills payables	25	**1,039,152**	1,116,348
Construction costs payable		**4,268,617**	3,202,088
Other payables and accrued charges		**1,425,476**	1,269,362
Amounts due to related parties	29	**1,648,674**	1,017,952
Bank borrowings	20	**11,055,863**	15,542,089
Borrowings from related parties	21	**6,059,943**	6,055,106
Other borrowings	22	**1,799,898**	–
Current portion of obligations under finance leases	23	**486,207**	430,759
Tax payable		**165,114**	187,820
		27,948,944	28,821,524
Liabilities associated with disposal group classified as held for sale	17	**3,861,185**	–
Total liabilities		**74,922,923**	60,832,140
Total equity and liabilities		**111,944,086**	98,026,599
Net current liabilities		**19,020,338**	19,501,578
Total assets less current liabilities		**80,133,957**	69,205,075

The notes on pages 33 to 82 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to owners of the Company					
	Share capital (Note 18(a)) RMB'000	Other reserves (Note 19) RMB'000	Retained earnings (Note 19) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2017 (audited)	17,268,192	5,346,485	7,187,203	29,801,880	7,392,579	37,194,459
Adjustments (Note 2.2.2)	–	27,410	–	27,410	16,197	43,607
At 1 January 2018 (restated)	17,268,192	5,373,895	7,187,203	29,829,290	7,408,776	37,238,066
Profit for the period	–	–	606,389	606,389	301,981	908,370
Other comprehensive (expense)/income:						
Fair value loss on equity instruments at fair value through other comprehensive income	–	(911,802)	–	(911,802)	(21,510)	(933,312)
Fair value loss on debt instruments at fair value through other comprehensive income	–	(2,022)	–	(2,022)	(837)	(2,859)
Release on derecognition of debt instruments at fair value through other comprehensive income	–	1,432	–	1,432	307	1,739
Deferred income tax on fair value loss on equity instruments at fair value through other comprehensive income	–	227,951	–	227,951	5,378	233,329
Deferred income tax on fair value loss on debt instruments at fair value through other comprehensive income	–	506	–	506	209	715
Release of deferred income tax on derecognition of debt instruments at fair value through other comprehensive income	–	(358)	–	(358)	(77)	(435)
Total comprehensive (expense)/income for the period	–	(684,293)	606,389	(77,904)	285,451	207,547
Lapse of share options	–	(280)	280	–	–	–
Transfer to statutory reserves	–	79	(79)	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	91,317	91,317
Acquisitions of subsidiaries (Note 28)	–	–	–	–	280,628	280,628
Others	–	(229)	–	(229)	(1,808)	(2,037)
2017 final dividend	–	–	(794,358)	(794,358)	–	(794,358)
Total transactions recognized directly in equity	–	(430)	(794,157)	(794,587)	370,137	(424,450)
At 30 June 2018 (unaudited)	17,268,192	4,689,172	6,999,435	28,956,799	8,064,364	37,021,163

The notes on pages 33 to 82 are an integral part of these condensed consolidated financial statements.

	Attributable to owners of the Company					
	Share capital (Note 18(a)) RMB'000	Other reserves (Note 19) RMB'000	Retained earnings (Note 19) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017 (audited)	13,534,145	6,012,009	7,720,839	27,266,993	7,327,841	34,594,834
Profit for the period	–	–	425,138	425,138	314,861	739,999
Other comprehensive (expense)/income:						
Fair value loss on available-for-sale financial assets	–	(18,164)	–	(18,164)	–	(18,164)
Deferred income tax on fair value loss on available-for-sale financial assets	–	4,541	–	4,541	–	4,541
Total comprehensive (expense)/income for the period	–	(13,623)	425,138	411,515	314,861	726,376
Lapse of share options	–	(6,175)	6,175	–	–	–
Contributions from non-controlling shareholders	–	–	–	–	23,476	23,476
Dividends recognized as distribution to non-controlling shareholders	–	–	–	–	(207,656)	(207,656)
2016 final dividend	–	–	(1,176,826)	(1,176,826)	–	(1,176,826)
Total transactions recognized directly in equity	–	(6,175)	(1,170,651)	(1,176,826)	(184,180)	(1,361,006)
At 30 June 2017 (unaudited)	13,534,145	5,992,211	6,975,326	26,501,682	7,458,522	33,960,204

The notes on pages 33 to 82 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash generated from operations	**3,612,267**	3,372,814
Interest paid	**(1,196,901)**	(969,954)
Income tax paid	**(278,359)**	(283,534)
Net cash generated from operating activities	**2,137,007**	2,119,326
Cash flows from investing activities		
Payments for property, plant and equipment and prepayments for construction of power plants	**(4,341,604)**	(3,851,507)
Payments for prepaid lease payments	**(28,491)**	–
Proceeds from disposal of property, plant and equipment	**7,251**	7,644
Net cash outflow on acquisitions of subsidiaries (Note 28)	**(3,329,878)**	–
Repayment from related parties	**100,000**	–
Dividend received	**181,439**	518,738
Interest received	**65,291**	19,272
Increase in restricted deposits	**(56,645)**	(808)
Decrease in restricted deposits	**1,070**	160
Net cash used in investing activities	**(7,401,567)**	(3,306,501)
Cash flows from financing activities		
Drawdown of bank borrowings	**13,645,291**	11,046,900
Drawdown of other borrowings	**800,000**	–
Drawdown of borrowings from related parties	**6,121,813**	2,191,000
Drawdown of obligations under finance leases	**200,000**	–
Contributions from non-controlling shareholders	**91,317**	23,476
Repayment of bank borrowings	**(11,553,993)**	(6,010,006)
Repayment of borrowings from related parties	**(4,522,156)**	(714,000)
Repayment of other borrowings	**–**	(3,003,649)
Payments for obligations under finance leases	**(359,297)**	(233,100)
Dividend paid	**(811,912)**	(1,166,228)
Dividends paid to non-controlling shareholders	**–**	(198,578)
Net cash generated from financing activities	**3,611,063**	1,935,815
Net (decrease)/increase in cash and cash equivalents	**(1,653,497)**	748,640
Cash and cash equivalents at the beginning of the period	**4,577,786**	1,809,415
Exchange gains/(losses), net	**137**	(10,441)
Cash and cash equivalents at the end of the period	**2,924,426**	2,547,614

The notes on pages 33 to 82 are an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

(a) The condensed consolidated financial statements of China Power International Development Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017 as well as with the applicable disclosure requirements of the Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

(b) The financial information relating to the year ended 31 December 2017 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

- The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(c) These condensed consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and have been approved by the board of Directors (the "Board") on 23 August 2018.

(d) These condensed consolidated financial statements have not been audited.

2. PRINCIPAL ACCOUNTING POLICIES

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies applied are consistent with those used in the annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

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

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

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

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers"

The Group has applies HKFRS 15 "Revenue from Contracts with Customers" for the first time in the current period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognizes revenue from sales of electricity to regional and provincial power grid companies and provision of power generation and related services.

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers" *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognizing revenue:

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

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

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

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

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

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

2.1.2 Summary of effects arising from initial application of HKFRS 15

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities and (2) expected credit losses ("ECL") for financial assets.

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

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

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

<u>Classification and measurement of financial assets</u>

Accounts receivable arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognized financial assets that are within the scope of HKFRS 9 are subsequently measured at amortized cost or fair value, including unquote equity investments measured at cost less impairment under HKAS 39.

Debts instruments that meet the following conditions are subsequently measured at amortized cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" *(Continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

<u>Classification and measurement of financial assets *(Continued)*</u>

Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowance are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these debt instruments had been measured at amortized cost. When these debt instruments are derecognized the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

Equity instruments designated as at FVTOCI

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

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

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

The directors of the Company (the "Directors") reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement in the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" *(Continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Impairment under ECL model

The Group recognizes a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including accounts receivable, other receivables, deposits, amounts due from related parties, debt instruments at FVTOCI, restricted deposits and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations, the credit risk on a financial instrument is considered low.

Significant increase in credit risk

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" *(Continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Impairment under ECL model *(Continued)*

Significant increase in credit risk (Continued)

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

- an actual or expected significant deterioration in the financial instruments external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" *(Continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Impairment under ECL model *(Continued)*

Measurement and recognition of ECL

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

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

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

Except for debt instruments that are measured at FVTOCI, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable where the corresponding adjustment is recognized through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognized in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments.

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" *(Continued)*

2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Note	Available-for-sale financial assets RMB'000	Equity instruments at FVTOCI RMB'000	Debt instruments at FVTOCI RMB'000	Amortized cost (previously classified as loans and receivables included in accounts receivable) RMB'000	Deferred income tax assets/ (liabilities) RMB'000	Available-for-sale financial assets/ FVTOCI reserve (Note 19) RMB'000	Non-controlling interests RMB'000
Balance at 31 December 2017 — HKAS 39		3,495,933	–	–	157,607	(507,701)	1,408,395	–
Effects arising from initial application of HKFRS 9:								
Reclassification								
From available-for-sale financial assets	(a)	(3,495,933)	3,495,933	–	–	–	–	–
From loans and receivables (included in accounts receivable)	(b)	–	–	157,607	(157,607)	–	–	–
Remeasurement								
From cost less impairment to fair value	(a)	–	60,357	–	–	(15,090)	28,709	16,558
From amortized cost to fair value	(b)	–	–	(2,213)	–	553	(1,299)	(361)
Balance at 1 January 2018		–	3,556,290	155,394	–	(522,238)	1,435,805	16,197

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" *(Continued)*

2.2.2 Summary of effects arising from initial application of HKFRS9 *(Continued)*

(a) Available-for-sale financial assets

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

(b) Loans and receivables

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of HKFRS 9

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

	31 December 2017 RMB'000 (audited)	Reclassification and remeasurement arising from the application of HKFRS 9 RMB'000	**1 January 2018 RMB'000 (restated)**
Non-current assets			
Available-for-sale financial assets	3,495,933	(3,495,933)	**–**
Equity instruments at FVTOCI	–	3,556,290	**3,556,290**
Deferred income tax assets	431,878	553	**432,431**
Others with no adjustments	84,778,842	–	**84,778,842**
	88,706,653	60,910	**88,767,563**
Current assets			
Accounts receivable	2,642,383	(157,607)	**2,484,776**
Debt instruments at FVTOCI	–	155,394	**155,394**
Others with no adjustments	6,677,563	–	**6,677,563**
	9,319,946	(2,213)	**9,317,733**
Current liabilities	28,821,524	–	**28,821,524**
Net current liabilities	19,501,578	2,213	**19,503,791**
Total assets less current liabilities	69,205,075	58,697	**69,263,772**
Equity			
Share capital	17,268,192	–	**17,268,192**
Reserves	12,533,688	27,410	**12,561,098**
Non-controlling interests	7,392,579	16,197	**7,408,776**
Total equity	37,194,459	43,607	**37,238,066**
Non-current liabilities			
Deferred income tax liabilities	1,461,717	15,090	**1,476,807**
Others with no adjustments	30,548,899	–	**30,548,899**
	32,010,616	15,090	**32,025,706**

3. TURNOVER, REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Types of goods and services:		
Sales of electricity to regional and provincial power grid companies (note (a))	**10,809,125**	9,133,706
Provision of power generation and related services (note (b))	**15,046**	10,784
	10,824,171	9,144,490
Timing of revenue recognition:		
At a point in time	**10,824,171**	9,144,490
	10,824,171	9,144,490

Notes:

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

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

3. TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information

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

During the six months ended 30 June 2017, "Generation and sales of coal-fired electricity", "Generation and sales of hydropower electricity" and "Generation and sales of wind and photovoltaic power electricity" in the PRC were the reportable segments of the Group meeting the quantitative thresholds required by HKFRS 8.

During the year ended 31 December 2017, management has concluded that the "Generation and sales of wind and photovoltaic power electricity" segment should be reported separately, namely "Generation and sales of wind power electricity" and "Generation and sales of photovoltaic power electricity", which are both high potential growth businesses of the Group and therefore, are assessed and monitored separately by the CODM and during the six months ended 30 June 2018, both "Generation and sales of wind power electricity" and "Generation and sales of photovoltaic power electricity" segments met the quantitative threshold required by HKFRS 8. Accordingly, the comparative figures have been restated to reflect such change.

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

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

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

3. TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Six months ended 30 June 2018 (unaudited)						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue							
Sales of electricity	7,509,076	2,356,793	364,932	578,324	10,809,125	–	10,809,125
Provision of power generation and related services	10,233	–	–	4,813	15,046	–	15,046
	7,519,309	2,356,793	364,932	583,137	10,824,171	–	10,824,171
Segment results	467,187	1,205,059	178,920	334,210	2,185,376	–	2,185,376
Unallocated income	–	–	–	–	–	122,301	122,301
Unallocated expenses	–	–	–	–	–	(175,179)	(175,179)
Operating profit/(loss)	467,187	1,205,059	178,920	334,210	2,185,376	(52,878)	2,132,498
Finance income	732	1,892	319	675	3,618	61,673	65,291
Finance costs	(379,804)	(536,889)	(81,260)	(67,369)	(1,065,322)	(92,294)	(1,157,616)
Share of profits of associates	37,039	–	–	9,864	46,903	18,265	65,168
Share of losses of joint ventures	(2,163)	–	–	–	(2,163)	(2,875)	(5,038)
Profit/(loss) before taxation	122,991	670,062	97,979	277,380	1,168,412	(68,109)	1,100,303
Income tax (expense)/credit	(28,864)	(154,029)	(5,164)	1,609	(186,448)	(5,485)	(191,933)
Profit/(loss) for the period	94,127	516,033	92,815	278,989	981,964	(73,594)	908,370
Other segment information							
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure							
— Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	1,456,318	303,099	1,085,515	359,424	3,204,356	70,916	3,275,272
Depreciation of property, plant and equipment	843,660	688,667	157,658	196,342	1,886,327	5,226	1,891,553
Amortization of prepaid lease payments	7,085	3,109	511	1,043	11,748	832	12,580
Loss on disposal of property, plant and equipment, net	29	–	–	–	29	–	29

3. TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	As at 30 June 2018 (unaudited)						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets							
Other segment assets	34,610,424	40,197,769	12,293,709	9,721,816	96,823,718	–	96,823,718
Assets associated with disposal group classified as held for sale	4,374,692	–	–	–	4,374,692	–	4,374,692
Goodwill	67,713	1,018,393	39,238	–	1,125,344	–	1,125,344
Interests in associates	2,102,345	–	–	137,794	2,240,139	377,912	2,618,051
Interests in joint ventures	399,046	–	–	–	399,046	85,076	484,122
	41,554,220	41,216,162	12,332,947	9,859,610	104,962,939	462,988	105,425,927
Equity instruments at FVTOCI	–	–	–	–	–	2,607,882	2,607,882
Deferred income tax assets	–	–	–	–	–	359,828	359,828
Other unallocated assets	–	–	–	–	–	3,550,449	3,550,449
Total assets per condensed consolidated statement of financial position	41,554,220	41,216,162	12,332,947	9,859,610	104,962,939	6,981,147	111,944,086
Segment liabilities							
Other segment liabilities	(4,447,143)	(2,646,393)	(1,420,790)	(1,601,615)	(10,115,941)	–	(10,115,941)
Liabilities associated with disposal group classified as held for sale	(3,861,185)	–	–	–	(3,861,185)	–	(3,861,185)
Borrowings	(19,408,860)	(25,775,926)	(7,842,934)	(3,014,395)	(56,042,115)	(2,682,674)	(58,724,789)
	(27,717,188)	(28,422,319)	(9,263,724)	(4,616,010)	(70,019,241)	(2,682,674)	(72,701,915)
Deferred income tax liabilities	–	–	–	–	–	(1,421,308)	(1,421,308)
Tax payable	–	–	–	–	–	(165,114)	(165,114)
Other unallocated liabilities	–	–	–	–	–	(634,586)	(634,586)
Total liabilities per condensed consolidated statement of financial position	(27,717,188)	(28,422,319)	(9,263,724)	(4,616,010)	(70,019,241)	(4,903,682)	(74,922,923)

3. TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Six months ended 30 June 2017 (unaudited)						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000 (restated)	Photovoltaic power electricity RMB'000 (restated)	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue							
Sales of electricity	6,129,276	2,601,797	176,529	226,104	9,133,706	–	9,133,706
Provision of power generation and related services	9,956	–	–	828	10,784	–	10,784
	6,139,232	2,601,797	176,529	226,932	9,144,490	–	9,144,490
Segment results	(28,975)	1,651,396	67,673	127,470	1,817,564	–	1,817,564
Unallocated income	–	–	–	–	–	113,237	113,237
Unallocated expenses	–	–	–	–	–	(250,463)	(250,463)
Operating (loss)/profit	(28,975)	1,651,396	67,673	127,470	1,817,564	(137,226)	1,680,338
Finance income	15,890	718	3,572	802	20,982	5,303	26,285
Finance costs	(360,138)	(507,893)	(43,758)	(37,817)	(949,606)	5,993	(943,613)
Share of profits of associates	117,682	–	–	2,648	120,330	16,216	136,546
Share of profits/(losses) of joint ventures	8,242	–	–	–	8,242	(2,287)	5,955
(Loss)/profit before taxation	(247,299)	1,144,221	27,487	93,103	1,017,512	(112,001)	905,511
Income tax credit/(expense)	53,598	(253,911)	(2,233)	3,032	(199,514)	34,002	(165,512)
(Loss)/profit for the period	(193,701)	890,310	25,254	96,135	817,998	(77,999)	739,999
Other segment information							
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure							
— Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	1,592,231	201,733	662,890	1,296,049	3,752,903	40,905	3,793,808
Depreciation of property, plant and equipment	891,202	612,529	86,931	60,166	1,650,828	5,105	1,655,933
Amortization of prepaid lease payments	5,713	4,059	220	371	10,363	974	11,337
Loss on disposal of property, plant and equipment, net	–	125	–	–	125	–	125

3. TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	As at 31 December 2017 (audited)						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets							
Other segment assets	38,442,589	34,827,300	5,111,016	6,607,613	84,988,518	–	84,988,518
Goodwill	67,712	767,453	–	–	835,165	–	835,165
Interests in associates	2,227,179	–	840	109,807	2,337,826	394,734	2,732,560
Interests in joint ventures	401,209	–	–	–	401,209	70,636	471,845
	41,138,689	35,594,753	5,111,856	6,717,420	88,562,718	465,370	89,028,088
Available-for-sale financial assets	–	–	–	–	–	3,495,933	3,495,933
Deferred income tax assets	–	–	–	–	–	431,878	431,878
Other unallocated assets	–	–	–	–	–	5,070,700	5,070,700
Total assets per condensed consolidated statement of financial position	41,138,689	35,594,753	5,111,856	6,717,420	88,562,718	9,463,881	98,026,599
Segment liabilities							
Other segment liabilities	(4,607,334)	(2,206,593)	(365,848)	(633,741)	(7,813,516)	–	(7,813,516)
Borrowings	(22,685,234)	(22,208,106)	(3,104,620)	(2,497,897)	(50,495,857)	(27,999)	(50,523,856)
	(27,292,568)	(24,414,699)	(3,470,468)	(3,131,638)	(58,309,373)	(27,999)	(58,337,372)
Deferred income tax liabilities	–	–	–	–	–	(1,461,717)	(1,461,717)
Tax payable	–	–	–	–	–	(187,820)	(187,820)
Other unallocated liabilities	–	–	–	–	–	(845,231)	(845,231)
Total liabilities per condensed consolidated statement of financial position	(27,292,568)	(24,414,699)	(3,470,468)	(3,131,638)	(58,309,373)	(2,522,767)	(60,832,140)

4. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Rental income	**28,869**	28,279
Hotel operations income	**13,793**	14,727
Income from provision of repairs and maintenance services	**28,246**	25,524
Dividend income (Note 29(a))	**72,658**	71,133
Income from provision of IT and other services	**4,176**	9,282
Value-added tax ("VAT") refund	**1,964**	45,102
	149,706	194,047

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of deferred income	**2,005**	1,794
Government subsidies	**12,428**	2,324
Loss on disposal of property, plant and equipment, net	**(29)**	(125)
Fair value change on derivative financial instruments	**–**	(110,547)
Sales of unused power production quota	**28,128**	107,882
Profits on sales of heat and trading of coal, coal by-products and spare parts	**21,629**	29,107
Others	**(3,103)**	7,354
	61,058	37,789

6. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of prepaid lease payments	**12,580**	11,337
Depreciation:		
— owned property, plant and equipment	**1,858,744**	1,612,927
— property, plant and equipment under finance leases	**32,809**	43,006
Operating lease rental expenses:		
— equipment	**1,307**	1,099
— leasehold land and buildings	**37,752**	28,419

7. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Finance income		
Interest income from bank deposits	**61,558**	15,965
Interest income from related parties (Note 29(a))	**3,733**	10,320
	65,291	26,285
Finance costs		
Interest expense on		
— bank borrowings	**996,070**	772,883
— long-term borrowings from related parties (Note 29(b))	**167,270**	114,960
— short-term borrowings from related parties (Note 29(b))	**54,807**	15,448
— long-term other borrowings	**23,255**	55,023
— short-term other borrowings	**8,218**	45,456
— amounts due to related parties (Note 29(b))	**1,504**	1,785
— obligations under finance leases	**37,391**	27,248
— provisions for other long-term liabilities (Note 24)	**40,395**	43,584
	1,328,910	1,076,387
Less: amounts capitalized	**(212,277)**	(91,548)
	1,116,633	984,839
Exchange losses/(gains), net	**40,983**	(41,226)
	1,157,616	943,613

The weighted average interest rate on capitalized borrowings is approximately 4.72% (2017: 4.44%) per annum.

8. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the six months ended 30 June 2018 (2017: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2017: 25%) on the estimated assessable profits for the six months ended 30 June 2018 except as disclosed below.

The amount of income tax recognized represents:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC current income tax		
Charge for the period	**244,089**	278,104
Under provision in prior year	**5,652**	185
	249,741	278,289
Deferred income tax		
Credit for the period	**(57,808)**	(112,777)
	191,933	165,512

Share of income tax charge attributable to associates and joint ventures for the six months ended 30 June 2018 of RMB20,550,000 (2017: RMB45,677,000) were included in the Group's share of profits of associates and share of losses/profits of joint ventures for the period.

For the six months ended 30 June 2018 and 2017, certain subsidiaries of the Group were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 12.5% or 15%.

9. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
		(restated)
Profit attributable to owners of the Company (RMB'000)	**606,389**	425,138
Weighted average number of shares in issue (shares in thousands) (note)	**9,806,886**	7,871,428
Basic earnings per share (RMB) (note)	**0.06**	0.05

9. EARNINGS PER SHARE *(Continued)*

(b) Diluted

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

For the six months ended 30 June 2018, the computation of diluted earnings per share did not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market share price of the Company's shares during the six months ended 30 June 2018.

For the six months ended 30 June 2017, the Company has share options that are dilutive potential ordinary shares, and a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2018	2017
	(unaudited)	(unaudited)
		(restated)
Profit attributable to owners of the Company (RMB'000)	**606,389**	425,138
Weighted average number of shares in issue (shares in thousands) (note)	**9,806,886**	7,871,428
Adjustment for share options (shares in thousands) (note)	**–**	2,959
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands) (note)	**9,806,886**	7,874,387
Diluted earnings per share (RMB) (note)	**0.06**	0.05

Note: These comparative figures have been restated to reflect the effect of Rights Issue (as defined in Note 18(a)).

10. DIVIDEND

During the six months ended 30 June 2018, a final dividend of RMB0.081 (equivalent to HK$0.1006) per ordinary share for the year ended 31 December 2017 (2017: a final dividend of RMB0.160 (equivalent to HK$0.1805) per ordinary share for the year ended 31 December 2016) was declared and paid to the owners of the Company.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

11. CAPITAL EXPENDITURE

During the six months ended 30 June 2018, the Group acquired property, plant and equipment and made prepayments for construction of power plants and prepaid lease payments which in aggregate amounted to RMB3,275,272,000 (2017: RMB3,793,808,000).

As at 30 June 2018, certain property, plant and equipment and prepaid lease payments of the Group with carrying amounts of RMB508,506,000 (31 December 2017: RMB529,311,000) and RMB31,123,000 (31 December 2017: RMB31,690,000) respectively are pledged as security for certain long-term bank borrowings of the Group (Note 20(d)).

12. EQUITY INSTRUMENTS AT FVTOCI/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Equity instruments at FVTOCI (2017: Available-for-sale financial assets):		
— Unlisted equity investments in the PRC (note)	**159,292**	175,442
— Listed equity securities in the PRC		
— Shanghai Electric Power Co., Ltd. ("Shanghai Power")	**2,448,590**	3,320,491
	2,607,882	3,495,933

Note: Upon the application of HKFRS 9 on 1 January 2018, unlisted equity investments of the Group, that were previously measured at cost less impairment under HKAS 39, have been measured at fair value.

13. OTHER NON-CURRENT ASSETS

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Deductible VAT and other taxes	**1,301,745**	716,996
Accounts receivable (Note 14)	**1,151,042**	588,940
Deposits for obligations under finance leases	**10,000**	3,242
Prepayment for proposed acquisition of a subsidiary (Note 28(b))	**–**	63,682
Others	**1,465**	1,572
	2,464,252	1,374,432

14. ACCOUNTS RECEIVABLE

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Accounts receivable from regional and provincial power grid companies (notes (b) and (c))	3,633,419	3,057,995
Accounts receivable from other companies (note (b))	7,004	6,785
	3,640,423	3,064,780
Notes receivable (note (d))	9,240	166,543
	3,649,663	3,231,323
Analyzed for reporting purpose as:		
— Non-current (included in other non-current assets) (note (c))	1,151,042	588,940
— Current	2,498,621	2,642,383
	3,649,663	3,231,323

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) Upon the application of HKFRS 9 on 1 January 2018, the Group applies simplified approach to provide for ECL prescribed by HKFRS 9. To measure the ECL of accounts receivable, accounts and notes receivables have been assessed individually. The loss allowance of the accounts receivable as at 30 June 2018 was insignificant.

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
1 to 3 months	2,938,423	2,564,247
4 to 6 months	231,313	207,592
7 to 12 months	392,485	227,448
Over 1 year	277,037	65,493
	3,839,258	3,064,780

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

14. ACCOUNTS RECEIVABLE *(Continued)*

Notes: *(Continued)*

(c) As at 30 June 2018, accounts receivable from regional and provincial power grid companies include clean energy power price premium receivable of RMB1,366,446,000 (31 December 2017: RMB724,378,000), which is wind and photovoltaic power price premium receivable.

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

The financial resource for the clean energy power price premium is the national renewable energy fund that accumulated through a special levy on the consumption of electricity. Pursuant to Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, the standardized application and approval procedures on a project by project basis for the settlement of the tariff premium came into force since 2012, and such applications are accepted and approved batch by batch at intervals.

Based on the above, the Directors estimated that there are no foreseeable obstacles that would lead to the application not being approved. It is expected that the approval of the Group's certain wind and photovoltaic power projects will be obtained after 30 June 2019 (31 December 2017: obtained after 31 December 2018), therefore the corresponding premium receivables are estimated to be recovered after twelve months from the reporting date and are discounted at an effective annual interest rate of 4.75% (31 December 2017: 4.75%) to RMB1,151,042,000 (31 December 2017: RMB588,940,000).

(d) As at 30 June 2018, notes receivable were bank acceptance notes issued by third parties and were normally with maturity period within 360 days (31 December 2017: 360 days).

(e) As at 30 June 2018, accounts receivable that were past due but not impaired amounted to RMB900,835,000 (31 December 2017: RMB500,533,000), which mainly represented the wind and photovoltaic power price premium. The Directors consider that there has not been a significant change in credit risk and there was no impairment in view of the creditability of the debtors and the continuing repayment from these debtors.

(f) As at 30 June 2018, certain bank borrowings, long-term borrowings from related parties (including SPIC Financial Company Limited ("SPIC Financial"), a company controlled by State Power Investment Corporation Limited ("SPIC")), and obligation under finance leases (Notes 20(d), 21(b), 21(c) and 23) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these debts as at 30 June 2018 amounted to RMB1,341,043,000 (31 December 2017: RMB1,125,299,000).

15. DEBT INSTRUMENTS AT FVTOCI

Upon the application of HKFRS 9 on 1 January 2018, certain notes receivable of the Group that previously measured at amortized cost under HKAS 39, have been reclassified to debt instruments at FVTOCI and measured at fair value. As at 30 June 2018, debt instruments at FVTOCI represent notes receivable issued by third parties and were normally with maturity period within 360 days (31 December 2017: 360 days).

For the six months ended 30 June 2018, accounts payables and amounts due to related parties of RMB235,711,000 (2017: RMB144,831,000) and RMB173,681,000 (2017: RMB171,906,000) respectively have been settled through notes receivables included in debt instruments at FVTOCI endorsed to the relevant suppliers.

16. RESTRICTED DEPOSITS

Restricted deposits mainly include restricted cash deposits and bank deposits pledged as securities, which are interest bearing at rates ranged from 0.30% to 1.75% (2017: ranged 0.30% to 4.68%) per annum.

17. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

During the six months ended 30 June 2018, the Directors has resolved to participate in formation of a joint venture in Shanxi Province of the PRC by injecting its 80% interest in China Power Shentou Power Generating Company Limited ("CP Shentou") as part of its capital contribution. Accordingly, the assets and liabilities attributable to CP Shentou have been classified as a disposal group held for sale and are separately presented in the condensed consolidated statement of financial position. The operations of CP Shentou is included in the Group's "Generation and sales of coal-fired electricity" segment for segment reporting.

The sales proceeds are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognized.

Major classes of assets and liabilities of CP Shentou as at 30 June 2018 are as follows:

	30 June 2018 RMB'000 (unaudited)
Property, plant and equipment	3,816,406
Prepaid lease payments	135,352
Equity instruments at FVTOCI — unlisted equity investments in PRC	15,096
Deferred income tax assets	131,576
Accounts receivable (Note 14)	198,835
Prepayments, deposits and other receivables	24,214
Amounts due from related parties	2,523
Debt instruments at FVTOCI	7,510
Cash and cash equivalents	5,763
Other assets	37,417
Total assets associated with disposal group classified as held for sale	4,374,692
Deferred income	23,660
Long-term bank borrowings (Note 20) (note)	1,542,110
Long-term borrowings from SPIC (Note 21(a)) (note)	900,000
Accounts payables (Note 25)	38,941
Construction costs payable	92,371
Other payables and accrued charges	147,091
Amounts due to related parties	232,012
Short-term bank borrowings (Note 20)	585,000
Short-term borrowings from China Power International Holding Limited ("CPI Holding") (Note 21(f))	300,000
Total liabilities associated with disposal group classified as held for sale	3,861,185

Cumulative amount of RMB4,293,000 relating to the disposal group classified as held for sale has been recognized in other comprehensive income and included in FVTOCI reserve.

Note: Current portion of long-term bank borrowings and long-term borrowings from a related party amounted to RMB557,230,000 and RMB400,000,000 respectively.

18. SHARE CAPITAL

(a) Share capital

On 15 December 2017, the Company allotted and issued 2,451,721,580 new shares on the basis of one rights share for every three then existing shares held at the subscription price of HK$1.82 per rights share to those qualifying shareholders whose names appeared on the register of members of the Company at the close of business on 22 November 2017 ("Rights Issue"). These shares rank pari passu in all respects with the existing shares. The gross proceeds and net of expenses proceeds from the Rights Issue amounted to HK$4,462,133,000 (equivalent to RMB3,777,107,000) and HK$4,411,284,000 (equivalent to RMB3,734,047,000) respectively. After the Rights Issue, the total number of shares of the Company increased to 9,806,886,321. There are no movements in the number of shares of the Company from 15 December 2017 to the date of this report.

(b) Share option scheme

Pursuant to the written resolutions passed by the shareholders of the Company on 24 August 2004, a share option scheme was approved and adopted by the Company (the "Share Option Scheme").

Details of the share options granted under the Share Option Scheme outstanding as at 30 June 2018 are as follows:

Date of grant	Expiry date	Exercise price	30 June 2018 (unaudited) Number of outstanding share options
Directors			
2 July 2008	1 July 2018	HK$2.173	**428,076**
Senior management and other employees			
2 July 2008	1 July 2018	HK$2.173	**10,380,849**
			10,808,925

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	30 June 2018 (unaudited)	
	Average exercise price per share (HK$)	**Number of outstanding share options**
At 1 January	**2.173**	**11,386,828**
Lapsed	**2.173**	**(577,903)**
At 30 June	**2.173**	**10,808,925**

As at 30 June 2018, all outstanding share options were vested and exercisable.

19. RESERVES

	Merger reserve RMB'000	Capital reserve RMB'000	Available-for-sale financial assets/ FVTOCI reserve RMB'000	Statutory reserves RMB'000	Share based compensation reserve RMB'000	Others RMB'000	Other reserves sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
At 31 December 2017 (audited)	306,548	2,262,848	1,408,395	1,097,568	5,477	265,649	5,346,485	7,187,203	12,533,688
Adjustments (Note 2.2.2)	–	–	27,410	–	–	–	27,410	–	27,410
At 1 January 2018 (restated)	306,548	2,262,848	1,435,805	1,097,568	5,477	265,649	5,373,895	7,187,203	12,561,098
Profit for the period	–	–	–	–	–	–	–	606,389	606,389
Fair value loss on equity instruments at FVTOCI	–	–	(911,802)	–	–	–	(911,802)	–	(911,802)
Fair value loss on debt instruments at FVTOCI	–	–	(2,022)	–	–	–	(2,022)	–	(2,022)
Release on derecognition of debt instruments at FVTOCI	–	–	1,432	–	–	–	1,432	–	1,432
Deferred income tax on fair value loss on equity instruments at FVTOCI	–	–	227,951	–	–	–	227,951	–	227,951
Deferred income tax on fair value loss on debt instruments at FVTOCI	–	–	506	–	–	–	506	–	506
Release of deferred income tax on derecognition of debt instruments at FVTOCI	–	–	(358)	–	–	–	(358)	–	(358)
Lapse of share options	–	–	–	–	(280)	–	(280)	280	–
Transfer to statutory reserves	–	–	–	–	–	79	79	(79)	–
Others	–	(229)	–	–	–	–	(229)	–	(229)
2017 final dividend	–	–	–	–	–	–	–	(794,358)	(794,358)
At 30 June 2018 (unaudited)	306,548	2,262,619	751,512	1,097,568	5,197	265,728	4,689,172	6,999,435	11,688,607
At 1 January 2017 (audited)	306,548	2,262,848	2,225,802	937,074	13,889	265,848	6,012,009	7,720,839	13,732,848
Profit for the period	–	–	–	–	–	–	–	425,138	425,138
Fair value loss on available-for-sale financial assets	–	–	(18,164)	–	–	–	(18,164)	–	(18,164)
Deferred income tax on fair value loss on available-for-sale financial assets	–	–	4,541	–	–	–	4,541	–	4,541
Lapse of share options	–	–	–	–	(6,175)	–	(6,175)	6,175	–
2016 final dividend	–	–	–	–	–	–	–	(1,176,826)	(1,176,826)
At 30 June 2017 (unaudited)	306,548	2,262,848	2,212,179	937,074	7,714	265,848	5,992,211	6,975,326	12,967,537

20. BANK BORROWINGS

Bank borrowings are analyzed as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Non-current		
Long-term bank borrowings		
— secured (note (d))	**18,212,398**	13,516,324
— unsecured (note (e))	**21,887,859**	18,059,990
	40,100,257	31,576,314
Less: Current portion of long-term bank borrowings	**(4,088,572)**	(6,486,997)
	36,011,685	25,089,317
Current		
Short-term bank borrowings — unsecured	**6,967,291**	9,055,092
Current portion of long-term bank borrowings	**4,088,572**	6,486,997
	11,055,863	15,542,089
	47,067,548	40,631,406

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
RMB	**46,164,062**	36,766,800
Japanese Yen ("JPY")	**356,874**	352,994
United States Dollars ("USD")	**2,673,722**	3,511,612
	49,194,658	40,631,406

20. BANK BORROWINGS *(Continued)*

Notes: *(Continued)*

(b) The repayment terms of the long-term bank borrowings are analyzed as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within one year	**4,645,802**	6,486,997
Between one and two years	**5,714,294**	3,223,934
Between two and five years	**14,172,780**	10,715,990
Over five years	**17,109,491**	11,149,393
	41,642,367	31,576,314

(c) The effective interest rates of the Group's bank borrowings are as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Short-term bank borrowings	**4.29%**	4.04%
Long-term bank borrowings (including the current portion of long-term bank borrowings)	**4.41%**	4.47%

(d) As at 30 June 2018, the bank borrowings of the Group are secured as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Secured against the rights on accounts receivable of certain subsidiaries (Note 14(f))	**17,969,528**	13,258,504
Secured against property, plant and equipment and prepaid lease payments of certain subsidiaries (Note 11)	**242,870**	257,820
	18,212,398	13,516,324

(e) As at 30 June 2018, bank borrowings amounting to RMB356,874,000 (31 December 2017: RMB352,994,000) are guaranteed by Hunan Provincial Finance Bureau.

21. BORROWINGS FROM RELATED PARTIES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Non-current		
Long-term borrowings from SPIC (note (a))	**4,174,111**	5,374,111
Long-term borrowings from SPIC Financial (note (b))	**2,118,200**	1,358,600
Long-term borrowings from other related party (note (c))	**400,000**	–
	6,692,311	6,732,711
Less: Current portion of long-term borrowings from SPIC	**(2,644,111)**	(3,894,111)
Less: Current portion of long-term borrowings from SPIC Financial	**(250,800)**	(800)
	3,797,400	2,837,800
Current		
Short-term borrowings from SPIC Financial (note (d))	**500,000**	–
Short-term borrowings from SPIC (note (e))	**300,000**	1,750,000
Short-term borrowings from CPI Holding (note (f))	**1,550,000**	–
Short-term borrowings from other related parties (note (g))	**815,032**	410,195
Current portion of long-term borrowings from SPIC (note (a))	**2,644,111**	3,894,111
Current portion of long-term borrowings from SPIC Financial (note (b))	**250,800**	800
	6,059,943	6,055,106
	9,857,343	8,892,906

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

(a) The long-term borrowings from SPIC are unsecured, interest bearing at rates ranged from 2.88% to 5.58% (31 December 2017: ranged from 2.88% to 5.58%) per annum and are wholly repayable within five years. These borrowings are repayable as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within one year	**3,044,111**	3,894,111
Between one and two years	**700,000**	700,000
Between two and five years	**1,330,000**	780,000
	5,074,111	5,374,111

21. BORROWINGS FROM RELATED PARTIES *(Continued)*

Notes: *(Continued)*

(b) The long-term borrowings from SPIC Financial of RMB8,200,000 (31 December 2017: RMB8,600,000) are secured against the rights on accounts receivable of a subsidiary (Note 14(f)), interest bearing at 4.41% (31 December 2017: 4.41%) per annum. The remaining balances are unsecured and interest bearing at rates ranged from 4.28% to 5.50% (31 December 2017: ranged from 3.92% to 4.28%) per annum.

The repayment terms of these borrowings are analyzed as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within one year	**250,800**	800
Between one and two years	**660,800**	410,800
Between two and five years	**1,202,400**	942,400
Over five years	**4,200**	4,600
	2,118,200	1,358,600

(c) The balance represents long-term borrowings from an associate of SPIC, which is secured against the rights on accounts receivable of a subsidiary (Note 14(f)) and interest bearing at 6.37% (31 December 2017: Nil) per annum.

(d) The short-term borrowings from SPIC Financial as at 30 June 2018 are unsecured, interest bearing at 4.57% (31 December 2017: 3.92%) per annum and repayable within one year.

(e) The short-term borrowings from SPIC as at 30 June 2018 are unsecured, interest bearing at 4.90% (31 December 2017: ranged from 2.94% to 4.45%) per annum and repayable within one year.

(f) The short-term borrowings from CPI Holding as at 30 June 2018 are unsecured, interest ranged from 4.35% to 4.40% (31 December 2017: Nil) per annum and repayable within one year.

(g) The balances represent short-term borrowings from a fellow subsidiary and companies controlled by SPIC. Of which, RMB230,000,000 (31 December 2017: Nil) are secured against the rights on equity interests in certain subsidiaries, interest bearing at 7.50% (31 December 2017: Nil) per annum. The remaining balances are unsecured and interest bearing at rates ranged from 3.92% to 4.35% (31 December 2017: 4.35%) per annum and repayable within one year.

22. OTHER BORROWINGS

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Non-current		
Corporate bonds issued by a subsidiary (note (a))	999,898	999,544
Less: Amounts reclassified as current (note (a))	(999,898)	–
	–	999,544
Current		
Corporate bonds issued by a subsidiary reclassified as current (note (a))	999,898	–
Super short-term commercial papers issued by a subsidiary (note (b))	800,000	–
	1,799,898	–
	1,799,898	999,544

Notes:

(a) Balance represents certain long-term corporate bonds issued by Wu Ling Power Corporation ("Wu Ling Power") for a term of 10 years from April 2009 which are interest bearing at 4.60% per annum. These bonds are guaranteed by SPIC.

(b) Balance represents two tranches of the super short-term commercial papers issued by Wu Ling Power in March and April 2018, with amounts of RMB300,000,000 and RMB500,000,000 respectively, for a term of 180 days which are interests bearing at 4.93% and 4.78% per annum respectively. The super short-term commercial papers are unsecured and denominated in RMB.

23. OBLIGATIONS UNDER FINANCE LEASES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Obligations under finance leases	1,249,036	1,116,174
Less: Current portion of obligations under finance leases	(486,207)	(430,759)
Non-current portion of obligations under finance leases	762,829	685,415

Notes:

(a) The balance as at 30 June 2018 includes certain finance lease agreements entered into with a related party, namely CPI Ronghe Financial Leasing Co., Ltd., to acquire property, plant and equipment amounted to RMB164,258,000 are secured against the rights on account receivable of certain subsidiaries (Note 14(f)).

(b) The Group entered into three finance lease agreements during the six months ended 30 June 2018 to acquire property, plant and equipment amounted to RMB22,917,000 (2017: Nil).

24. PROVISIONS FOR OTHER LONG-TERM LIABILITIES

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

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

Analysis of the provisions for compensations for inundation as at 30 June 2018 is as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Non-current liabilities (included in provisions for other long-term liabilities)	**1,043,658**	834,886
Current liabilities (included in other payables and accrued charges)	**253,225**	213,439
	1,296,883	1,048,325

The movements in the provisions for compensations for inundation for the six months ended 30 June 2018 is as follows:

	30 June 2018 RMB'000 (unaudited)	30 June 2017 RMB'000 (unaudited)
At 1 January	**1,048,325**	1,164,355
Addition through acquisition of a subsidiary (note)	**234,055**	–
Interest expense (Note 7)	**40,395**	43,584
Payment	**(25,892)**	(15,243)
At 30 June	**1,296,883**	1,192,696

Note: The amount represents provisions for other long-term liabilities of Guangxi Group (as defined in Note 28(a)), of which, RMB17,710,000 is payable within one year and has been accounted for in other payables and accrued charges.

25. ACCOUNTS AND BILLS PAYABLES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Accounts payable (note (a))	683,366	929,460
Bills payable (note (b))	355,786	186,888
	1,039,152	1,116,348

Notes:

The analysis below includes those classified as part of the disposal group classified as held for sale.

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
1 to 6 months	689,308	878,418
7 to 12 months	16,752	16,261
Over 1 year	16,247	34,781
	722,307	929,460

(b) As at 30 June 2018, bills payable are bills of exchange with maturity period ranged from 3 to 12 months (31 December 2017: ranged from 3 to 12 months).

26. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of reporting period not provided for are as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Contracted but not provided for:		
— property, plant and equipment	17,104,041	12,770,133
— proposed acquisitions of subsidiaries	1,532,153	5,117,913
— capital contribution to associates	227,313	562,473
	18,863,507	18,450,519

27. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

27.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risks and price risk), credit risk and liquidity risk.

As at 30 June 2018, the Group had net current liabilities of RMB19,020,338,000. In preparing these condensed consolidated financial statements, the Directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As at 30 June 2018, the Group had available unutilized facilities in writing from banks, from a related party, from short-term commercial paper and from a financial leasing company amounted to approximately RMB19,206,680,000 as well as other bank committed facilities amounted to approximately RMB15,556,700,000, totaling approximately RMB34,763,380,000. Moreover, the Group will refinance and/or restructure certain short-term loans into long-term loans or consider alternative sources of financing, where applicable. Under these circumstances, the Directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared these condensed consolidated financial statements on a going concern basis.

These condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2017 annual financial statements.

There has not been any change in the risk management department or risk management policies since the year end of 2017.

27.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

27. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

27.2 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value (the analysis below includes those classified as part of the disposal group classified as held for sale):

Financial assets/liabilities	Fair value as at 30 June 2018 RMB'000 (unaudited)	Fair value as at 31 December 2017 RMB'000 (audited)	Fair value hierarchy	Valuation technique and key inputs
Equity instruments at FVTOCI — Shanghai Power	**2,448,590**	3,320,491	Level 1	Quoted market prices at the end of reporting period (current bid price).
Equity instruments at FVTOCI — Unlisted equity investments in the PRC	**174,388**	–	Level 3	Market approach — Fair value of such equity instruments is estimated by calculating the appropriate value ratio based on market multiples derived from a set of comparable listed companies in the same or similar industries. Key inputs are market value of the equity interest and value ratio of comparable companies.
Debt instruments at FVTOCI	**263,080**	–	Level 3	Discounted cash flow at a comparable discount rate of 4.35%.

27. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

27.3 Fair values of financial assets and liabilities measured at amortized cost

The carrying amounts and fair values of borrowings are as follows (the analysis below includes those borrowings classified as part of the disposal group classified as held for sale):

	30 June 2018		31 December 2017	
	Carrying amounts RMB'000 (unaudited)	**Fair value RMB'000 (unaudited)**	Carrying amounts RMB'000 (audited)	Fair value RMB'000 (audited)
Long-term borrowings (note (a))	**50,234,576**	**50,382,758**	39,308,569	39,277,473
Short-term borrowings (note (b))	**11,817,323**	**11,817,323**	11,215,287	11,215,287
	62,051,899	**62,200,081**	50,523,856	50,492,760

Notes:

(a) Balance represents the aggregate fair values of the long-term bank borrowings, long-term borrowing from related parties and corporate bonds.

(b) Balance represents the aggregate fair values of short-term bank borrowings, short-term borrowing from related parties and super short-term commercial papers.

(c) The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Accounts receivable
- Deposits and other receivables
- Restricted deposits
- Cash and cash equivalents
- Amounts due from/to related parties
- Accounts and bills payables
- Construction costs payable
- Other payables

28. ACQUISITION OF SUBSIDIARIES

(a) Guangxi Group and Shandong Group

On 9 October 2017, the Company entered into the conditional sale and purchase agreement with CPI Holding, a wholly-owned subsidiary of SPIC ("Agreement I"), pursuant to which the Company has conditionally agreed to acquire 100% equity interest of SPIC Guangdong Power Company Limited (excluding CPI Qian Zhan Gang Dian Company Limited) ("Guangdong Company"), SPIC Guangxi Power Company Limited ("Guangxi Company") and China Power (Sihui) Cogeneration Company Limited ("Acquisition I"). The Company has also on the same day entered into the conditional sale and purchase agreement with SPIC ("Agreement II"), pursuant to which the Company has conditionally agreed to acquire 100% equity interest of SPIC Anhui New Energy Development Co., Ltd., SPIC Hubeilvdong New Energy Co., Ltd., SPIC Shandong Energy Development Co., Ltd. ("Shandong Company") and SPIC Shouxian New Energy Development Co., Ltd. ("Acquisition II").

The Company obtained control over Guangxi Company and its subsidiaries (collectively, "Guangxi Group") and Shandong Company and its subsidiaries (collectively, "Shandong Group") on 1 May 2018. The acquisitions have been accounted for using the acquisition method.

Guangxi Group and Shandong Group are principally engaged in investment holdings, generation and sales of electricity (include hydropower electricity, wind power electricity and photovoltaic power electricity) and the development of power plants in the PRC.

Consideration transferred

	Guangxi Group RMB'000	Shandong Group RMB'000	Total RMB'000
Cash	**3,594,652**	**–**	**3,594,652**
Consideration payable, which has been accounted for as amounts due to related parties as at 30 June 2018	**–**	**60,598**	**60,598**
	3,594,652	**60,598**	**3,655,250**

Acquisition-related costs amounting to RMB1,928,000 have been excluded from the cost of acquisition and have been recognized directly as an expense in the period and included in the "other operating expenses" in the condensed consolidated income statement for the six months ended 30 June 2018.

28. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Guangxi Group and Shandong Group *(Continued)*

Assets and liabilities recognized at the date of acquisition (determined on a provisional basis)

	Guangxi Group RMB'000	Shandong Group RMB'000	Total RMB'000
Current assets			
Cash and cash equivalents	250,079	166,120	416,199
Accounts receivable	274,694	38,268	312,962
Prepayments, deposits and other receivables	108,851	9,438	118,289
Inventories	13,081	–	13,081
Amounts due from related parties	502,031	168,308	670,339
Prepaid lease payments	1,816	–	1,816
Tax recoverable	58	–	58
Restricted deposits	–	2,300	2,300
Non-current assets			
Property, plant and equipment	9,149,882	974,882	10,124,764
Prepayments for construction of power plants	513,618	9,303	522,921
Prepaid lease payments	152,696	–	152,696
Interests in an associate	400	–	400
Interests in a joint venture	17,315	–	17,315
Deferred income tax assets	9,875	–	9,875
Other non-current assets	196,266	33,790	230,056
Current liabilities			
Construction cost payable	(861,061)	(27,472)	(888,533)
Other payables and accrued charges	(108,527)	(2,993)	(111,520)
Amounts due to related parties	(274,276)	(146,985)	(421,261)
Short-term bank borrowings	(297,700)	–	(297,700)
Borrowings from related parties	–	(414,780)	(414,780)
Current portion of long-term bank borrowings	(210,000)	–	(210,000)
Obligation under finance leases	(90,272)	–	(90,272)
Taxation payable	(9,153)	–	(9,153)
Non-current liabilities			
Provisions for other long-term liabilities	(216,345)	–	(216,345)
Long-term bank borrowings	(5,580,188)	(360,500)	(5,940,688)
Borrowings from related parties	–	(150,000)	(150,000)
Obligations under finance leases	–	(141,579)	(141,579)
Deferred income tax liabilities	(186,668)	–	(186,668)
	3,356,472	158,100	3,514,572

28. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Guangxi Group and Shandong Group *(Continued)*

Goodwill arising on acquisition (determined on a provisional basis)

	Guangxi Group RMB'000	Shandong Group RMB'000	Total RMB'000
Consideration transferred	3,594,652	60,598	3,655,250
Plus: non-controlling interests within Guangxi Group and Shandong Group	45,210	104,291	149,501
Less: recognized amount of identifiable net assets acquired (100%)	(3,356,472)	(158,100)	(3,514,572)
Goodwill arising on acquisition	283,390	6,789	290,179

Goodwill arose in the acquisitions of Guangxi Group and Shandong Group are in relation to the benefit of expected synergies, revenue growth, future market development and assemble workforce of Guangxi Group and Shandong Group. These benefit are not recognized separately from goodwill because they do not meet recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflows/(inflows) arising on acquisition

	Guangxi Group RMB'000	Shandong Group RMB'000	Total RMB'000
Consideration paid in cash	3,594,652	–	3,594,652
Less: cash and cash equivalent balances acquired	(250,079)	(166,120)	(416,199)
	3,344,573	(166,120)	3,178,453

Impact of acquisition on the results of the Group

Included in the profits for the current period is RMB52,071,000 and RMB4,606,000 respectively attributable to Guangxi Group and Shandong Group. Revenue for the current period includes RMB277,890,000 and RMB13,638,000 that are attributable to Guangxi Group and Shandong Group respectively.

28. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) Zhongning Longji

On 30 January 2018, Wu Ling Power acquired 70% interest in Zhongning Longji Photovoltaic New Energy Company Limited ("Zhongning Longji"). This acquisition has been accounted for using the acquisition method. No goodwill arising as a result of the acquisition.

Consideration transferred

	RMB'000
Consideration prepaid, which has been accounted for as other non-current assets as at 31 December 2017	63,682
Cash	127,365
Consideration payable, which has been accounted for as amounts due to related parties as at 30 June 2018	21,227
	212,274

Acquisition-related costs amounting to RMB41,000 have been excluded from the cost of acquisition and have been recognized directly as an expense in the period and included in the "other operating expenses" in the condensed consolidated income statement for the six months ended 30 June 2018.

Assets and liabilities recognized at the date of acquisition (determined on a provisional basis)

	RMB'000
Current assets	
Cash and cash equivalents	1,313
Accounts receivable	67,595
Prepayments, deposits and other receivables	4,084
Non-current assets	
Property, plant and equipment	1,290,535
Prepaid lease payments	29,005
Deferred income tax assets	29
Other non-current assets	242,840
Current liabilities	
Other payables and accrued charges	(849)
Construction costs payable	(131,938)
Amounts due to Wu Ling Power	(376,508)
Amounts due to related parties	(822,858)
	303,248

28. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) Zhongning Longji *(Continued)*

Non-controlling interests

The non-controlling interest (30%) in Zhongning Longji recognized at the acquisition date was measured by reference to the proportionate share of recognized amounts of net assets of Zhongning Longji and amounts to RMB90,974,000.

Goodwill arising on acquisition (determined on a provisional basis)

	RMB'000
Consideration transferred	**212,274**
Plus: non-controlling interests	**90,974**
Less: recognized amount of identifiable net assets acquired (100%)	**(303,248)**
Goodwill arising on acquisition	**–**

Net cash outflows arising on acquisition

	RMB'000
Consideration paid in cash	**127,365**
Less: cash and cash equivalent balances acquired	**(1,313)**
	126,052

Impact of acquisition on the results of the Group

Included in the profits for the current period is RMB35,996,000 attributable to Zhongning Longji. Revenue for the current period includes RMB91,359,000 that is attributable to Zhongning Longji.

28. ACQUISITION OF SUBSIDIARIES *(Continued)*

(c) Huiqing New Energy

During the six months ended 30 June 2018, China Power (Shenyang) Energy Investment Company Limited, a wholly-owned subsidiary of the Company, acquired 70% interest in Daqing Huiqing New Energy Company Limited ("Huiqing New Energy") at a consideration of RMB93,689,000. This acquisition has been accounted for using the acquisition method. No goodwill arising as a result of the acquisition.

Consideration transferred

	RMB'000
Cash	**28,107**
Consideration payable, which has been accounted for as amounts due to related parties as at 30 June 2018	**65,582**
	93,689

Acquisition-related costs amounting to RMB47,000 have been excluded from the cost of acquisition and have been recognized directly as an expense in the period and included in the "other operating expenses" in the condensed consolidated income statement for the six months ended 30 June 2018.

Assets and liabilities recognized at the date of acquisition (determined on a provisional basis)

	RMB'000
Current assets	
Cash and cash equivalents	**2,734**
Accounts receivable	**26,577**
Prepayments, deposits and other receivables	**1,053**
Inventories	**200**
Non-current assets	
Property, plant and equipment	**565,177**
Prepaid lease payments	**18,555**
Other non-current assets	**83,100**
Current liabilities	
Other payables and accrued charges	**(348)**
Construction costs payable	**(365,029)**
Amounts due to related parties	**(198,177)**
	133,842

Non-controlling interests

The non-controlling interest (30%) in Huiqing New Energy recognized at the acquisition date was measured by reference to the proportionate share of recognized amounts of net assets of Huiqing New Energy and amounts to RMB40,153,000.

28. ACQUISITION OF SUBSIDIARIES *(Continued)*

(c) Huiqing New Energy *(Continued)*

Goodwill arising on acquisition (determined on a provisional basis)

	RMB'000
Consideration transferred	93,689
Plus: non-controlling interests	40,153
Less: recognized amount of identifiable net assets acquired (100%)	(133,842)
Goodwill arising on acquisition	–

Net cash outflows arising on acquisition

	RMB'000
Consideration paid in cash	28,107
Less: cash and cash equivalent balances acquired	(2,734)
	25,373

Impact of acquisition on the results of the Group

Included in the profits for the current period is RMB31,284,000 attributable to Huiqing New Energy. Revenue for the current period includes RMB49,661,000 that is attributable to Huiqing New Energy.

Had the aforementioned acquisitions on Guangxi Group, Shandong Group, Zhongning Longji and Huiqing New Energy (collectively referred to as the "Target Companies") been effected at the beginning of the current period, the revenue of the Group for the six months ended 30 June 2018 would have been RMB11,411,130,000, and the profit for the period would have been RMB1,039,039,000. The unaudited pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the current period, nor is it intended to be a projection of future results.

In determining the unaudited pro-forma revenue and profit of the Group had the Target Companies been acquired at the beginning of the current period, the directors of the Company calculated depreciation and amortization of plant and equipment based on the recognized amounts of plants and equipment at the date of these acquisitions.

During the period, the acquisitions of the Target Companies were completed and the Group commenced to account for the business combination from the effective date when the Group gained control over Target Companies. As at the date of these accounts, the initial accounting for the acquisitions are determined on a provisional basis as the allocation of fair value to the identifiable assets and liabilities of the acquisition is still progressing. Adjustments to those provisional values of identifiable assets and liabilities, including any additional depreciation, amortization, and other profit or loss effect, if any, will be recognized on completion of the initial accounting.

29. RELATED PARTY TRANSACTIONS

The Group is controlled by CPI Holding, an intermediate holding company which directly holds approximately 28.89% (31 December 2017: 28.47%) of the Company's shares, and indirectly holds approximately 27.14% (31 December 2017: 27.14%) of the Company's shares through China Power Development Limited ("CPDL"). As at 30 June 2018, CPI Holding owned approximately 56.04% (31 December 2017: 55.61%) equity interest of the Company in aggregate. The Directors regard SPIC, a wholly state-owned enterprise established in the PRC which is the beneficial owner of CPI Holding, as the ultimate holding company.

SPIC is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include SPIC, its subsidiaries, joint ventures and associates (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and SPIC as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with SPIC companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in these condensed consolidated financial statements.

29. RELATED PARTY TRANSACTIONS *(Continued)*

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in these condensed consolidated financial statements. Management of the Group is of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

(a) Income

		Six months ended 30 June	
		2018	2017
	Note	**RMB'000**	RMB'000
		(unaudited)	(unaudited)
Interest income from:			
— SPIC Financial	(i)	**1,344**	851
— a fellow subsidiary	(i)	**–**	1,577
— an associate	(i)	**617**	7,892
— a joint venture	(i)	**1,772**	–
Dividend income from Shanghai Power	(ii)	**72,658**	65,393
Dividend income from SPIC Financial	(ii)	**–**	5,740
Rental income from a fellow subsidiary	(iii)	**27,055**	27,060
Income from provision of repairs and maintenance services to:	(iii)		
— companies controlled by SPIC		**–**	152
— fellow subsidiaries		**1,501**	2,646
— an associate		**1,651**	–
Income from provision of IT and other services to:	(iii)		
— companies controlled by SPIC		**66**	4,864
— fellow subsidiaries		**2,163**	3,597
— an associate		**821**	821
Sales of coal, coal by-products and spare parts to:	(iii)		
— companies controlled by SPIC		**4,953**	2,840
— fellow subsidiaries		**–**	1,271
Provision of power generation and related services to fellow subsidiaries	(iii)	**8,088**	398

Notes:

(i) Interest income from SPIC Financial, a fellow subsidiary, an associate and a joint venture are charged at interest rates ranged from 0.30% to 2.57% (2017: ranged from 0.35% to 1.38%) per annum, at nil (2017: 4.35%) per annum, at 1.75% (2017: ranged from 1.75% to 3.92%) per annum and at 5.66% (2017: Nil) per annum respectively.

(ii) Dividend income received from Shanghai Power and SPIC Financial were recognized based on dividends declared by the respective board of directors in proportion to the Group's interest in these companies.

(iii) These incomes were charged in accordance with the terms of the relevant agreements.

29. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Expenses

	Note	Six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Purchases of coal, coal by-products and spare parts from:	(i)		
— companies controlled by SPIC		**9,811**	2,648
— fellow subsidiaries		**16,243**	9,879
— a joint venture		**18,164**	12,692
— non-controlling shareholders		**3,286,046**	2,598,262
Construction costs and other services fees to:	(ii)		
— companies controlled by SPIC		**89,535**	160,702
— fellow subsidiaries		**88,038**	77,821
— a non-controlling shareholder		**38,536**	–
— CPI Holding		**10,415**	–
Interest expenses to:	(iii)		
— SPIC		**150,199**	94,991
— SPIC Financial		**49,554**	28,296
— CPI Holding		**11,900**	947
— a fellow subsidiary		**10,948**	7,121
— an associate		**621**	838
— a company controlled by SPIC		**359**	–
— a company controlled by SPIC on obligation under finance leases		**1,493**	–
Operating lease rental expenses in respect of leasehold land and buildings:	(i)		
— SPIC		**8,533**	8,533
— CPI Holding		**10,454**	9,418

Notes:

(i) These expenses were charged in accordance with the terms of the relevant agreements.

(ii) Construction costs and other services fees were mainly related to construction services, repairs and maintenance services, transportation services and other services which were charged based on mutually agreed prices.

(iii) Interest expenses to these related parties are charged at interest rates ranged from 1.38% to 7.00% (2017: ranged from 1.38% to 5.58%) per annum.

29. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Period-end/year-end balances with related parties

The analysis below includes those items classified as part of the disposal group classified as held for sale.

	Note	**30 June 2018 RMB'000 (unaudited)**	31 December 2017 RMB'000 (audited)
Prepayments for construction of power plants to companies controlled by SPIC other than SPIC Financial	(i)	**328,673**	–
Prepayments to non-controlling shareholders	(ii)	**33,247**	–
Deposits at SPIC Financial	(iii)	**1,681,789**	202,751
Amounts due from:			
— CPDL	(xi)	**–**	172
— CPI Holding	(xi)	**678**	836
— SPIC Financial	(xi)	**2,959**	5,219
— companies controlled by SPIC other than SPIC Financial	(iv)	**387,766**	113,539
— fellow subsidiaries	(x)	**161,883**	135,577
— an associate	(v)	**126,690**	155,442
— joint ventures	(vi)	**146,807**	242
— non-controlling shareholders	(xi)	**13,565**	41,741
Amounts due to:			
— SPIC	(vii)	**(489,524)**	(200,687)
— CPI Holding	(viii)	**(217,218)**	(186,640)
— SPIC Financial	(xi)	**(11,292)**	(19,545)
— companies controlled by SPIC other than SPIC Financial	(xi)	**(325,340)**	(190,953)
— fellow subsidiaries	(xi)	**(115,847)**	(103,215)
— joint ventures	(xi)	**(6,577)**	(5,867)
— an associate	(ix)	**(155,633)**	(8,196)
— non-controlling shareholders	(x)	**(559,255)**	(302,849)

Notes:

(i) Balances represent prepayments for construction of power plants to companies controlled by SPIC other than SPIC Financial which were paid in accordance with the terms of the relevant agreements.

(ii) Balances represent prepayments to non-controlling shareholders which were paid in accordance with the terms of the relevant agreements.

(iii) Deposits at SPIC Financial are interest bearing at rates ranged from 0.30% to 2.57% (31 December 2017: ranged from 0.35% to 1.38%) per annum.

(iv) The balances mainly represent an amount due from Guangdong Company, which representing accounts receivable of Guangxi Group collected by Guangdong Company on behalf of Guangxi Group, is unsecured and interest free.

29. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Period-end/year-end balances with related parties *(Continued)*

Notes: *(Continued)*

(v) The amounts due from an associate are unsecured. Except for a balance of RMB55,080,000 (31 December 2017: RMB155,080,000) which is interest bearing ranged at 1.75% (31 December 2017: ranged from 1.75% to 4.35%) per annum and repayable within one year, the remaining balances are interest free and repayable on demand.

(vi) The amounts due from joint ventures are unsecured. Except for a balance of RMB 145,000,000 (31 December 2017: Nil) which is interest bearing ranged at 5.66% (31 December 2017: Nil) per annum and repayable within one year, the remaining balances are interest free and repayable on demand.

(vii) The balances include consideration payable to SPIC for the acquisition of Shandong Group amounted to RMB60,598,000 (31 December 2017: Nil), dividend payable of Guangxi Company to SPIC amounted to RMB137,851,000 (31 December 2017: Nil). The balances are unsecured, interest free and repayable on demand.

(viii) The amounts due to CPI Holding are unsecured. Except for a balance of RMB106,440,000 (31 December 2017: RMB106,440,000) which is interest bearing at 1.75% (31 December 2017: 1.75%) per annum and repayable within one year, the remaining balances are interest free and repayable on demand.

(ix) The amounts due to an associate are unsecured and repayable on demand. Except for a balance of RMB155,607,000 (31 December 2017: RMB8,036,000) which is interest bearing at 1.38% (31 December 2017: 1.38%) per annum, the remaining balances are interest free.

(x) The balances include consideration payable to a non-controlling shareholder for the acquisition of Zhongning Longji and Huiqing New Energy amounted to RMB86,809,000 (31 December 2017: Nil). The balances are unsecured, interest free and repayable on demand.

(xi) The balances with these related parties are unsecured, interest free and repayable on demand.

(d) For the six months ended 30 June 2018 and 2017, the Group's significant transactions and balances with entities that are controlled, jointly-controlled or significantly influenced by the PRC government mainly include:

(i) bank deposits in state-owned banks and the related interest income

(ii) bank borrowings from the state-owned banks and the related interest expenses

(iii) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables

(iv) purchases of coal from state-owned enterprises and the related payables

(v) reservoir maintenance and usage fees to the PRC government

(vi) service fees to state-owned enterprises

(vii) compensations for inundation to the PRC government

The prices and terms of such transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

29. RELATED PARTY TRANSACTIONS *(Continued)*

(e) Key management personnel compensation

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fees, basic salaries, housing allowance, other allowances and benefit in kind, discretionary bonus, employer's contribution to pension scheme and other benefits	**5,966**	4,546

(f) Purchases of assets and liabilities

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Purchases of assets from a fellow subsidiary	**32,314**	–
Purchases of liabilities from a fellow subsidiary	**24,746**	–

(g) Guarantees issued by related parties as at 30 June 2018 and 31 December 2017 are set out in Notes 20(e).