# Shoulder the Responsibility

# Stay True to the Mission

2018 Interim Report

大唐国际发电股份有限公司

DATANG INTERNATIONAL POWER GENERATION CO., LTD.

Stock Code: 00991

# Contents

# Company Results

## OPERATING AND FINANCIAL HIGHLIGHTS:

- Operating revenue amounted to approximately RMB45,543 million, representing an increase of approximately 15.84% over the first half of 2017.
- Total profit before tax amounted to approximately RMB2,869 million, representing an increase of approximately 85.09% over the first half of 2017.
- Net profit attributable to equity holders of the Company amounted to approximately RMB1,217 million, representing an increase of approximately 35.41% over the first half of 2017.
- Basic earnings per share attributable to equity holders of the Company amounted to approximately RMB0.0765, representing an increase of RMB0.0090 per share over the first half of 2017.

The board of directors (the "Board") of Datang International Power Generation Co., Ltd. (the "Company") hereby announces the unaudited consolidated operating results of the Company and its subsidiaries (the "Group") prepared in conformity with International Financial Reporting Standards ("IFRS") for the six months ended 30 June 2018 (the "Period"), together with the unaudited consolidated operating results of the first half of 2017 (the "Corresponding Period Last Year") for comparison. Such operating results have been reviewed and confirmed by the Company's audit committee (the "Audit Committee").

Operating revenue of the Group for the Period was approximately RMB45,543 million, representing an increase of approximately 15.84% as compared to that of the Corresponding Period Last Year. Total profit before tax amounted to approximately RMB2,869 million, representing an increase of approximately 85.09% over that of the Corresponding Period Last Year. Net profit attributable to equity holders of the Company was approximately RMB1,217 million, representing an increase of approximately 35.41% as compared to that of the Corresponding Period Last Year. Basic earnings per share attributable to equity holders of the Company amounted to approximately RMB0.0765, representing an increase of RMB0.0090 per share as compared to that of the Corresponding Period Last Year.

The Company is one of the largest independent power generation companies in the People's Republic of China (the "PRC"). The power generation businesses of the Company and its subsidiaries cover 20 provinces, municipalities and autonomous regions across the country, whereby coal-fired power generators of the Company are centralised in Beijing-Tianjin-Hebei and southeast coastal areas, while most of the hydropower projects are located in the southwest region. Wind power and photovoltaic power are distributed across the country in areas with abundant resources.

In the first half of 2018, encountering complicated situations such as the in-depth advancing of the reform in power system and the severe condition regarding coal power maintenance, supply and price control, the Company concentrated its efforts on improving its development quality, enhancing corporate governance and team building, and scored positive achievements in various aspects such as production safety, profitability and efficiency improvement, and development optimisation.

## REVIEW ON THE OPERATING RESULTS OF PRINCIPAL BUSINESSES

1. Maintaining a sound record in production safety. Adhering to the deep-rooted concept of safe development, the Company has promoted the accountability towards production safety by setting up a dual-prevention mechanism featuring hierarchical control of safety risks and identification and elimination of hidden dangers. Through adopting innovative management methods for production safety, stepping up efforts in assessment and accountability, and building a safety culture, the Company has maintained a sound record in production safety and fulfilled the power preservation task during the "Two Festivals" and "Two Sessions".

2. Significant results achieved in profitability. The Company gave full play to the leading role of its power capacity plan and prioritized increasing power generation in its operating results improvement by insisting on differentiated competitive strategies and securing resources for power generation to the maximum extent practicable. During the reporting period, the power generation of the Company accumulated to approximately 130.6833 billion kWh, representing an increase of approximately 11.23% over the restated power generation of the Corresponding Period Last Year. It further optimised the marketing system and continued to enhance its market competitiveness. Taking "coal price control and guarantee of supply" as the central task, the Company has stepped up its research and judgment on the policies and market, steadily made adjustments to the structure of coal-fired power generation, and continuously advanced coal blending and mixed burning, in an effort to reduce the fuel costs. Moreover, it continued to promote the cost leadership strategy. By laying emphasis on both benchmarking and cost control, the Company implemented budget management at all levels to strictly control its expenses.

3. Constant improvement in development quality. The Company actively promoted the implementation of key projects, and obtained the approval for Guangdong Datang International Foshan Power and Cooling Supply Co-generation Project (廣東大唐國際佛山熱電冷聯產項目), Datang Nan'ao Lemen I Offshore Wind Power Project (大唐南澳勒門I海上風電項目) and Chongqing Wujiang Baima Hydropower and Navigation Project (重慶烏江白馬電航樞紐項目).

   During the Period, projects of the Company with a total capacity of 1,725MW were approved, including gas turbines projects with a capacity of 800MW, wind power projects with a capacity of 400MW and hydropower projects with a capacity of 525MW.

4. Steady advancement in capital operation. During the Period, the Company successfully completed the non-public issuance of H-Shares and A-Shares, for which the approvals were obtained from the China Securities Regulatory Commission in September 2017 and March 2018, respectively. The Company has completed the issuance of H-Shares on 19 March 2018, issuing 2,794,943,820 H-Shares with gross proceeds of approximately HK$6,222 million raised; and has completed the issuance of A-Shares on 23 March 2018, issuing 2,401,729,106 A-Shares with gross proceeds of approximately RMB8,334 million raised. In April 2018, the equity transfer of Datang Heilongjiang Power Generation Co., Ltd., Datang Anhui Power Generation Co., Ltd. and Datang Hebei Power Generation Co., Ltd. has been completed by the Company and the installed capacity of the Company has been increased by 13,913MW after the completion.

5. Continuous optimisation in energy conservation and emission reduction indicators. During the Period, electricity consumption rate of power plants of the Company was 3.78%, representing a year-on-year decrease of 0.18 percentage point. The operation rate of desulfurization facilities amounted to 100%, while the operation rate of denitrification facilities amounted to 99.79%. The performance of sulfur dioxide, nitrogen oxides, smoke ash and waste water were 0.08g/kWh, 0.12g/kWh, 0.01g/kWh and 0.025kg/kWh, respectively, which all recorded a significant year-on-year decrease. The Company completed ultra-low emission transformation projects on 105 coal-fired power generating units with capacity of 46,280MW in total, reaching 89.7% in transformation rate.

## MAJOR FINANCIAL INDICATORS AND ANALYSIS

### 1. Operating Revenue

During the Period, the Group realised an operating revenue of approximately RMB45,543 million, representing an increase of approximately 15.84% over the Corresponding Period Last Year, among which revenue from electricity sales was approximately RMB40,871 million, representing an increase of approximately RMB3,132 million or approximately 8.30% over the Corresponding Period Last Year. The increase in electricity sales revenue was mainly due to the year-on-year increase in power generation and on-grid power generation of the Company in the Period of approximately 11.23% and 11.21% respectively over the Corresponding Period Last Year.

### 2. Operating Costs

During the Period, total operating costs of the Group amounted to approximately RMB39,628 million, representing an increase of approximately RMB4,266 million or approximately 12.07% over the Corresponding Period Last Year, among which, fuel cost accounted for approximately 60.67% of the operating costs, and depreciation cost accounted for approximately 16.06%, which was mainly due to the year-on-year increase of RMB3,065 million in fuel cost. The main reasons for the increase in fuel cost were: firstly, thermal power generation increased by 9,641 million kWh year on year, resulting in an increase in fuel cost of approximately RMB1,756 million; secondly, the sales of heat increased by 13.4155 million GJ year on year, resulting in an increase in fuel cost of approximately RMB374 million; thirdly, the unit price of standard coal for power generation and heat supply increased by RMB24.05/tonne year on year, resulting in an increase in fuel cost of approximately RMB861 million.

## 3. Net Finance Costs

During the Period, finance costs of the Group amounted to approximately RMB3,769 million, representing an increase of approximately RMB435 million or approximately 13.04% over the Corresponding Period Last Year. The year-on-year increase in finance costs was mainly due to the increase in finance scale of this year over the Corresponding Period Last Year and the interest expenses recognised in profit or loss of new power generating units.

## 4. Profit and Net Profit

During the Period, the Group achieved a total profit before tax of RMB2,869 million, representing an increase of RMB1,319 million or 85.09% over the Corresponding Period Last Year. The main reasons for the change were: firstly, power generation in the first half of the year increased by 13.199 billion kWh year on year, resulting in an increase in profits of RMB2,037 million; secondly, the average on-grid price (tax inclusive) recorded a year-on-year increase of RMB9.19/MWh, resulting in an increase in profits of RMB1,106 million; thirdly, the unit cost of fuel for thermal power achieved RMB204.69/MWh, a year-on-year increase of RMB7.40/MWh, resulting a corresponding decrease in profits of RMB790 million; fourthly, the finance costs increased year on year, resulting in a corresponding decrease in profits of RMB435 million, mainly due to the year-on-year increase in finance scale and the interest expenses of the new power generating units were included in profit or loss.

## 5. Financial Position

As at 30 June 2018, total assets of the Group amounted to approximately RMB283,397 million, representing an increase of approximately RMB4,287 million as compared to that at the end of 2017. The increase in total assets was primarily attributable to the receipt of funds from equity financing and short-term bond.

Total liabilities of the Group amounted to approximately RMB217,712 million, representing an increase of approximately RMB10,680 million over the end of 2017, which was due to the residual of the consideration payable for the acquisition of equity interest in Datang Heilongjiang Power Generation Co., Ltd., Datang Anhui Power Generation Co., Ltd. and Datang Hebei Power Generation Co., Ltd. from China Datang Corporation Ltd. ("CDC") by the Company during the Period.

## 6. Liquidity

As at 30 June 2018, the assets-to-liabilities ratio of the Group was 76.82%. The net debt-to-equity ratio was approximately 233.54%.

As at 30 June 2018, cash and cash equivalents and restricted deposit of the Group amounted to approximately RMB12,940 million, among which approximately RMB173 million were foreign currency deposits. The Group had no entrusted deposits and overdue fixed deposits during the Period.

As at 30 June 2018, short-term loans of the Group amounted to approximately RMB19,376 million, bearing annual interest rates ranging from 3.63% to 5.85%. Long-term loans (excluding those repayable within one year) amounted to approximately RMB107,241 million and long-term loans repayable within one year amounted to approximately RMB15,959 million. Long-term loans (including those repayable within one year) were at annual interest rates ranging from 2.70% to 7.05%. Loans equivalent to approximately RMB1,204 million were denominated in US dollar. The Group paid close attention to foreign exchange market fluctuations and cautiously assessed risks.

## 7. Welfare Policy

As at 30 June 2018, the staff of the Group totalled 19,264. The Group has adopted the basic salary system focusing on the basis of position-points salary distribution and a variety of incentive mechanisms. It also has in place policies of providing allowance for employees who work in remote and underdeveloped area, allowance for high-temperature conditions and allowance for team leaders.

The Group attaches great importance to the cultivation of staff. Adhering to the principle of adaptation to local conditions and personal aptitudes, the Group made overall planning of training resources, and gave full play to the roles of the enterprises as training entities, to carry out various types of training for different levels. Up to present, a total of 20 training programs have been rolled out at the company level, including 10 programs on operation and management, and 10 programs on technical skills, attracting 2,013 participants in aggregate. The Company selected and organised its employees to participate in the BRICS Skills Development and Technology Innovation Competition – International Welding Competition (the 6th Arc Cup), and they won the Third Grade Prize of Individual Awards.

## OUTLOOK FOR THE SECOND HALF OF 2018

Looking into the second half of 2018, the Company will encounter more complicated situations with arduous tasks. The Company will, on the basis of the positive results achieved in the first half of the year, continue to solidify a good development momentum and steadily advance the successful completion of all targets as scheduled.

1. Ensuring safety and stability. Adhering to the deep-rooted concept of safe development, the Company will promote the accountability towards safe production among all entities and constantly consolidate the foundation of production safety. The Company will continue to enhance its management over production safety in an all-around manner, focus on the national reliability appraisal of A-grade power generation units and the national generating unit competition, striving to build the top generating units in terms of efficiency benchmarking in the country. Further, it will implement the Three-Year Action Plan for Winning the Blue Sky Defense Battle as well as the action plans for clean water and soil released by the State Council by highly valuing the protection of ecological environment, making scientific arrangement of ultra-low emission transformation tasks, tightening supervision over up-to-standard discharge of pollutants, and eliminating material potential risks which may affect the environmental safety and social stability.

2. Improving operating efficiency. The Company will strengthen operation management and push forward the efforts towards operation optimisation and designed value fulfilment; reinforce the line of defense for marketing, make overall plan for power and coal markets, and integrate the command systems for production and operation, to improve its capability in quick response to the market; reinforce the line of defense for fuels, step up market analysis, research and judgment, optimise procurement strategy and inventory control, and continue to promote coal blending and mixed burning so as to consolidate its core competitiveness of low coast; enhance control over costs and capital via thorough and all-rounded cost control and complete cost benchmarking in all links including investment, construction, production

and operation, with an aim to forge the low-cost advantage and increase its profit margin.

3. Promoting high-quality development. Leveraging on the opportunities brought by the supply-side structural reform, the Company will accelerate growth model transformation and structural adjustments, promote strategic development to cultivate new growth drivers and open up new development space; fully implement the annual plan for launching projects, speed up the deployment of distributed gas turbines projects, and make overall plan for the development of distributed wind power projects, to improve its competitiveness in the power market; constantly deepen capital operation, and continue to strengthen the market value and compliance management over listed companies to ensure the regulated operation of the listed companies according to the law in order to boost investors' confidence and vitalise the listed companies on an ongoing basis.

# Share Capital and Dividends

## 1. SHARE CAPITAL

As at 30 June 2018, the total share capital of the Company amounted to 18,506,710,504 shares, including 12,396,089,106 A-Shares and 6,110,621,398 H-Shares respectively, of a nominal value of RMB1 per share.

## 2. SHAREHOLDING OF SUBSTANTIAL SHAREHOLDERS

To the best knowledge of the directors of the Company, the persons below held the interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") as at 30 June 2018:

| Name of Shareholder | Class of Shares | No. of Shares Held | Approximate Percentage to Total Issued Share Capital of the Company (%) | Approximate Percentage to Total Issued A Shares of the Company (%) | Approximate Percentage to Total Issued H Shares of the Company (%) |
|---|---|---|---|---|---|
| CDC (Note 1) | A shares | 6,540,706,520 | 35.34 | 52.76 | / |
| | A shares | 8,738,600 | 0.05 | 0.07 | / |
| | H shares | 3,275,623,820 (L) | 17.70 (L) | / | 53.61 (L) |
| Tianjin Jinneng Investment Company (Note 2) | A shares | 1,296,012,600 | 7.00 | 10.46 | / |
| Hebei Construction & Investment Group Co., Ltd. (Note 3) | A shares | 1,281,872,927 | 6.93 | 10.34 | / |
| Beijing Energy Investment Holding Co., Ltd. (Note 4) | A shares | 1,260,988,672 | 6.81 | 10.17 | / |
| JP Morgan Chase & Co. | H shares | 185,405,826(L)<br>16,472,362(S)<br>16,226,000(P) | 1.00 (L)<br>0.09 (S)<br>0.09 (P) | /<br>/<br>/ | 3.03 (L)<br>0.26 (S)<br>0.26 (P) |

(L) = Long Position (S) = Short Position (P) = Lending Pool

Notes:

(1) CDC and its subsidiary completed their subscription of 2,794,943,820 H shares of the Company and 2,401,729,106 A shares of the Company on 19 March 2018 and 23 March 2018, respectively, following the non-public issuance of H shares and A shares of the Company. CDC and its subsidiaries held a total of 9,825,068,940 issued shares of the Company, representing approximately 53.09% of the total issued shares of the Company. As at 30 June 2018, Mr. Chen Jinhang, Mr. Liu Chuandong and Mr. Liang Yongpan, all non-executive Directors, are employees of CDC.

(2) Mr. Zhu Shaowen, a non-executive Director, is currently an employee of Tianjin Energy Investment Group Limited, the de facto controller of Tianjin Jinneng Investment Company.

(3) Mr. Cao Xin and Mr. Zhao Xiangguo, both non-executive Directors, are employees of Hebei Construction & Investment Group Co., Ltd.

(4) Mr. Zhang Ping and Mr. Jin Shengxiang, both non-executive Directors, are employees of Beijing Energy Investment Holding Co., Ltd.

## 3. DIVIDENDS

The Board does not recommend the payment of any interim dividend for 2018.

## 4. SHAREHOLDING OF THE DIRECTORS AND SUPERVISORS

As of 30 June 2018, save as disclosed below and to the knowledge of the Board, none of the directors, supervisors and chief executives of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (as defined in the SFO) that were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register mentioned in the SFO pursuant to section 352 of the SFO or otherwise required to be complied with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

| Name of director | Long Position/ Short Position | Identity/ Nature of equity | Number of A-Shares held | Approximate percentage to issued shares of the Company |
|---|---|---|---|---|
| Mr. Liu Jizhen | Long Position | Beneficial interest | 9,100 | 0.000068% (L) |

(L) = Long Position

# Significant Events

1. Pursuant to the "Resolution on the Change of Directors of the Company" considered and approved at the 2018 first extraordinary general meeting held by the Company on 16 March 2018, Mr. Zhang Ping and Mr. Jin Shengxiang were appointed as directors of the ninth session of the Board of the Company in replacement of Mr. Liu Haixia and Ms. Guan Tiangang.

2. The Company completed the non-public issuance of H-Shares on 19 March 2018, issuing 2,794,943,820 H-Shares with gross proceeds of approximately HK$6,222 million raised; and completed the non-public issuance of A-Shares on 23 March 2018, issuing 2,401,729,106 A-Shares with gross proceeds of approximately RMB8,334 million raised.

3. On 6 December 2017, the Company entered into the "Equity Transfer Agreement between China Datang Corporation Ltd. and Datang International Power Generation Co., Ltd. Regarding the Equity in Datang Heilongjiang Power Generation Co., Ltd., Datang Anhui Power Generation Co., Ltd. and Datang Hebei Power Generation Co., Ltd." with CDC to acquire the 100% equity interest of Datang Hebei Power Generation Co., Ltd., the 100% equity interest of Datang Heilongjiang Power Generation Co., Ltd. and 100% equity interest of Datang Anhui Power Generation Co., Ltd. held by CDC at the aggregate consideration of RMB18,127.51 million. The above transaction was considered and approved at the 2018 first extraordinary general meeting of the Company convened on 16 March 2018 and was completed on 1 April 2018.

4. As approved by the Board, Mr. Hong Shaobin, Mr. Meng Fankui and Mr. Duan Zhongmin ceased to be the deputy general managers of the Company with effect from 6 June 2018.

# Purchase, Sale and Redemption of the Company's Listed Securities

During the Period, the Group did not purchase, sell or redeem any of the Company's listed securities.

# Compliance with the Code on Corporate Governance Practices

To the knowledge of the Board, the Company complied with all the code provisions under the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules for the Period, except for the following:

During the Period, the legal action which the directors of the Company may face is covered in the internal risk management and control of the Company. As the Company considers that no additional risk exists, insurance arrangements for directors have not been made as required under code provision A.1.8 of the Code.

During the Period, the nomination committee, the remuneration and appraisal committee, the Audit Committee as well as the strategic development and risk control committee set up by the Company carried out their work in accordance with their respective terms of reference. Their terms of reference have covered the responsibilities to be performed as required by the code provisions A.5.2, B.1.2 and C.3.3 of the Code. The only discrepancies between such terms of reference and the afore-said code provisions were the expressions or sequence.

# Compliance with the Model Code

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code.

Upon specific enquiries made to all directors and supervisors and in accordance with information provided, the Board confirmed that all directors and supervisors have complied with the Model Code during the Period.

## PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of directors, as of 30 June 2018 and as of the date of this Report, the Company confirmed that it had sufficient public float, which was in compliance with the requirements of the Listing Rules.

# Audit Committee

The Audit Committee has reviewed the accounting standards adopted by the Group with the management of the Company. They have also discussed matters regarding internal control and the financial statements, including the review of the financial report of the Group for the Period.

The Audit Committee considers that the financial report of the Group for the first half of 2018 has complied with the applicable accounting standards, and that the Group has made appropriate disclosures thereof.

By Order of the Board
**Chen Jinhang**
*Chairman*

Beijing, the PRC, 24 August 2018

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

For the six months ended 30 June 2018

| | Notes | For the six months ended 30 June 2018 RMB'000 (unaudited) | 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| Operating revenue | 4 | **45,543,434** | 39,314,192 |
| Operating costs | | | |
| Fuel for power and heat generation | | **(24,043,694)** | (20,978,946) |
| Depreciation | | **(6,363,562)** | (6,531,930) |
| Repairs and maintenance | | **(1,067,730)** | (834,202) |
| Salaries and staff welfare | | **(2,331,530)** | (2,305,022) |
| Local government surcharges | | **(682,702)** | (647,022) |
| Others | | **(5,139,107)** | (4,064,727) |
| Total operating costs | | **(39,628,325)** | (35,361,849) |
| Operating profit | | **5,915,109** | 3,952,343 |
| Shares of profits of associates | | **542,813** | 612,966 |
| Shares of losses of joint ventures | | **(174,418)** | (38,822) |
| Investment income | | **2,241** | 65,061 |
| Other gains | | **302,922** | 259,938 |
| Interest income | | **49,619** | 32,824 |
| Finance costs | 6 | **(3,768,865)** | (3,334,039) |
| Profit before tax | | **2,869,421** | 1,550,271 |
| Income tax expense | 7 | **(771,175)** | (549,912) |
| Profit for the period | 8 | **2,098,246** | 1,000,359 |
| Earnings per share | | | |
| Basic and diluted loss (RMB cent) | 10 | **7.65** | 6.75 |

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

For the six months ended 30 June 2018

| | For the six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | **RMB'000** | RMB'000 |
| | **(unaudited)** | (unaudited and restated) |
| Profit for the period | **2,098,246** | 1,000,359 |
| Other comprehensive income (expense): | | |
| *Items that may be reclassified to income statement:* | | |
| Fair value gain on available-for-sale financial assets | **–** | 15,032 |
| Share of other comprehensive loss of associates | **(6,819)** | (37,132) |
| Exchange differences on translating foreign operations | **1,576** | (4,381) |
| *Item that will not be reclassified to income statement:* | | |
| Fair value loss on investments in equity instruments at fair value through other comprehensive income | **(7,978)** | – |
| Total comprehensive income for the period | **2,085,025** | 973,878 |
| Profit for the period attributable to: | | |
| Owners of the Company | **1,216,838** | 898,612 |
| Non-controlling interests | **881,408** | 101,747 |
| | **2,098,246** | 1,000,359 |
| Total comprehensive income for the period attributable to: | | |
| Owners of the Company | **1,202,778** | 872,131 |
| Non-controlling interests | **882,247** | 101,747 |
| | **2,085,025** | 973,878 |

# Condensed Consolidated Statement of Financial Position

As at 30 June 2018

| | Notes | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | 11 | **215,122,784** | 218,648,534 | 218,917,140 |
| Investment properties | | **609,000** | 621,793 | 561,595 |
| Intangible assets | | **2,018,863** | 2,089,712 | 2,104,646 |
| Development costs | | **1,855** | 1,837 | 92 |
| Investments in associates | | **14,398,552** | 14,471,540 | 8,968,990 |
| Investments in joint ventures | | **1,202,305** | 1,312,160 | 6,629,938 |
| Available-for-sale financial assets | | **–** | 4,910,913 | 5,407,866 |
| Financial instruments at fair value through profit or loss | | **4,175,410** | – | – |
| Equity instruments at fair value through other comprehensive income | | **1,304,145** | – | – |
| Long-term entrusted loans to an associate | | **137,332** | 133,386 | 125,188 |
| Deferred tax assets | | **4,051,422** | 4,075,125 | 3,493,948 |
| Other non-current assets | | **5,196,727** | 5,036,001 | 4,357,356 |
| | | **248,218,395** | 251,301,001 | 250,566,759 |
| **Current assets** | | | | |
| Inventories | | **4,295,166** | 4,202,382 | 3,814,358 |
| Trade and notes receivables | 12 | **13,188,980** | 12,785,760 | 10,296,252 |
| Prepayments and other receivables | | **4,519,293** | 4,035,777 | 4,979,873 |
| Tax recoverable | | **223,340** | 224,751 | 418,576 |
| Current portion of other non-current assets | | **11,658** | 76,188 | 11,656 |
| Cash and cash equivalents and restricted deposits | | **12,939,939** | 6,484,061 | 6,175,939 |
| | | **35,178,376** | 27,808,919 | 25,696,654 |
| **Current liabilities** | | | | |
| Trade payables and accrued liabilities | 13 | **25,238,836** | 29,096,719 | 26,590,748 |
| Consideration payables | 15 | **7,692,773** | – | – |
| Taxes payables | | **1,223,286** | 1,065,363 | 1,126,009 |
| Dividends payables | | **4,331,926** | 357,207 | 633,461 |
| Short-term loans | | **19,376,121** | 27,684,424 | 13,199,736 |
| Short-term bonds | | **7,473,793** | – | 14,482,902 |
| Current portion of non-current liabilities | | **18,392,005** | 17,758,075 | 12,285,068 |
| | | **83,728,740** | 75,961,788 | 68,317,924 |
| **Net current liabilities** | | **(48,550,364)** | (48,152,869) | (42,621,270) |
| **Total assets less current liabilities** | | **199,668,031** | 203,148,132 | 207,945,489 |

# Condensed Consolidated Statement of Financial Position

As at 30 June 2018

| | Note | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|---|
| **Capital and reserves** | | | | |
| Share capital | 14 | **18,506,711** | 13,310,038 | 13,310,038 |
| Reserves | | **23,677,440** | 32,347,518 | 40,811,312 |
| Retained earnings/(accumulated losses) | | **5,051,980** | 6,519,243 | (3,166,583) |
| Equity attributable to owners of the Company | | **47,236,131** | 52,176,799 | 50,954,767 |
| Non-controlling interests | | **18,448,987** | 19,901,946 | 20,540,370 |
| **Total equity** | | **65,685,118** | 72,078,745 | 71,495,137 |
| **Non-current liabilities** | | | | |
| Long-term loans | | **107,240,658** | 104,103,063 | 105,945,587 |
| Long-term bonds | | **15,752,894** | 15,743,253 | 16,721,352 |
| Deferred income | | **2,658,506** | 2,763,104 | 2,834,039 |
| Deferred tax liabilities | | **691,941** | 531,806 | 563,261 |
| Other non-current liabilities | | **7,638,914** | 7,928,161 | 10,386,113 |
| | | **133,982,913** | 131,069,387 | 136,450,352 |
| | | **199,668,031** | 203,148,132 | 207,945,489 |

# Condensed Consolidated Statement of Change in Equity

For the six months ended 30 June 2018

| | Notes | Attributable to owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital RMB'000 | Capital reserve RMB'000 | Statutory surplus reserve RMB'000 (Note a) | Merger reserve RMB'000 (Note b) | Discretionary surplus reserve RMB'000 (Note c) | Restricted reserve RMB'000 | Foreign currency translation reserve RMB'000 | Available-for-sale financial assets revaluation reserve RMB'000 | Other reserve RMB'000 | Retained earnings RMB'000 | Total RMB'000 | Non-controlling interest RMB'000 | Total RMB'000 |
| At 1 January 2017, as previously reported | | 13,310,038 | 9,910,838 | 4,992,897 | – | 15,504,876 | 12,290 | 47,523 | 49,256 | 642,751 | (4,486,148) | 39,984,321 | 18,844,672 | 58,828,993 |
| Effect of business combinations under common control | 15 | – | 63,473 | 64,034 | 9,523,374 | – | – | – | – | – | 1,319,565 | 10,970,446 | 1,695,698 | 12,666,144 |
| At 1 January 2017, as restated (unaudited) | | 13,310,038 | 9,974,311 | 5,056,931 | 9,523,374 | 15,504,876 | 12,290 | 47,523 | 49,256 | 642,751 | (3,166,583) | 50,954,767 | 20,540,370 | 71,495,137 |
| Profit for the period | | – | – | – | – | – | – | – | – | – | 898,612 | 898,612 | 101,747 | 1,000,359 |
| Other comprehensive loss for the period: | | | | | | | | | | | | | | |
| *Items that may be reclassified to profit or loss:* | | | | | | | | | | | | | | |
| – Fair value gain on available-for-sale financial assets | | – | – | – | – | – | – | – | 15,032 | – | – | 15,032 | – | 15,032 |
| – Share of other comprehensive loss of associates | | – | – | – | – | – | – | – | (37,132) | – | – | (37,132) | – | (37,132) |
| – Exchange differences on translating foreign operations | | – | – | – | – | – | – | (4,381) | – | – | – | (4,381) | – | (4,381) |
| Total comprehensive income for the period | | – | – | – | – | – | – | (4,381) | (22,100) | – | 898,612 | 872,131 | 101,747 | 973,878 |
| Utilisation of discretionary surplus reserve | | – | – | – | – | (9,015,165) | – | – | – | – | 9,015,165 | – | – | – |
| Appropriation to restricted reserve | | – | – | – | – | – | 2,428 | – | – | – | (2,428) | – | – | – |
| Dividend | 9 | – | – | – | – | – | – | – | – | – | – | – | (619,144) | (619,144) |
| Capital injection from non-controlling interests | | – | – | – | – | – | – | – | – | – | – | – | 218,090 | 218,090 |
| At 30 June 2017 (unaudited) | | 13,310,038 | 9,974,311 | 5,056,931 | 9,523,374 | 6,489,711 | 14,718 | 43,142 | 27,156 | 642,751 | 6,744,766 | 51,826,898 | 20,241,063 | 72,067,961 |

# Condensed Consolidated Statement of Change in Equity

For the six months ended 30 June 2018

| | | Attributable to owners of the Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Notes | Share capital RMB'000 | Capital reserve RMB'000 | Statutory surplus reserve RMB'000 (Note a) | Merger reserve RMB'000 (Note b) | Discretionary surplus reserve RMB'000 (Note c) | Restricted reserve RMB'000 | Foreign currency translation reserve RMB'000 | FVTOCI reserve RMB'000 | Available-for-sale financial assets revaluation reserve RMB'000 | Other reserve RMB'000 | Retained earnings RMB'000 | Total RMB'000 | Non-controlling interest RMB'000 | Total RMB'000 |
| At 1 January 2018, as previously reported | | 13,310,038 | 9,907,511 | 4,992,897 | – | 6,839,386 | 12,679 | 42,481 | – | 118,351 | 648,977 | 5,887,028 | 41,759,348 | 18,425,484 | 60,184,832 |
| Effect of business combinations under common control | 15 | – | 62,949 | 170,963 | 9,551,324 | – | – | – | – | – | – | 632,215 | 10,417,451 | 1,476,462 | 11,893,913 |
| At 1 January 2018, as restated (unaudited) | | 13,310,038 | 9,970,460 | 5,163,860 | 9,551,324 | 6,839,386 | 12,679 | 42,481 | – | 118,351 | 648,977 | 6,519,243 | 52,176,799 | 19,901,946 | 72,078,745 |
| IFRS 9 adjustment on retained profits | 3 | – | – | – | – | – | – | – | (20,157) | (118,351) | – | 462,975 | 324,467 | (34,315) | 290,152 |
| Adjusted balance at 1 January 2018, as restated (unaudited) | | 13,310,038 | 9,970,460 | 5,163,860 | 9,551,324 | 6,839,386 | 12,679 | 42,481 | (20,157) | – | 648,977 | 6,982,218 | 52,501,266 | 19,867,631 | 72,368,897 |
| Profit for the period | | – | – | – | – | – | – | – | – | – | – | 1,216,838 | 1,216,838 | 881,408 | 2,098,246 |
| Other comprehensive loss for the period: | | | | | | | | | | | | | | | |
| *Items that may be reclassified to profit or loss:* | | | | | | | | | | | | | | | |
| – Share of other comprehensive loss of associates | | – | – | – | – | – | – | – | (6,819) | – | – | – | (6,819) | – | (6,819) |
| – Exchange differences on translating foreign operations | | – | – | – | – | – | – | 1,576 | – | – | – | – | 1,576 | – | 1,576 |
| *Item that will not be reclassified to profit or loss:* | | | | | | | | | | | | | | | |
| – Fair value loss on investments in equity instruments at fair value through other comprehensive income | | – | – | – | – | – | – | – | (8,817) | – | – | – | (8,817) | 839 | (7,978) |
| Total comprehensive income for the period | | – | – | – | – | – | – | 1,576 | (15,636) | – | – | 1,216,838 | 1,202,778 | 882,247 | 2,085,025 |
| Issue of ordinary shares | 14 | 5,196,673 | 8,132,663 | – | – | – | – | – | – | – | – | – | 13,329,336 | – | 13,329,336 |
| Capital injection from non-controlling interests | | – | – | – | – | – | – | – | – | – | – | – | – | 130,594 | 130,594 |
| Appropriation to discretionary surplus reserve | | – | – | – | – | 1,481,472 | – | – | – | – | – | (1,481,472) | – | – | – |
| Effect of business combination under common control | 15 | – | – | – | (18,131,114) | – | – | – | – | – | – | – | (18,131,114) | – | (18,131,114) |
| Others | | – | – | – | – | – | – | – | – | – | (531) | – | (531) | – | (531) |
| Dividend | 9 | – | – | – | – | – | – | – | – | – | – | (1,665,604) | (1,665,604) | (2,431,485) | (4,097,089) |
| At 30 June 2018 (unaudited) | | 18,506,711 | 18,103,123 | 5,163,860 | (8,579,790) | 8,320,858 | 12,679 | 44,057 | (35,793) | – | 648,446 | 5,051,980 | 47,236,131 | 18,448,987 | 65,685,118 |

Notes:

(a) Statutory surplus reserve

As required by applicable law and regulations, entities established and operated in The People's Republic of China (the "PRC") shall set aside/ appropriate a portion of its after tax profits of each year to fund statutory reserve. The statutory reserve is not distributable as cash dividends and must be made before distribution of dividend to equity owners.

(b) Merger reserve

The merger reserve of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisitions and the aggregate paid up capital of subsidiaries acquired at the date when the Group and the acquired subsidiaries became under common control.

(c) Discretionary surplus reserve

Pursuant to the articles of association of the Company, the appropriation of profit to the discretionary surplus reserve and its utilisation are made in accordance with the recommendation of the directors and is subject to shareholders' approval at their general meeting. The discretionary surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

| | Six months ended 30 June 2018 RMB'000 (unaudited) | 2017 RMB'000 (unaudited and restated) |
|---|---|---|
| NET CASH FROM OPERATING ACTIVITIES | **8,182,223** | 8,554,039 |
| INVESTING ACTIVITIES | | |
| Sales proceed on disposal of property, plant and equipment | **1,242** | – |
| Purchase of property, plant and equipment | **(4,276,926)** | (5,435,041) |
| Purchase of intangible assets | **(4,546)** | (663) |
| Increase in loans to an associate | **(3,946)** | (5,289) |
| Acquisition of associates | **(7,450)** | (27,000) |
| Investments in joint ventures | **(75,150)** | (13,000) |
| Payments for business combinations under common control | **(10,438,341)** | – |
| Other investing activities | **701,994** | 603,798 |
| NET CASH USED IN INVESTING ACTIVITIES | **(14,103,123)** | (4,877,195) |
| FINANCING ACTIVITIES | | |
| Capital injections from non-controlling interests | **130,594** | 218,090 |
| Proceeds from issue of shares | **13,329,336** | – |
| Repayment to bonds | **–** | (14,000,000) |
| Repayment to loans | **(43,177,174)** | (26,507,141) |
| New loans raised | **47,694,127** | 42,013,123 |
| Interest paid | **(3,893,103)** | (3,994,171) |
| Other financing activities | **(1,742,911)** | (1,001,579) |
| NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES | **12,340,869** | (3,271,678) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | **6,419,969** | 405,166 |
| Effect of foreign exchange rate changes | **(55,099)** | 1,122 |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | **6,036,267** | 4,500,684 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash | **12,401,137** | 4,906,972 |
| Analysis of components of cash and cash equivalents and restricted deposits | | |
| Cash and cash equivalents | **12,401,137** | 4,906,972 |
| Restricted deposits | **538,802** | 12,321 |
| | **12,939,939** | 4,919,293 |

## 1. GENERAL INFORMATION

Datang International Power Generation Co., Ltd. (the "Company") was incorporated in the PRC as a joint stock limited liability company. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") ("H shares") on 21 March 1997, the London Stock Exchange Limited on 21 March 1997, and were also listed on the Shanghai Stock Exchange ("A shares") on 20 December 2006. The ultimate shareholder of the Company is China Datang Corporation Limited, a company incorporated in the PRC with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in power generation, power plant development in the PRC and coal trading and other business.

The condensed consolidated financial statements are presented in thousands of units of Renminbi ("RMB"), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

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

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

During the six months ended 30 June 2018, the Group acquired certain entities which were under common control of China Datang Corporation Limited ("China Datang") before and after the business combinations. The Company applies the principles of merger accounting in preparing the condensed consolidated financial statements of the Group.

By applying the principles of merger accounting, the condensed consolidated financial statements included the financial positions, results and cash flows of those entities as if they had been combined with the Group throughout the year ended 31 December 2017. Comparative figures as at 31 December 2017 and for the six months ended 30 June 2017 have been restated as a result of such.

## 2. BASIS OF PREPARATION (Continued)

The Group had net current liabilities of approximately RMB48,550,364,000 as at 30 June 2018. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from the end of the reporting period given that:

i) The Group had significant undrawn borrowing facilities, subject to certain conditions, amounting to approximately RMB316,000,000,000 as at 30 June 2018 and may refinance and/or restructure certain short-term borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for further liabilities which might arise and to reclassify non-current assets as current assets. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

## 3. PRINCIPAL ACCOUNTING POLICIES

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

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

### Change in accounting policies

**(a) IFRS 9 Financial Instruments**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments**

In the current period, the Group has applied IFRS 9 Financial Instruments and related consequential amendments to other IFRS. IFRS 9 introduces new requirements for:

1) The classification and measurement of financial assets,

2) Expected credit losses ("ECL") for financial assets, and

3) General hedge accounting.

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(a) IFRS 9 Financial Instruments (Continued)**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)**

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirement (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirement to instruments that have already been derecognised 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 recognised in the opening retained profits and other components of equity, without restating comparative information.

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

*3.1.1 Key changes in accounting policies resulting from application of IFRS 9*

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

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

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

– The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

– The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(a) IFRS 9 Financial Instruments (Continued)**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)**

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

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.

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

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

*Equity instruments designated as 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 FVTOCI.

Investments in equity instruments as FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the 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 profits.

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(a) IFRS 9 Financial Instruments (Continued)**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)**

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

*Equity instruments designated as FVTOCI (Continued)*

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

*Financial assets at FVTPL*

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss included any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at the date. Change in classification and measurement on the Group's financial assets and the impacts thereof are details in note 3.1.2.

*Impairment under ECL model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(a) IFRS 9 Financial Instruments (Continued)**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)**

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

*Impairment under ECL model (Continued)*

Lifetime ECL represents the ECL that will result from all possible default events over expected life of the relevant instruments. 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 trade receivables. The ECL on trade receivables are assessed collectively using a provision matrix with appropriate groupings.

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

*Significant increase in credit risk*

In assessment whether the credit risk has increased significant since initial recognition, the Group compares the risk of a default occurring on the financial instrument as 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.

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(a) IFRS 9 Financial Instruments (Continued)**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)**

***3.1.1 Key changes in accounting policies resulting from application of IFRS 9 (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 instrument's 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 result of the debtor; and

– 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 one month 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:

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(a) IFRS 9 Financial Instruments (Continued)**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)**

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

*Significant increase in credit risk (Continued)*

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 fulfill its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purpose of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

*Measurement and recognition of ECL*

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

Generally, the ECL is estimated as the difference between all contractual cash flow 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.

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(a) IFRS 9 Financial Instruments (Continued)**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)**

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

*Measurement and recognition of ECL (Continued)*

For the financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For the ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivable where the corresponding adjustment is recognised through a loss allowance account.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(a) IFRS 9 Financial Instruments (Continued)**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)**

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

*Measurement and recognition of ECL (Continued)*

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and financial guarantee contracts for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of IFRS 9. The results of the assessment and the impact thereof are detailed in note 3.1.2.

Other than those disclosed above, the application of the amendments to IFRSs and interpretation in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

***3.1.2 Summary of effects arising from initial application of IFRS 9***

The table below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

| | Available-for-sale investments RMB'000 | Financial instruments at FVTPL RMB'000 | Equity instruments at FVTOCI RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| Closing balance at 31 December 2017 – IAS 39 | 4,910,913 | – | – | 4,910,913 |
| Effect arising from initial application of IFRS 9 reclassification: | (4,910,913) | 3,398,531 | 1,512,382 | – |
| Effect arising from initial application of IFRS 9 remeasurement: | – | 630,347 | (243,478) | 386,869 |
| Opening balance at 1 January 2018 | – | 4,028,878 | 1,268,904 | 5,297,782 |

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(a) IFRS 9 Financial Instruments (Continued)**

**3.1 Impact and changes in accounting policies of application on IFRS 9 Financial Instruments (Continued)**

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

*Available-for-sale investments*

From available-for-sale equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes of its equity investments previously classified as available-for-sale, of which approximately RMB1,512,382,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, RMB1,268,904,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value loss of RMB243,478,000 relating to those unquoted equity investment previously carried at cost less impairment were adjusted to equity instruments at FVTOCI as at 1 January 2018. In addition, impairment losses previously recognised of RMB24,078,000 were transferred from retained profits to FVTOCI reserve as at 1 January 2018.

From available-for-sale investments to FVTPL

At the date of initial application of IFRS 9, the Group's equity investment of RMB4,028,878,000 were reclassified from available-for-sale investments to financial assets at fair value through profit or loss. The fair gain of RMB630,347,000 relating to those equity investment previously carried at cost less impairment were adjusted to financial assets at FVTPL and retained earnings as at 1 January 2018. The fair value gain of RMB118,351,000 relating to those investments previously carried at fair value were transferred from available-for-sale financial assets revaluation reserve to retained profits.

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(b) IFRS 15 Revenue from contracts with customers**

**3.2 Impact and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers**

*Timing of revenue recognition*

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers, whereas revenue arising from construction contracts and provision of services was recognised over time.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or services in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

– When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

– When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

– When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

Since more than 94% of the Group's revenue comprised of contracts with customers from rate-regulated sales of electricity and heat, where revenue continue to be recognised upon transmission to the customers. The adoption of IFRS 15 did not have a significant impact on timing of revenue recognition.

## 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Change in accounting policies (Continued)

**(b) IFRS 15 Revenue from contracts with customers (Continued)**

**3.2 Impact and changes in accounting policies of application on IFRS 15 Revenue from Contracts with Customers (Continued)**

*Presentation of contract assets and liabilities*

Under IFRS 15, accounts receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to "receipts in advance" was presented in the condensed consolidated statement of financial position under "trade payables and accrued liabilities".

To reflect these changes in presentation, the Group has made the following adjustment as at 1 January 2018, as a result of the adoption of IFRS 15:

"Trade payables and accrued liabilities – receipts in advance" amounting to approximately RMB928,328,000 as at 1 January 2018 is now presented as "contract liabilities".

## 4. OPERATING REVENUE

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

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | **RMB'000** | RMB'000 |
| | **(unaudited)** | (unaudited and restated) |
| Sales of electricity | **40,870,975** | 37,739,329 |
| Sales of coal | **2,117,316** | 8,063 |
| Others | **2,555,143** | 1,566,800 |
| Total | **45,543,434** | 39,314,192 |

## 5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being chief operating decision maker (the "CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The CODM reviews operating results and financial information for each operating company separately. Accordingly, each operating company, including associates and joint ventures held by the relevant operating company, is identified as an operating segment. Those operating companies are aggregated into power generation segment, coal segment and others respectively for segment reporting purpose after taking into account that those operating companies are operating in similar business model with similar target group of customers, similar products and services and similar methods used to distribute their products and under the same regulatory environment.

Specifically, the Group's reportable segments under IFRS 8 Operating Segments are as follows:

(i) Power generation segment – operation of power plants through subsidiaries, generating electric power for sale to external power grid companies, investing in power plants through joint ventures and associates;

(ii) Coal segment – engaged in mining and sale of coal products; and

(iii) Others – engaged in aluminium smelting and others.

The "others" comprises a number of immaterial businesses and none of these units has ever individually met the quantitative thresholds for determining a reportable segment.

## 5. SEGMENT INFORMATION (Continued)

### Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

**For the six months ended 30 June 2018**

| | Power generation segment RMB'000 (unaudited) | Coal segment RMB'000 (unaudited) | Other segments RMB'000 (unaudited) | Total RMB'000 (unaudited) |
|---|---|---|---|---|
| Revenue from external customers | 40,870,975 | 2,117,316 | 2,555,143 | 45,543,434 |
| Intersegment revenue | 451,174 | 7,355,015 | 57,486 | 7,863,675 |
| | 41,322,149 | 9,472,331 | 2,612,629 | 53,407,109 |
| *Reconciliation* | | | | |
| Elimination of intersegment revenue | | | | (7,863,675) |
| Operating revenue | | | | 45,543,434 |
| Segment profit/(loss) | 2,973,117 | 362,114 | (433,303) | 2,901,928 |
| Unallocated income | | | | 106,309 |
| Unallocated expenses | | | | (138,816) |
| Profit before tax | | | | 2,869,421 |

## 5. SEGMENT INFORMATION (Continued)

### Segment revenues and results (Continued)

For the six months ended 30 June 2017

| | Power generation segment RMB'000 (unaudited and restated) | Coal segment RMB'000 (unaudited and restated) | Other segments RMB'000 (unaudited and restated) | Total RMB'000 (unaudited and restated) |
|---|---|---|---|---|
| Revenue from external customers | 37,739,329 | 8,063 | 1,566,800 | 39,314,192 |
| Intersegment revenue | 275,587 | 10,643,448 | 43,846 | 10,962,881 |
| | 38,014,916 | 10,651,511 | 1,610,646 | 50,277,073 |
| *Reconciliation* | | | | |
| Elimination of intersegment revenue | | | | (10,962,881) |
| Operating revenue | | | | 39,314,192 |
| Segment profit/(loss) | 1,164,552 | 297,207 | (131,726) | 1,330,033 |
| Unallocated income | | | | 238,257 |
| Unallocated expenses | | | | (18,019) |
| Profit before tax | | | | 1,550,271 |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) incurred by each segment without allocation of dividend income from financial instruments at FVTPL and equity instruments at FVTOCI and gain or loss on change of fair value of financial instruments at FVTPL and equity instruments at FVTOCI (six months ended 30 June 2017: dividend income from available-for-sale financial assets and gain or loss on disposals of available-for-sale financial assets).

## 5. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| **SEGMENT ASSETS** | | | |
| Power generation segment | **247,412,692** | 247,193,206 | 244,577,322 |
| Coal segment | **11,328,548** | 10,894,855 | 10,195,784 |
| Other segments | **15,124,554** | 12,035,821 | 12,588,493 |
| Segment assets | **273,865,794** | 270,123,882 | 267,361,599 |
| Unallocated assets | **9,530,977** | 8,986,038 | 8,901,814 |
| Total assets | **283,396,771** | 279,109,920 | 276,263,413 |
| **SEGMENT LIABILITIES** | | | |
| Power generation segment | **198,657,558** | 191,595,248 | 189,650,090 |
| Coal segment | **4,610,728** | 4,827,511 | 4,669,594 |
| Other segments | **12,528,140** | 9,011,247 | 8,759,322 |
| Segment liabilities | **215,796,426** | 205,434,006 | 203,079,006 |
| Unallocated liabilities | **1,915,227** | 1,597,169 | 1,689,270 |
| Total liabilities | **217,711,653** | 207,031,175 | 204,768,276 |

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than financial instruments at FVTPL, equity instruments at FVTOCI and deferred tax assets as these assets are managed on a group basis (31 December 2017 and 1 January 2017: available-for-sale financial assets and deferred tax assets); and

- all liabilities are allocated to operating segments other than tax payables and deferred tax liabilities as these liabilities are managed on a group basis.

## 5. SEGMENT INFORMATION (Continued)

### Information about major customers

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

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | **RMB'000** | RMB'000 |
| | **(unaudited)** | (unaudited and restated) |
| Customer A[1] | **7,612,347** | 4,699,307 |

[1] Revenue from power generation segment

## 6. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | **RMB'000** | RMB'000 |
| | **(unaudited)** | (unaudited and restated) |
| Interest expense | **4,031,967** | 3,923,598 |
| Amount capitalised | **(333,154)** | (602,368) |
| | **3,698,813** | 3,321,230 |
| Exchange loss, net | **54,716** | 1,065 |
| Others | **15,336** | 11,744 |
| | **3,768,865** | 3,334,039 |

## 7. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited and restated) |
| Current tax | 681,682 | 677,737 |
| Deferred tax | 89,493 | (127,825) |
| | 771,175 | 549,912 |

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods. During the periods ended 30 June 2018 and 2017, certain subsidiaries of the Group were entitled a preferential tax rate of 15%.

## 8. PROFIT FOR THE PERIOD

The Group's profit for the period is stated at after charging (crediting) the following:

| | Six months ended 30 June | |
|---|---|---|
| | 2018 | 2017 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited and restated) |
| Directors' emoluments: | | |
| Fees | 500 | 306 |
| Salaries and other benefits | 3,128 | 3,282 |
| Contributions to retirement benefits scheme | 362 | 405 |
| | 3,990 | 3,993 |
| Interest income | (49,619) | (32,824) |
| Amortisation of intangible assets | 19,683 | 16,482 |
| Depreciation of property, plant and equipment | 6,847,287 | 6,934,558 |
| Depreciation of investment properties | 12,708 | 9,994 |
| Gain on disposals of subsidiaries | – | (21,681) |
| Gain on disposals of available-for-sale financial assets | – | (238,257) |

## 9. DIVIDENDS

For the six months ended 30 June 2018, a final dividend of RMB0.09 per share in respect of the year ended 31 December 2017 (2017: nil) was declared and paid to the owners of the Company. The dividend declared and paid in the interim period amounted to in respect of approximately RMB1,665,604,000 (2017: nil).

The Company did not declare the payment of interim dividend for the six months ended 30 June 2018. (2017: nil).

## 10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | **RMB'000** | RMB'000 |
| | **(unaudited)** | (unaudited and restated) |
| **Earnings** | | |
| Profit for the purpose of basic and diluted earnings per share | **1,216,838** | 898,612 |
| | **'000** | '000 |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | **15,908,374** | 13,310,038 |

Note:

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2018 and 2017.

## 11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group disposed of certain property, plant and equipment with carrying amount of approximately RMBMB1,658,000 (for the six months ended 30 June 2017: RMB nil) for cash proceeds of approximately RMB1,242,000 (for the six months ended 30 June 2017: nil), resulting in a loss on disposal of approximately RMB416,000 (a gain for the six months ended 30 June 2017: RMB nil).

In addition, the Group paid approximately RMB4,276,926,000 (six months ended 30 June 2017: RMB4,510,446,000) on addition of property, plant and equipment.

## 12. TRADE AND NOTES RECEIVABLES

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| Trade receivables | **13,029,023** | 12,654,259 | 10,358,895 |
| Less: provision of impairment loss | **(897,436)** | (897,436) | (741,359) |
| Trade receivables | **12,131,587** | 11,756,823 | 9,617,536 |
| Notes receivables | **1,057,393** | 1,028,937 | 678,716 |
| | **13,188,980** | 12,785,760 | 10,296,252 |

The Group usually grants credit period of approximately one month to local power grid customers and coal purchase customers from the month end after sale transactions made.

As at 30 June 2018, the estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 31 December 2016 and 2017, included in the provision for impairment loss of trade receivables are individually impaired trade and notes receivables with an aggregate balance of approximately RMB897,436,000 and RMB741,359,000 respectively. The individually impaired trade and notes receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, provision for impairment loss is recognised.

At the end of the reporting period, the aged analysis of trade and notes receivables, net of provision of impairment loss recognised presented based on the invoice date, which approximated the respective revenue recognition dates, are as follows:

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| Within one year | **12,059,666** | 12,101,249 | 9,663,467 |
| Between one to two years | **684,401** | 347,267 | 168,575 |
| Between two to three years | **144,540** | 57,022 | 244,344 |
| Over three years | **300,373** | 280,222 | 219,866 |
| | **13,188,980** | 12,785,760 | 10,296,252 |

## 13. TRADE PAYABLES AND ACCRUED LIABILITIES

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| Trade and notes payables | 14,446,444 | 14,465,664 | 9,214,289 |
| Other payables and accrued liabilities | 10,602,491 | 14,631,055 | 17,376,459 |
| Contract liabilities | 189,901 | – | – |
| | 25,238,836 | 29,096,719 | 26,590,748 |

The ageing analysis of the trade and notes payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| Within one year | 11,259,150 | 12,123,801 | 8,121,645 |
| Between one to two years | 1,801,209 | 1,318,254 | 656,938 |
| Between two to three years | 868,678 | 493,928 | 197,623 |
| Over three years | 517,407 | 529,681 | 238,083 |
| | 14,446,444 | 14,465,664 | 9,214,289 |

## 14. SHARE CAPITAL

| | Number of shares | | | Share capital | | |
|---|---|---|---|---|---|---|
| | **30 June 2018 '000 (unaudited)** | 31 December 2017 '000 (audited) | 1 January 2017 '000 (audited) | **30 June 2018 RMB'000 (unaudited)** | 31 December 2017 RMB'000 (audited) | 1 January 2017 RMB'000 (audited) |
| **A share of RMB1 each:** | | | | | | |
| *Registered, issued and fully paid:* | | | | | | |
| At beginning of the period/year | **9,994,360** | 9,994,360 | 9,994,360 | **9,994,360** | 9,994,360 | 9,994,360 |
| Issue of shares upon subscription | **2,401,729** | – | – | **2,401,729** | – | – |
| At end of the period/year | **12,396,089** | 9,994,360 | 9,994,360 | **12,396,089** | 9,994,360 | 9,994,360 |
| **H share of RMB1 each:** | | | | | | |
| *Registered, issued and fully paid:* | | | | | | |
| At beginning of the period/year | **3,315,678** | 3,315,678 | 3,315,678 | **3,315,678** | 3,315,678 | 3,315,678 |
| Issue of shares upon subscription | **2,794,944** | – | – | **2,794,944** | – | – |
| At end of the period/year | **6,110,622** | 3,315,678 | 3,315,678 | **6,110,622** | 3,315,678 | 3,315,678 |
| | **18,506,711** | 13,310,038 | 13,310,038 | **18,506,711** | 13,310,038 | 13,310,038 |

On 28 November 2016, the Company entered into subscription agreements with share subscribers to issue 2,401,729,106 A-share subscription shares and 2,794,943,820 H-share subscription shares at RMB3.47 per A-share subscription shares and HK$2.226 (equivalent to RMB1.797) per H-share subscription shares respectively. The subscription of A-share subscription shares and H-share subscription shares were completed on 23 March 2018 and 19 March 2018 respectively. The new shares rank pari passu with the existing shares in all respects.

## 15. BUSINESS COMBINATIONS UNDER COMMON CONTROL AND RESTATEMENTS

The Group adopts merger accounting for common control combinations in respect of the following transaction which occurred during the six months ended 30 June 2018.

On 1 April 2018, the Group acquired 100% equity interests in Datang Anhui Power Generation Company Limited, Datang Hebei Power Generation Company Limited and Datang Heilongjiang Power Generation Company Limited (collectively referred to as the "Acquired subsidiaries") at an aggregate consideration of RMB18,127,511,000 from China Datang, the ultimate holding company of the Company. The consideration is subject to final adjustment calculation as disclosed in the circular of the Company dated 22 February 2018. The final total consideration amounted of approximately RMB18,131,114,000.

| | RMB'000 |
|---|---|
| Total consideration | 18,131,114 |
| Consideration paid | (10,438,341) |
| Consideration payables | 7,692,773 |

The effects of the application of merger accounting for business combinations under common control occurred during the six months ended 30 June 2018 on the Group's financial position as at 31 December 2017 and 1 January 2017 and the results for the six months ended 30 June 2017 are summarised as following:

For the six months ended 30 June 2017

| | As originally stated RMB'000 (unaudited) | Acquired subsidiaries RMB'000 (unaudited) | As restated RMB'000 (unaudited) |
|---|---|---|---|
| Revenue | 30,047,916 | 9,266,276 | 39,314,192 |
| Profit (loss) before tax | 1,795,097 | (244,826) | 1,550,271 |
| Income tax expense | (460,131) | (89,781) | (549,912) |
| Profit (loss) for the period | 1,334,966 | (334,607) | 1,000,359 |
| Profit for the period attributable to | | | |
| Owners of the Company | 1,092,019 | (193,407) | 898,612 |
| Non-controlling interests | 242,947 | (141,200) | 101,747 |
| Profit (loss) for the period | 1,334,966 | (334,607) | 1,000,359 |

## 15. BUSINESS COMBINATIONS UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

As at 31 December 2017

| | As originally stated RMB'000 (audited) | Acquired subsidiaries RMB'000 (unaudited) | Elimination RMB'000 (unaudited) | As restated RMB'000 (unaudited) |
|---|---|---|---|---|
| Non-current assets | 214,613,006 | 36,687,995 | – | 251,301,001 |
| Current assets | 21,318,837 | 6,490,082 | – | 27,808,919 |
| Total assets | 235,931,843 | 43,178,077 | – | 279,109,920 |
| Non-current liabilities | 113,063,433 | 18,005,954 | – | 131,069,387 |
| Current liabilities | 62,683,578 | 13,278,210 | – | 75,961,788 |
| Total liabilities | 175,747,011 | 31,284,164 | – | 207,031,175 |
| Net assets | 60,184,832 | 11,893,913 | – | 72,078,745 |
| Share capital and capital reserve | 23,217,549 | 9,614,273 | (9,614,273) | 23,217,549 |
| Other reserve | 18,541,799 | 803,178 | 9,614,273 | 28,959,250 |
| Non-controlling interest | 18,425,484 | 1,476,462 | – | 19,901,946 |
| Total equity | 60,184,832 | 11,893,913 | – | 72,078,745 |

## 15. BUSINESS COMBINATIONS UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

As at 1 January 2017

| | As originally stated RMB'000 (audited) | Acquired subsidiaries RMB'000 (unaudited) | Elimination RMB'000 (unaudited) | As restated RMB'000 (unaudited) |
|---|---|---|---|---|
| Non-current assets | 213,370,503 | 37,196,256 | – | 250,566,759 |
| Current assets | 20,094,918 | 5,601,736 | – | 25,696,654 |
| Total assets | 233,465,421 | 42,797,992 | – | 276,263,413 |
| Non-current liabilities | 117,270,850 | 19,179,502 | – | 136,450,352 |
| Current liabilities | 57,365,578 | 10,952,346 | – | 68,317,924 |
| Total liabilities | 174,636,428 | 30,131,848 | – | 204,768,276 |
| Net assets | 58,828,993 | 12,666,144 | – | 71,495,137 |
| Share capital and capital reserve | 23,220,876 | 9,586,847 | (9,586,847) | 23,220,876 |
| Other reserve | 16,763,445 | 1,383,599 | 9,586,847 | 27,733,891 |
| Non-controlling interest | 18,844,672 | 1,695,698 | – | 20,540,370 |
| Total equity | 58,828,993 | 12,666,144 | – | 71,495,137 |

The effect of application of merger accounting for common control combinations on the Group's basic and diluted earnings per share for the six months ended 30 June 2017 is as follow.

| | RMB cent (unaudited) |
|---|---|
| As originally stated | 8.20 |
| Adjustment arising on common control combinations | (1.45) |
| As restated | 6.75 |

## 16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

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

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

| Financial assets | Fair value as at 30 June 2018 RMB'000 (unaudited) | Fair value as at 31 December 2017 RMB'000 (unaudited and restated) | Fair value as at 31 December 2016 RMB'000 (unaudited and restated) | Fair value hierarchy | Valuation technique(s) and key inputs | Significant unobservable input(s) 30 June 2018 RMB'000 |
|---|---|---|---|---|---|---|
| – Equity instruments measured at fair value through profit or loss | 4,175,410 | – | – | Level 3 | Market-comparable approach | Discount for lack of marketability 50%-65% (2017: 50%-65%) |
| – Equity instruments measured at fair value through other comprehensive income | 280,167 | – | – | Level 1 | Quoted bid prices in an active market | N/A |
| | 1,023,978 | – | – | Level 3 | Market-comparable approach | Discount for lack of marketability 50%-65% (2017: 50%-65%) |
| – Available-for-sale financial assets | – | 279,289 | 205,624 | Level 1 | Quoted bid prices in an active market | N/A |

## 17. RELATED PARTY TRANSACTIONS

### (a) Significant transactions with China Datang and its subsidiaries other than the Group (collectively referred to as "China Datang Group") and associates of the Group and their respective subsidiaries

| | Six months ended 30 June 2018 RMB'000 (unaudited) | 2017 RMB'000 (unaudited) |
|---|---|---|
| **China Datang Group** | | |
| Purchases of fuel | **2,807,388** | 331,721 |
| Purchases of materials and equipment | **197,176** | 301,865 |
| Operating lease expenses for buildings and facilities | **696** | 697 |
| Receipt of repairs and maintenance services | **10,483** | 10,531 |
| Receipt of desulfurisation and denitrification services | **792,379** | 778,022 |
| Receipt of material management services | **4,080** | 2,268 |
| Receipt of property management services | **165** | 1,279 |
| Receipt of technical support services | **37,751** | 11,541 |
| Receipt of construction services | **277,339** | 76,958 |
| Receipt of environmental protection and energy conservation solutions | **55,074** | – |
| Receipt of construction consulting services | **–** | 7,182 |
| Receipt of finance lease services | **–** | 256,000 |
| Provision of technical support services | **15,469** | 2,031 |
| Provision of construction services | **308** | – |
| Provision of project management and repairs and maintenance services | **–** | 15,985 |
| Provision of desulfurisation and denitrification services | **209,423** | 33,844 |
| Sales of desulfurisation materials | **–** | 26,193 |
| Sales of equipment | **–** | 17,099 |
| Sales of electricity | **20,537** | 16,564 |
| Sales of fuel | **763,509** | – |
| Alternative power generation income | **–** | 32,541 |
| Interest expense on loans | **21,871** | 19,119 |
| Rental income | **3,479** | 1,089 |
| **Associates of the Group** | | |
| Interest expense on loans | **87,162** | 93,531 |
| Interest expense on financial leases | **15,587** | 3,431 |
| Interest income on deposits | **39,854** | 23,524 |
| Receipt of finance lease services | **54,000** | 26,129 |
| Provision of technical support services | **–** | 160 |
| Drawdown of loans | **3,784,910** | 3,932,959 |
| Interest income on entrusted loans | **–** | 4,990 |

## 17. RELATED PARTY TRANSACTIONS (Continued)

### (b) Financial guarantees and financing facilities with China Datang Group and associates and joint ventures of the Group

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| **China Datang Group** | | | |
| Long-term loans of the Group guaranteed by China Datang | **2,000,000** | 2,000,000 | 3,099,990 |
| Long-term bonds of the Group guaranteed by China Datang (Note) | **12,000,000** | 12,000,000 | 12,000,000 |
| Long-term loans of associates of China Datang guaranteed by the Company | **14,030,000** | 14,030,000 | 14,106,000 |
| **Associates of the Group** | | | |
| Long-term loans of associates guaranteed by the Company | **825,926** | 838,726 | 1,020,080 |
| Integrated credit facilities provided by an associate to the Company | **24,000,000** | 24,000,000 | 24,000,000 |
| **Joint ventures of the Group** | | | |
| Long-term loans of joint ventures guaranteed by the Company | **71,050** | 102,410 | 139,405 |
| Short-term loan of a joint venture guaranteed by the Company | **–** | – | 75,000 |

Note:

Of which 65.29% (31 December 2017: 65.29%, 1 January 2017: 65.29%) of RMB3 billion (31 December 2017: RMB3 billion, 1 January 2017: RMB3 billion) long-term bonds were counter-guaranteed by the Company.

## 17. RELATED PARTY TRANSACTIONS (Continued)

### (c) Significant transactions with government-related entities

Government-related entities, other than entities under China Datang which is a state-owned enterprise and its subsidiaries, directly or indirectly controlled by the Central People's Government of the PRC ("Government-Related Entities") are also regarded as related parties of the Group.

For the purpose of the related party transactions disclosure, the Group has established procedures for determination, to the extent possible, of the identification of the ownership structure of its customers and suppliers as to whether they are Government-Related Entities to ensure the adequacy of disclosure for all material related party transactions given that many Government-Related Entities have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatisation programs.

During the six months ended 30 June 2018 and 2017, the Group sold substantially all of its electricity to local government-related power grid companies. The Group maintained most of its bank deposits in government-related financial institutions while lenders of most of the Group's loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

During the six months ended 30 June 2018 and 2017, other collectively significant transactions with Government-Related Entities also included purchases of fuel and property, plant and equipment.

### (d) Compensation to key management personnel of the Group

The remuneration of directors and other members of key management during the period were as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | **RMB'000** | RMB'000 |
| | **(unaudited)** | (unaudited and restated) |
| Fees | **500** | 306 |
| Salaries and other benefits | **3,128** | 3,282 |
| Contributions to retirement benefits scheme | **362** | 405 |
| | **3,990** | 3,993 |

The remuneration of directors and other members of key management are determined by the remuneration committee having regard to the performance of the individuals and market trends.

## 18. FINANCIAL GUARANTEES

At the end of the reporting period, the Group has provided financial guarantees for loan facilities granted to the following parties:

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| Associates | **825,926** | 838,726 | 1,020,080 |
| Joints ventures | **71,050** | 102,410 | 214,405 |
| Associates of China Datang | **14,030,000** | 14,030,000 | 14,106,000 |
| | **14,926,976** | 14,971,136 | 15,340,485 |

Based on historical experience, no claims have been made against the Group since the date of granting of the above financial guarantees.

## 19. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| Property, plant and equipment | **8,014,271** | 9,280,832 | 12,553,338 |

## 20. LEASE COMMITMENTS

At 30 June 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (audited) | 1 January 2017 RMB'000 (audited) |
|---|---|---|---|
| Within one year | **26,694** | 46,962 | 34,448 |
| In the second to fifth years inclusive | **19,621** | 21,566 | 16,276 |
| After five years | **13,076** | 9,000 | 10,800 |
| | **59,391** | 77,528 | 61,524 |

## 21. PLEDGE OF ASSETS

The Group had pledged the following assets to secure the long term loans of the Group at the end of the reporting period. The carrying amounts of the assets pledged are as follows:

| | 30 June 2018 RMB'000 (unaudited) | 31 December 2017 RMB'000 (unaudited and restated) | 1 January 2017 RMB'000 (unaudited and restated) |
|---|---|---|---|
| Trade receivables | **4,381,117** | 5,014,195 | 3,710,906 |
| Pledged bank deposit | **538,802** | 429,345 | 27,683 |
| Buildings held for own use | **14,352,839** | 3,703,915 | 3,754,550 |
| Others | **1,004,713** | 1,004,713 | 1,033,964 |
| | **20,277,471** | 10,152,168 | 8,527,103 |