Beijing Jingneng Clean Energy Co., Limited

北京京能清潔能源電力股份有限公司

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

Stock Code: 00579

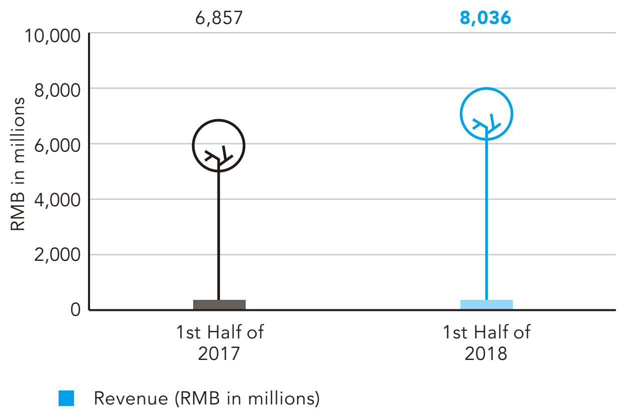
2018 INTERIM REPORT

CONTENTS

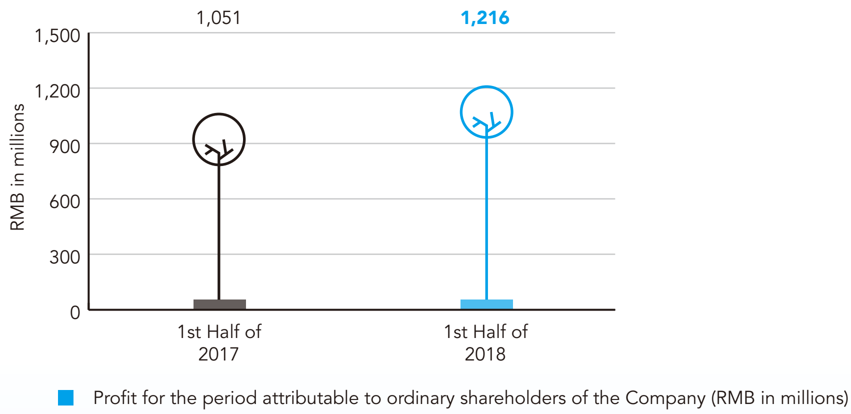
FINANCIAL HIGHLIGHTS

Beijing Jingneng Clean Energy Co., Limited (the "**Company**")

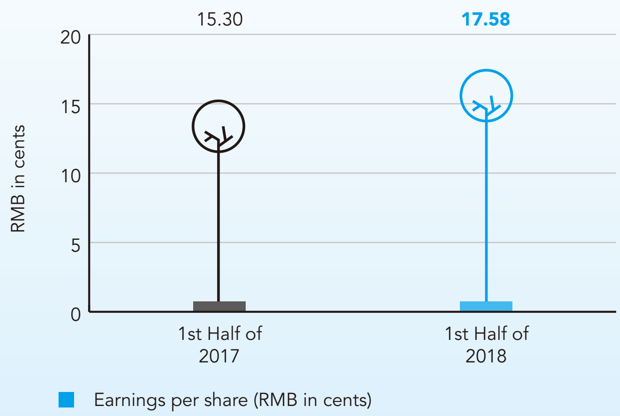
REVENUE



PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY



EARNINGS PER SHARE



	For the six months ended 30 June 2018 RMB'000	2017 RMB'000
Revenue	**8,036,391**	6,857,276
Profit before taxation	**1,731,629**	1,491,959
Income tax expense	**(414,287)**	(368,262)
Profit for the period	**1,317,342**	1,123,697
Profit for the period attributable to:		
Equity holders of the Company	**1,216,095**	1,050,958
Holders of perpetual notes	**35,768**	38,308
Non-controlling interests	**65,479**	34,431
Basic and diluted earnings per share (RMB cents)	**17.58**	15.30

	As of 30 June 2018 RMB'000	As of 31 December 2017 RMB'000
Total non-current assets	**41,956,769**	42,160,577
Total current assets	**10,129,996**	8,795,107
Total assets	**52,086,765**	50,955,684
Total current liabilities	**17,062,116**	19,823,168
Total non-current liabilities	**14,093,734**	12,227,415
Total liabilities	**31,155,850**	32,050,583
Net assets	**20,930,915**	18,905,101
Equity attributable to equity holders of the Company	**20,504,592**	16,808,591
Perpetual notes	**–**	1,527,982
Non-controlling interests	**426,323**	568,528
Total equity	**20,930,915**	18,905,101

CORPORATE PROFILE

REGISTERED NAME

Beijing Jingneng Clean Energy Co., Limited

DIRECTORS

Non-executive Directors

Mr. LIU Haixia *(Chairman)*
Mr. JIN Shengxiang
Mr. TANG Xinbing
Ms. LI Juan
Mr. ZHAO Wei

Executive Director

Mr. ZHANG Fengyang *(General Manager)*

Independent Non-executive Directors

Mr. HUANG Xiang
Mr. ZHANG Fusheng
Mr. CHAN Yin Tsung
Mr. HAN Xiaoping

STRATEGY COMMITTEE

Mr. LIU Haixia *(Chairman)*
Mr. JIN Shengxiang
Mr. TANG Xinbing
Mr. ZHANG Fengyang

REMUNERATION AND NOMINATION COMMITTEE

Mr. HUANG Xiang *(Chairman)*
Mr. LIU Haixia
Mr. TANG Xinbing
Mr. ZHANG Fusheng
Mr. HAN Xiaoping

AUDIT COMMITTEE

Mr. CHAN Yin Tsung *(Chairman)*
Mr. JIN Shengxiang
Mr. HUANG Xiang

SUPERVISORS

Mr. LI Xun
Mr. LIU Jiakai
Ms. HUANG Linwei

COMPANY SECRETARY

Mr. KANG Jian

AUTHORIZED REPRESENTATIVES

Mr. ZHANG Fengyang
7/8 Floor, No. 6 Xibahe Road,
Chaoyang District, Beijing, the PRC

Mr. KANG Jian
7/8 Floor, No. 6 Xibahe Road,
Chaoyang District, Beijing, the PRC

REGISTERED OFFICE

Room 118, No. 1 Ziguang East Road,
Badaling Economic Development Zone,
Yanqing County, Beijing,
the People's Republic of China (the "**PRC**")

PRINCIPAL PLACE OF BUSINESS IN THE PRC

7/8 Floor, No. 6 Xibahe Road
Chaoyang District, Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd (Dongzhimen Branch)
Floor 2, Tianheng Mansion,
No. 46 Dongzhimen Waidajie,
Dongcheng District, Beijing, the PRC

Bank of Communications Co., Ltd. (Fuwai Branch)
Building 1, No. 9, Chegongzhuangdajie,
Xicheng District, Beijing, the PRC

Agricultural Bank of China Limited (Fengtai Branch)
No. 9, East Avenue Street,
Fengtai District, Beijing, the PRC

Industrial and Commercial Bank of China Limited
(Taoranting Branch)
No. 55, Taoranting Road,
Xicheng District, Beijing, the PRC

INTERNATIONAL AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place,
88 Queensway, Hong Kong

DOMESTIC AUDITORS

Grant Thornton LLP (Special General Partnership)
5th Floor, Scitech Place,
22 Jianguomen Wai Avenue,
Chaoyang District, Beijing, the PRC

HONG KONG LEGAL ADVISORS

Freshfields Bruckhaus Deringer
55th Floor, One Island East,
Taikoo Place
Quarry Bay, Hong Kong

PRC LEGAL ADVISORS

Tian Yuan Law Firm
10/F, CPIC Plaza, 28 Fengsheng Lane,
Xicheng District, Beijing, the PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

STOCK CODE

579

COMPANY'S WEBSITE

www.jncec.com

LISTING PLACE

The Stock Exchange of Hong Kong Limited

I. BUSINESS REVIEW FOR THE FIRST HALF OF 2018

1. Consolidated installed capacity remained unchanged and all business segments maintained steady growth

In the first half of 2018, the national electricity consumption grew rapidly. The transformation towards green power generation structure continued and the proportion of newly installed capacity of non-fossil fuel power generation registered a record high. The Group adhered to the core purpose of improving quality and pursuit of economic benefits, enhanced its internal management and conscientiously implemented the established business policy. As a result, all business segments developed in a healthy and orderly manner and maintained a steady growth momentum.

As at 30 June 2018, the power generation of the gas-fired power and heat energy generation segment reached 8.929 billion kWh, and the heat supply was 14.19 million GJ, with the average utilization hours of facilities reaching 2,013 hours; the power generation of the wind power generation segment reached 2.755 billion kWh, with the average utilization hours of facilities reaching 1,173 hours; the power generation of the photovoltaic power generation segment was 628 million kWh, with the average utilization hours of facilities reaching 787 hours; the power generation of the hydropower segment reached 599 million kWh, with the average utilization hours of facilities reaching 1,333 hours. As at 30 June 2018, the Group had an aggregated consolidated power generation of 12.911 billion kWh.

As at 30 June 2018, the aggregate consolidated power generation of the Group, classified by type of power generation, was as follows:

Types of power generation	Consolidated installed capacity as at 30 June 2018 *(MW)*	Percentage *(%)*
Gas-fired power and heat energy generation	**4,436**	**55.24**
Wind power generation	**2,348**	**29.24**
Photovoltaic power generation	**798**	**9.93**
Hydropower generation	**449**	**5.59**
Total	**8,031**	**100.00**

2. Frequent introduction of photovoltaic power generation policies contributed to successful implementation of projects

On 31 May 2018, the National Development and Reform Commission, the Ministry of Finance and the National Energy Administration issued the Notice on the Matters Related to Photovoltaic Power Generation in 2018. The Notice clearly states that no indicator will be issued for photovoltaic power generation in 2018, and the benchmark electricity tarrif of photovoltaic power generation will decrease further. Before the "531 New policy" was introduced, the Group had actively participated in the national photovoltaic power generation "Leader" program and won three bids, namely the No. 4 100MW project of Datong, Shanxi Province, the Haixing No. 4 110MW project of Cangzhou, Hebei Province, and Shouyang No. 3 100MW project of Jinzhong City, Shanxi Province. All the three projects are going to be completed by 31 December this year. In addition, as at 30 June 2018, the 360MW photovoltaic power project under construction which was acquired by the Company last year is expected to be put into operation by the end of the year.

3. The power generation of both gas-fired and wind power generation segments has increased

In the first half of 2018, the overall power generation and heat supply of the Group's gas-fired power and heat energy generation segment increased due to the heating season and the weather conditions. As at 30 June 2018, the power generation of the segment was 8.929 billion kWh, representing a year-on-year increase of 655 million kWh; the heat supply amounted to 14.19 million GJ, representing a year-on-year increase of 23.82%; the average utilization hours of facilities reached 2,013 hours, representing a year-on-year increase of 148 hours.

Thanks to the country's campaign in driving supply-side structural reforms and addressing the overcapacity of coal-fired power generation, the situation of national curtailment of the wind power generation was effectively alleviated. Benefiting from this, the power generation of the Group's wind power generation segment was 2.755 billion kWh, representing a year-on-year increase of 23.21%, with the average utilization hours of facilities reaching 1,173 hours, representing a year-on-year increase of 19.09%, which is 30 hours more than the national average.

4. Implemented overseas projects under the "two-wheel drive" model of self-construction and acquisition

Since 2017, the Group has been adhering to the "semi-organic growth model" through self-construction and acquisition, which has achieved initial success in China. In order to implement the "going out" and "two-wheel drive" development strategies, the Group held an on-site ceremony to connect the GR 13.2 MW photovoltaic power generation project to the power grid on 1 February 2018 at the request of the Australian Renewable Energy Agency after it acquired the New Gullen Wind Power in Australia, and the government agencies of the NSW Government and the Chinese Embassy in Australia attended the ceremony. The completion of the project marks the completion of the first wind & solar power project in Australia.

At the beginning of 2017, the Group began to approach Newtricity in respect of the 108MW wind power generation project in Biala. The Project is located adjacent to the Gullen project, and shares basically the same wind resources with the Gullen project. Therefore it's not necessary to build separate grid-connection facilities, which largely minimizes the construction cost of the Biala wind power generation project and enabled integrated management with the existing wind farm, unlocked the advantage of scale and synergy, reduced labor cost and improved management efficiency. The project is now progressing smoothly and is expected to be completed by the end of the year.

5. Explored various financing channels with effective improvement of fund utilization rate

Last year, the Group passed a resolution on private placing of up to 20% of its domestic shares and H shares to Beijing Energy Holding Co., Ltd. ("**BEH**") and Beijing Energy Investment Holding (Hong Kong) Co., Limited ("**Beijing Energy Investment**"), respectively. As at the end of the Reporting Period, the Group has completed various approval procedures and has received the proceeds raised. The total proceeds raised from the issuance was approximately RMB3 billion, and will be used as general working capital and repayment of loans, to support the Company's overall business development. The placement demonstrated the substantial shareholder's confidence in the future development of the Group and laid a foundation for further refinancing.

In order to support the development and construction of overseas investment projects and broaden the financing channels on overseas debt capital markets, the Group and Hong Kong and Shanghai Banking Corporation Limited announced on 25 June 2018 in Beijing that they successfully completed the first transaction of issuance of green syndicated loans by a Chinese-funded enterprise in Hong Kong. The size of the green syndicated loan was HK$1.72 billion with a term of three years. All funds were used for wind power and photovoltaic power green projects developed and constructed by the Group in Australia.

In the first half of the year, the Group completed the issuance of RMB2.5 billion ultra short-term financing debentures, RMB1.5 billion short-term financing debentures and RMB1.5 billion medium-term notes. Given the increasing financing cost due to the challenging bond market in the first half of 2018, the Group repaid various loans, short-term, ultra-short-term and perpetual bonds upon maturity on time, and actively expanded financing channels and cooperated with various banks, China Export & Credit Insurance Corporation and other institutions on innovative businesses, which included corporate overdraft, foreigndebts and overseas investment (debt) insurance to optimize the long and short term capital structure while guaranteeing the safety of funds.

6. Implemented the reform of state-owned enterprises, deepened reform for in-depth integration of development

In response to the call of the state and implement the Beijing Municipal Government's decision-making on the reform of state-owned enterprises, the Group took initiative to deepen reforms and optimize the governance structure since 2018. All members of the newly appointed management came from the front line of production with more expertise and practical experience, leading to further improvement of the professional management of the Company, and providing sufficient probability for enhancing the Company's value. The Group has always adhered to the reform idea of making good performance in the industrial sector and being a better qualified listed company, with a view to "emphasizing the development of the main business, achieving expansion of scale, and enhancing assets for greater efficiency"; primarily leveraging on "joint efforts in integrated development, reform and innovation", and regarding " the people-oriented approach to work towards the win-win for enterprise and people" as the driving force; for the purpose and mission of "creating wealth and rewarding the society", the Group continued to adhere to the "semi-organic growth" and "two-wheel drive " model, and strived to enhance its domestic and international competitiveness at home and abroad, "strengthen", "excel" and "grow" the state-owned enterprise, so as to become a leading clean energy supplier in the world.

II. OPERATING RESULTS AND ANALYSIS

1. Overview

In the first half of 2018, the Company's profitability recorded continuous improvement. Profit for the period amounted to RMB1,317.3 million, representing an increase of 17.23% as compared with RMB1,123.7 million for the first half of 2017. Profit attributable to the ordinary shareholders of the Company amounted to RMB1,216.1 million, representing an increase of 15.71% as compared with RMB1,051.0 million for the first half of 2017.

2. Operating Income

In the first half of 2018, the total revenue increased by 17.19% from RMB6,857.3 million for the first half of 2017 to RMB8,036.4 million. Adjusted total operating income increased by 13.65% from RMB7,359.3 million for the first half of 2017 to RMB8,364.0 million for the first half of 2018, due to an increase in sales volume of electricity as a result of the increase in the installed capacity in the wind power segment and the photovoltaic power segment.

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment increased by 16.52% from RMB5,362.8 million for the first half of 2017 to RMB6,249.0 million for the first half of 2018, of which, revenue from sales of electricity increased by 14.81% from RMB4,520.9 million for the first half of 2017 to RMB5,190.6 million for the first half of 2018, due to the increase in sales volume of electricity in this segment. Revenue from sales of heat energy increased by 25.72% from RMB841.9 million for the first half of 2017 to RMB1,058.4 million for the first half of 2018, due to the increase in sales volume of heat as a result of the increased area of heat-supply service.

Wind Power Segment

The revenue from the wind power segment increased by 27.38% from RMB902.5 million for the first half of 2017 to RMB1,149.6 million for the first half of 2018, due to an increase in sales volume of electricity as a result of the increase in the installed capacity and utilization hours in this segment.

Photovoltaic Power Segment

The revenue from the photovoltaic power segment increased by 12.20% from RMB432.8 million for the first half of 2017 to RMB485.6 million for the first half of 2018, due to an increase in sales volume of electricity as a result of an increase in the installed capacity in this segment.

Hydropower Segment

The revenue from the hydropower segment decreased by 6.12% from RMB155.2 million for the first half of 2017 to RMB145.7 million for the first half of 2018, due to a decrease in sales volume of electricity in this segment.

Others

Other revenue increased by 62.50% from RMB4.0 million for the first half of 2017 to RMB6.5 million for the first half of 2018.

3. Other Income

Other income decreased by 18.28% from RMB617.0 million for the first half of 2017 to RMB504.2 million for the first half of 2018 due to a decrease in the government subsidies and grants related with clean energy production as a result of the reduction in the electricity price of the gas-fired power and heat energy generation segments.

4. Operating Expenses

Operating expenses increased by 14.49% from RMB5,498.0 million for the first half of 2017 to RMB6,294.4 million for the first half of 2018, due to an increase in gas consumption as a result of the increased sales volume of electricity in the gas-fired power and heat energy generation segment and costs expensed following the commencement of production of new projects in the wind power segment and photovoltaic power segment.

Gas Consumption

Gas consumption increased by 13.55% from RMB3,786.8 million for the first half of 2017 to RMB4,300.1 million for the first half of 2018, due to an increase in gas consumption as a result of the increased sales volume of electricity in the gas-fired power and heat energy generation segment.

Depreciation and Amortization

Depreciation and amortization increased by 5.16% from RMB1,030.2 million for the first half of 2017 to RMB1,083.4 million for the first half of 2018, due to an increase in installed capacity in wind power segment and photovoltaic power segment.

Personnel Cost

Personnel cost increased by 20.65% from RMB265.4 million for the first half of 2017 to RMB320.2 million for the first half of 2018, due to an increased number of employees as a result of the business development of the Group and additional personnel costs expensed following the commencement of production of new projects.

Repairs and Maintenance

Repairs and maintenance increased by 39.38% from RMB169.1 million for the first half of 2017 to RMB235.7 million for the first half of 2018 due to the increase in maintenance costs as a result of the generator units entering the overhaul period.

Other Expenses

Other expenses increased by 41.39% from RMB242.8 million for the first half of 2017 to RMB343.3 million for the first half of 2018, due to an increase in cost expensed following the commencement of production of new projects and increase in the overheads of the Company.

Other Losses

Other losses increased by 216.22% from RMB3.7 million for the first half of 2017 to RMB11.7 million for the first half of 2018, due to an increase in loss from changes in the fair value of H shares of CGN Power Co., Ltd. held by the Company.

5. Operating Profit

As a result of the above, operating profit increased by 13.65% from RMB1,976.3 million for the first half of 2017 to RMB2,246.1 million for the first half of 2018.

6. Adjusted Segment Operating Profit

Total adjusted segment operating profit increased by 11.19% from RMB1,861.3 million for the first half of 2017 to RMB2,069.6 million for the first half of 2018.

Gas-fired Power and Heat Energy Generation Segment

Adjusted segment operating profit of the gas-fired power and heat energy generation segment increased by 3.88% from RMB1,252.5 million for the first half of 2017 to RMB1,301.1 million for the first half of 2018, due to an increase in sales volume of electricity and heat supply.

Wind Power Segment

Adjusted segment operating profit of the wind power segment increased by 45.82% from RMB343.1 million for the first half of 2017 to RMB500.3 million for the first half of 2018 due to an increase in the sales volume of electricity as a result of the increase in the utilization hours and newly installed capacity in the segment that has been put into production.

Photovoltaic Power Segment

Adjusted segment operating profit of the photovoltaic power segment increased by 6.82% from RMB265.3 million for the first half of 2017 to RMB283.4 million for the first half of 2018, due to an increase in the sales volume of electricity as a result of the increase in the installed capacity in this segment that has been put into production.

Hydropower Segment

Adjusted segment operating profit of the hydropower segment decreased by 54.51% from RMB48.8 million for the first half of 2017 to RMB22.2 million for the first half of 2018, due to a decrease in sales volume of electricity in this segment.

Others

Adjusted operating profit of others improved from a loss of RMB48.4 million for the first half of 2017 to a loss of RMB37.4 million for the first half of 2018, due to an increase in the dividends received on the H shares of CGN Power Co., Ltd. held by the Company.

7. Finance Costs

Finance costs increased by 10.30% from RMB505.8 million for the first half of 2017 to RMB557.9 million for the first half of 2018, due to the interest expense expensed following the commencement of production of new projects and the increase in the market interest rates.

8. Share of Results of Associates

Share of results of associates increased by 316.07% from RMB5.6 million for the first half of 2017 to RMB23.3 million for the first half of 2018, due to an increase in net profit as a result of rising electricity price of a subsidiary of Beijing Jingneng International Power Co., Ltd., an associate of the Company.

9. Profit before Taxation

As a result of the foregoing, profit before taxation increased by 16.06% from RMB1,492.0 million for the first half of 2017 to RMB1,731.6 million for the first half of 2018.

10. Income Tax Expense

Income tax expense increased by 12.49% from RMB368.3 million for the first half of 2017 to RMB414.3 million for the first half of 2018. Effective tax rate decreased from 24.68% for the first half of 2017 to 23.92% for the first half of 2018.

11. Profit for the Period

As a result of the foregoing, profit for the period increased by 17.23% from RMB1,123.7 million for the first half of 2017 to RMB1,317.3 million for the first half of 2018.

12. Profit for the Period Attributable to Ordinary Shareholders of the Company

Profit for the period attributable to ordinary shareholders of the Company increased by 15.71% from RMB1,051.0 million for the first half of 2017 to RMB1,216.1 million for the first half of 2018.

III. FINANCIAL POSITION

1. Overview

As of 30 June 2018, total assets of the Group amounted to RMB52,086.8 million, total liabilities amounted to RMB31,155.9 million and shareholders' equity amounted to RMB20,930.9 million, among which equity attributable to the equity holders amounted to RMB20,504.6 million.

2. Particulars of Assets and Liabilities

Total assets increased by 2.22% from RMB50,955.7 million as at 31 December 2017 to RMB52,086.8 million as at 30 June 2018, due to the increase in trade receivables. Total liabilities decreased by 2.79% from RMB32,050.6 million as at 31 December 2017 to RMB31,155.9 million as at 30 June 2018, due to a decrease in bank borrowings. Total equity increased by 10.72% from RMB18,905.1 million as at 31 December 2017 to RMB20,930.9 million as at 30 June 2018. Equity attributable to equity holders of the Company increased by 21.99% from RMB16,808.6 million as at 31 December 2017 to RMB20,504.6 million as at 30 June 2018, due to the receipt of proceeds from the private placement in 2018 and the accretion from business results in the first half year of 2018.

3. Liquidity

As of 30 June 2018, current assets amounted to RMB10,130.0 million, including monetary capital of RMB3,195.4 million, bills and account receivables of RMB4,623.2 million (mainly comprising receivables from sales of electricity and sales of heat), and prepayment and other current assets of RMB2,311.4 million (mainly comprising deductible value-added tax and other account receivables). Current liabilities amounted to RMB17,062.1 million, including short-term borrowings of RMB6,336.1 million, short-term financing debentures of RMB6,000.0 million, bills and account payables of RMB3,581.4 million (mainly comprising payables for gas, payables for construction projects and purchase of equipment). Other current liabilities amounted to RMB1,144.6 million, mainly comprising income tax payable and amounts due to related parties.

Net current liabilities decreased by 37.14% from RMB11,028.1 million as at 31 December 2017 to RMB6,932.1 million as at 30 June 2018. Current ratio increased by 15.00% from 44.37% as at 31 December 2017 to 59.37% as at 30 June 2018, due to the repayment of short-term borrowings.

4. Net Gearing Ratio

Net gearing ratio, calculated by dividing net debts (total borrowings minus cash and cash equivalents) by the sum of net debts and total equity, decreased by 4.82% from 56.69% as at 31 December 2017 to 51.87% as at 30 June 2018, due to a decrease in borrowings.

The Group's long-term and short-term borrowings decreased by 6.08% from RMB27,420.0 million as at 31 December 2017 to RMB25,752.4 million as at 30 June 2018, including short-term borrowings of RMB6,336.1 million, short-term financing debentures of RMB6,000.0 million, medium-term notes of RMB3,490.9 million and long-term borrowings of RMB9,925.4 million.

Bank balances and cash held by the Group increased by 19.45% from RMB2,675.1 million as at 31 December 2017 to RMB3,195.4 million as at 30 June 2018, due to an increase in the receipt of government grants related to clean energy production.

IV. HUMAN RESOURCES

The Company upholds the management philosophy of "people-oriented and pursuit of excellence", strives to create a harmonious working environment, and strengthens efforts in building of talents team. While focusing on the development of the Company, it attaches importance to staff training and employees' benefits. The overall human resources condition of the Company in the first half of 2018 is summarized as follows:

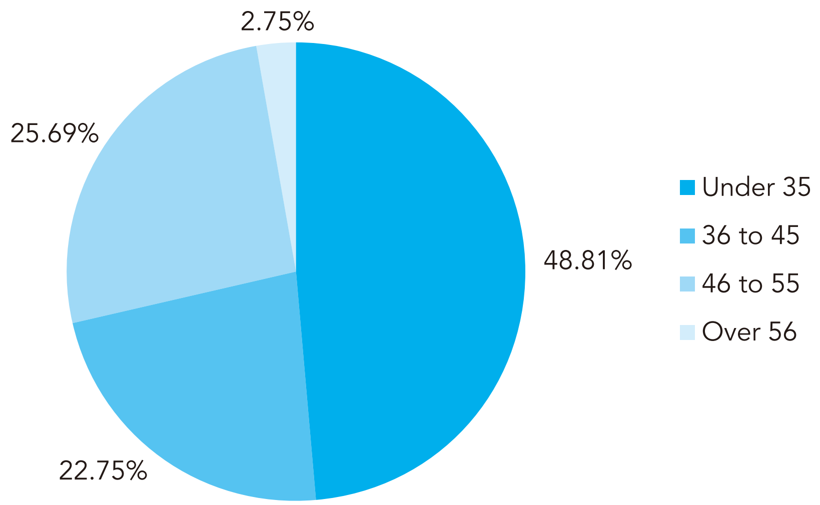
I. SUMMARY OF HUMAN RESOURCES

The Company had a total of 2,721 employees as at 30 June 2018. The age of staff tended to be young, with the proportion of employees under the age of 35 accounting for nearly 50%; employees are generally highly educated, with the proportion of holders of Bachelor degree and above accounting for nearly 55% of the total staff. Please refer to the following tables for details of the age and degree structure of employees:

1. Age Structure

Age distribution	Number of employees	Percentage	Cumulative percentage
Under 35	1,328	48.81%	48.81%
36 to 45	619	22.75%	71.56%
46 to 55	699	25.69%	97.25%
Over 56	75	2.75%	100.00%
Total	2,721	100.00%	–

Age Structure



2. Degree Structure

Educational background	Number of employees	Percentage	Cumulative percentage
Doctorate degree	3	0.11%	0.11%
Master degree	229	8.42%	8.53%
Bachelor degree	1,240	45.57%	54.10%
College or below	1,249	45.90%	100.00%
Total	2,721	100.00%	–

II. EMPLOYEES INCENTIVES

With an aim to cope with its development needs, the Company, on the basis of position-oriented accountability system, has established a performance appraisal system for all employees and a multi-level incentive mechanism. Through clearly defining position-oriented performance targets and formulating performance standards, the Company is able to assess and appraise employees' performance in an objective manner. By materializing reward and penalty in the performance-based portion of the employees' remuneration based on such appraisal results, the Company is able to fully boost the potential and morale of employees, thus achieving the coexistence of incentives and restraints.

III. EMPLOYEES' REMUNERATION

The employees' remuneration comprises basic salary and performance-based salary. The total salary is determined by reference to the performance appraisal of all the employees of the Group. Individual performance is associated with personal annual appraisal results. Personnel cost was RMB320.2 million for the six months ended 30 June 2018.

IV. EMPLOYEES' TRAINING

Talent is the driving force for the Company's development. By utilizing training agenda as an important tool of upgrading the level of corporate management and of enhancing the overall quality of the employees, the Company has developed a multi-tiered, professional and institutionalized education and training management system at company level, department level and front-line safe production level. In addition, through training programs, the Company continuously improved the professional efficiency and comprehensive qualities of employees, enhanced employees' team cohesion, reserved and identified domestic and international talents.

In the first half of 2018, the Company's headquarters, having taken into account the business needs of all levels, actively carried out professional training in various departments, and selected high-quality and suitable business management training courses. The coverage rate of employee training reached 100%.

V. EMPLOYEES' BENEFITS

The Company has made contributions to the social security fund and housing provident fund for its employees in strict compliance with the Labor Law, Labor Contract Law and Social Insurance Law. Meanwhile, the Group has also compiled related regulations such as the Administrative Measures for Social Security Fund and Housing Provident Fund, Administrative Measures for Supplementary Healthcare, Administrative Measures for Occupational Health, Administrative Measures for Labor Welfare and Administrative Measures for Labor Protective Equipment to increase the content of the Company's own benefits and enhance employees' sense of belonging and happiness.

V. OTHER SIGNIFICANT EVENTS

1. Financing

On 7 March 2018, the Group completed the issuance of the first tranche RMB1 billion 240-day ultra-short-term financing debentures of 2018 at an interest rate of 4.98%. On 3 April 2018, the Group completed the issuance of the first tranche RMB1.5 billion medium-term notes of 2018 at an interest rate of 5.19%. On 27 April 2018, the Group completed the issuance of the first tranche RMB1.5 billion short-term financing debentures of 2018 at an interest rate of 4.65%. On 29 May 2018, the Group completed the issuance of the second tranche RMB1.5 billion 180-day ultra-short-term financing debentures of 2018 at an interest rate of 4.35%.

2. Capital Expenditure

In the first half of 2018, the Group's capital expenditure amounted to RMB817.1 million, including RMB85.0 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB21.4 million incurred for construction projects in the wind power segment and RMB710.7 million incurred for construction projects in the photovoltaic power segment.

3. Significant Investment

According to the development plan of the Group, the Group established a wholly-owned subsidiary named "Inner Mongolia Jingneng Sunite Wind Power Co., Ltd." in the first half of 2018 to engage in the construction of wind power projects. Such projects are currently under construction and are expected to improve the Group's profitability in the future.

In the first half of 2018, the Group acquired a wholly-owned subsidiary named "Xiangyin County Jinghe New Energy Co., Ltd." which is engaged in the construction of photovoltaic power generation projects. Such projects are currently under construction and are expected to improve the Group's profitability in the future.

4. Contingent Liabilities

As of 30 June 2018, the Group had no external guarantees.

5. Mortgage of Assets

As of 30 June 2018, the Group's bank borrowings were secured by pledge of account receivables of RMB141.1 million, and charge over its fixed assets of RMB1,490.6 million, and pledge of the entire equity interest in New Gullen Range Wind Farm (Holding) Pty Ltd. to the National Australia Bank Ltd.

6. Subsequent Events

On 28 June 2017, the shareholders of the Company at the annual general meeting of the Company for the year of 2016 approved the proposed issue of 902,471,890 domestic shares to BEH and the proposed issue of 471,612,800 H shares to Beijing Energy Investment (collectively, the "**Proposed Subscription**"). The Proposed Subscription was completed on 12 July 2018. Immediately upon completion of the Proposed Subscription, the total share capital of the Company has increased to RMB8,244,508,144, divided into 8,244,508,144 shares of RMB1.00 each, including 5,414,831,344 domestic shares and 2,829,676,800 H Shares.

7. Future Investment Plans and Expected Funding

Looking forward, the Group will continue to expand its markets at home and abroad so as to tap into its internal potential and undertake more quality works, exquisite works and works with high returns, thereby maximising Shareholders' interest and creating higher value. We will continue to grow the Group both in scale and strength through self-development, acquisitions, M&A and other means in the future. Our future business plan will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

8. Charges on Group Assets

As of 30 June 2018, the Group had no charges on assets.

9. Share Option Scheme

As of 30 June 2018, the Company did not implement any share option scheme.

10. Foreign Exchange and Exchange Rate Risk

The businesses of the Group are mainly located in Mainland China, where most of its income and expenses are denominated in Renminbi. The Group has a small portion of overseas investments and loans in foreign currencies (including deposits denominated in AUD, HK dollars, US dollars, Euro, as well as borrowings in HK dollars, AUD). Changes in the Renminbi exchange rates may cause exchange losses or gains to the Group's foreign currency-denominated business.

The Group will continue to monitor the exchange rates so as to cope with changes in the foreign exchange market and enhance the risk management on exchange rates by various management measures.

VI. BUSINESS PROSPECT FOR THE SECOND HALF OF 2018

The year 2018 is crucial to the implementation of the "13th Five-year Plan" and the deepening of supply-side reform. The Group intends to capitalize on the changes in the state's policies for clean energy by adhering to the principle of generating profits through existing operational capacity, achieving growth from incremental operational capacity and seeking progress while maintaining stability so as to ensure that it fulfills annual targets and bring sustainable and stable return for shareholders.

1. Moderately expand the photovoltaic power generation business segment in response to policy changes

The Group will make good use of domestic policy changes, conduct solid market research, reserve high-quality projects, and further strengthen research and judgment on the photovoltaic power generation market. The introduction of the "531 New Policy" closed the door for the blind expansion of photovoltaic power generation companies. However, it opened up a window for the Group to seek acquisition at low-cost of high-yield photovoltaic power generation projects by leveraging on its advantages as a state-owned enterprise. It is expected that by the end of 2018, the installed capacity of the Group's photovoltaic power generation will increase by 50% to 1,200MW.

2. Push forward innovative development and stimulate internal impetus

The Group will make greater efforts on scientific and technological innovation in pursuit of values, and push forward the development of cutting-edge technological projects in line with the characteristics of the Company; strengthen innovation of management, actively explore management models that meet the positioning and development requirements of the Group, and generate economic benefits from management; adhere to innovation of development model, continue to actively seek high-quality strategic projects or acquisition of asset packages while following up and promoting major projects such as Zhangjiakou-Beijing Renewable Energy Clean Heating Demonstration Project and export of UHV project, with a view to achieving the "two-wheel drive" model and the "semi-organic growth" mode.

3. Continue to reduce gearing ratio through effective control of cost of capital

According to the advantages of the Company's clean energy power generation business, and in response to the policy support of relevant departments for construction of green projects, the Group will rely on the green concept to broaden its financing channels; introduce domestic institutions such as China Export Credit Insurance Corporation, and adopt the means of overseas investment (debt) insurance financing to broaden the overseas financing channels, strive to reduce financing costs while satisfying the financing needs of overseas projects; track and study the state's macro monetary policy, maintain close cooperation and strengthen negotiations with banks and non-bank financial institutions to seek higher line of credit and lower capital costs to meet the funding needs of the Group's development.

4. Strengthen fundamental management to enhance production safety

The Group will strengthen controls to ensure that the safety, quality, progress and cost management of projects can be controlled and are under control; further strengthen management of compliance, improve the formalities of approval for construction, and carry out project construction in accordance with laws and regulations; try to achieve process safety control in implementing production projects to ensure the effective operation of the production safety management system; strengthen technical supervision and management, further improve and implement the supervision system, strengthen the standardization and effectiveness of various technical supervision; strengthen environmental management, make discharge of pollutants in strict accordance to standards; actively increase the capacity of thermal supply to external parties, continue to strengthen the marketing of electricity, take various measures for power generation enterprises to reduce costs and consumption while improving quality and efficiency.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company, being listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), is always committed to maintaining high level of corporate governance, and has complied with all the code provisions stated in the Corporate Governance Code as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 June 2018.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the directors and supervisors of the Company. Upon making specific enquiries to all of the directors and supervisors of the Company, all directors and supervisors of the Company confirmed that during the Reporting Period, each of the directors and supervisors of the Company had fully complied with the required standards set out in the Model Code.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The controlling shareholder of the Company did not pledge any of its shares in the Company to secure the Company's debts or to secure guarantees or other support for the Company's obligations for the six months ended 30 June 2018.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company did not provide any financial assistance or guarantee to its affiliated companies for the six months ended 30 June 2018, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling shareholder or breach the terms of any loan agreements for the six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee of the Company (the "**Audit Committee**") has formulated terms of reference in written form in accordance with the requirements of the Listing Rules. It comprises three members, namely, Mr. CHAN Yin Tsung (independent non-executive director), Mr. JIN Shengxiang (non-executive director) and Mr. HUANG Xiang (independent non-executive director). Mr. CHAN Yin Tsung currently serves as the chairman of the Audit Committee.

The Audit Committee of the Company has reviewed the Group's 2018 interim results announcement, interim report and the unaudited financial statements for the six months ended 30 June 2018 prepared in accordance with the IFRSs.

REGISTERED SHARE CAPITAL

As of 30 June 2018, the total registered share capital of the Company was RMB6,870,423,454, divided into 6,870,423,454 shares of RMB1.00 each.

In order to satisfy the capital needs of the Company so as to accommodate the fast development of the Company's businesses, on 28 June 2017, the Shareholders of the Company at the annual general meeting of the Company for the year of 2016 approved the proposed issue of 902,471,890 domestic shares to BEH at the subscription price of RMB2.24 (equivalent to approximately HK$2.56) per domestic share and the proposed issue of 471,612,800 H shares to Beijing Energy Investment at the subscription price of HK$2.56 per H share (collectively, the "**Proposed Subscription**"). The aggregate nominal value of the shares issued according to the Proposed Subscription is RMB1,374,084,690. The Proposed Subscription has been completed on 12 July 2018. Immediately upon completion of the Proposed Subscription, the total registered share capital of the Company has increased to RMB8,244,508,144, divided into 8,244,508,144 shares of RMB1.00 each, including 5,414,831,344 domestic shares and 2,829,676,800 H Shares.

The closing price per Share of H Shares as quoted on the Stock Exchange on the date of the Domestic Shares Subscription Agreement and the H Shares Subscription Agreement (*i.e.* 1 June 2017) was HK$2.33. Upon completion of the Proposed Subscription, the net prices (excluding all applicable costs and expenses, including the legal fees) raised per domestic share and per H share are approximately RMB2.239 and approximately HK$2.559, respectively. The net proceeds (net of all applicable costs and expenses, including the legal fees) raised from the Proposed Subscription in aggregate are approximately RMB3,018 million (the "**Proceeds**"). As disclosed in the Company's announcement dated 1 June 2017 in respect of the Proposed Subscription, the Proceeds were intended to repay certain domestic and offshore short-term bonds and bank loans ("**Bonds and Loans**"). The details are as follows:

Lender	Interest rate	Maturity date	Principal
The third tranche of onshore short-term bond in 2016	3.030%	28 October 2017	RMB1,000 million
The first tranche of onshore short-term bond in 2017	4.300%	4 December 2017	RMB2,000 million
Beijing Rural Commercial Bank, Xinyuan Branch	3.915%	28 October 2017	RMB100 million
Shanghai Pudong Development Bank, Beijing Fucheng Branch	3.915%	20 November 2017	RMB240 million
Offshore RMB-denominated bond	4.300%	23 December 2017	RMB1,000 million

As the Bonds and Loans have reached their respective maturity before the completion of the Proposed Subscription, as a transitional arrangement, the Company obtained a series of other loans to repay some of the Bonds and Loans (the "**New Loans**"). Following the completion of the Proposed Subscription, the Proceeds has been used to repay the New Loans as well as for working capital and general corporate purposes. The details are as follows:

Use of the Proceeds	Amounts	Maturity Date
Total proceeds raised from the Proposed Subscription of Domestic Shares was RMB2,021 million, of which:		
Repayment of short-term loan from Shanghai Pudong Development Bank Beijing Fucheng Branch	RMB850 million	26 June 2018
Repayment of short-term loan from China ZheShang Bank	RMB650 million	26 June 2018
Repayment of entrusted loans from BEH	RMB210 million RMB62 million RMB173 million RMB58 million RMB0.5 million	29 December 2018*Note 1* 10 February 2019*Note 1* 16 March 2020*Note 1* 2 December 2020*Note 1* 30 January 2021*Note 1*
Working capital and general corporate purposes	RMB17.5 million	
Total proceeds raised from the Proposed Subscription of H Shares was HK$1,207 million, of which:		
Repayment of loan from China Merchants Bank Luxembourg Branch	HK$1,180 million	28 June 2018
Working capital and general corporate purposes	HK$27 million	

Note 1: This loan has been repaid on 28 June 2018.

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

As at 30 June 2018, no director, supervisor or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2018, to the knowledge of the directors of the Company, the persons (other than a director, supervisor or chief executive of the Company) who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Note: (L) – Long position, (S) – Short position, (P) – Lending pool

Name of shareholders	Types of Shares	Capacity	Number of shares/ underlying shares held *(share)*	Percentage of relevant class of share capital *(%)*	Percentage of total share capital *(%)*
BEH *(Note 1 and Note 2)*	Domestic share	Beneficial interest and interest of a controlled corporation	5,190,483,053 (L)	115.03	75.55
	H share	Interest of a controlled corporation	471,612,800 (L)	20.00	6.86
BSCOMC *(Note 1 and Note 2)*	Domestic share	Beneficial interest and interest of a controlled corporation	5,414,831,344 (L)	120.00	78.81
	H share	Interest of a controlled corporation	471,612,800 (L)	20.00	6.86
Beijing Energy Investment *(Note 2)*	H share	Beneficial interest	471,612,800 (L)	20.00	6.86
SAIF IV GP Capital Ltd. *(Note 3)*	H share	Interest of a controlled corporation	173,532,000 (L)	7.36	2.53
SAIF IV GP LP *(Note 3)*	H share	Interest of a controlled corporation	173,532,000 (L)	7.36	2.53
SAIF Partners IV L.P. *(Note 3)*	H share	Beneficial interest	173,532,000 (L)	7.36	2.53
Yan Andrew Y. *(Note 3)*	H share	Interest of a controlled corporation	173,532,000 (L)	7.36	2.53
Beijing Enterprises Holdings Limited *(Note 4)*	H share	Interest of a controlled corporation	196,964,000 (L)	8.35	2.87
Beijing Enterprises Energy Technology Investment Co. Limited *(Note 4)*	H share	Beneficial interest	196,964,000 (L)	8.35	2.87
Beijing Enterprises Energy Technology (Hong Kong) Co. Limited *(Note 4)*	H share	Interest of a controlled corporation	196,964,000 (L)	8.35	2.87
Xinjiang Goldwind Science & Technology Co., Ltd. *(Note 5)*	H share	Interest of a controlled corporation	140,118,000 (L)	5.94	2.04
New Wealth Investment Holdings Limited *(Note 6)*	H share	Beneficial interest	137,008,928 (L)	5.81	1.99
Chen Li *(Note 6)*	H share	Interest of a controlled corporation	137,008,928 (L)	5.81	1.99
Norges Banks	H share	Beneficial interest	186,233,296 (L)	7.90	2.71

Name of shareholders	Types of Shares	Capacity	Number of shares/ underlying shares held *(share)*	Percentage of relevant class of share capital *(%)*	Percentage of total share capital *(%)*
Central Huijin Investment Ltd.(Note 7)	H share	Interest of a controlled corporation	542,828,000 (L)	23.02	7.90
China Reinsurance (Group) Corporation(Note 7)	H share	Beneficial interest and interest of a controlled corporation	542,828,000 (L)	23.02	7.90
China Property & Casualty Reinsurance Company Ltd.(Note 7)	H share	Beneficial interest	170,582,000 (L)	7.23	2.48
Citigroup Inc.(Note 8)	H share	Interest of a controlled corporation and custodian – corporation/ approved lending agent	163,191,836 (L) 294,000 (S) 162,895,839 (P)	6.92 0.01 6.90	2.38 0.00 2.37

Notes:

1. Beijing International Electric Engineering Co., Ltd. directly held 92,654,249 domestic shares of the Company. As far as the Company is aware, Beijing International Electric Engineering Co., Ltd was wholly-owned by BEH. In accordance with the SFO, BEH was deemed to be interested in 92,654,249 domestic shares held by Beijing International Electric Engineering Co., Ltd.

   Beijing District Heating (Group) Co Ltd. directly held 16,035,322 domestic shares of the Company. As far as the Company is aware, Beijing District Heating (Group) Co Ltd. was wholly-owned by BEH. In accordance with the SFO, BEH was deemed to be interested in 16,035,322 domestic shares held by Beijing District Heating (Group) Co Ltd.

   According to the supplemental circular of the Company dated 8 June 2017 in respect of the proposed subscription of domestic shares of the Company, the Company and BEH entered into the Domestic Shares Subscription Agreement on 1 June 2017. Accordingly, on 1 June 2017, BEH was deemed to have interest in the additional 902,471,890 domestic shares of the Company to be issued. All the conditions precedent (as set out in the abovesaid supplemental circular) to completion of proposed subscription of domestic shares have been fulfilled, and the proposed subscription of domestic shares was completed on 12 July 2018 (Please refer to the announcements of the Company dated 25 June 2018 and 12 July 2018).

   BEH directly held 5,081,793,482 domestic shares of the Company. In accordance with the SFO, BEH had/was deemed to be interested in an aggregate of 5,190,483,053 domestic shares of the Company.

   BSCOMC directly held 224,348,291 domestic shares of the Company. As far as the Company is aware, BEH was wholly-owned by BSCOMC. In accordance with the SFO, BSCOMC had/was deemed to be interested in an aggregate of 5,414,831,344 domestic shares of the Company.

   As the Proposed Subscription has not yet been completed as at 30 June 2018, the total number of the issued domestic shares of the Company remains unchanged at 4,512,359,454 shares. Accordingly, BEH and BSCOMC were deemed to be interested in 115.03% and 120.00% of the issued domestic share capital of the Company, respectively.

2. According to the supplemental circular of the Company dated 8 June 2017 in respect of the proposed subscription of H shares of the Company, the Company and Beijing Energy Investment entered into the H Shares Subscription Agreement on 1 June 2017. Accordingly, on 1 June 2017, Beijing Energy Investment was deemed to be interested in the additional 471,612,800 H shares of the Company to be issued. All the conditions precedent (as set out in the abovesaid supplemental circular) to completion of proposed subscription of H shares have been fulfilled, and the proposed subscription of H shares was completed on 12 July 2018 (Please refer to the announcements of the Company dated 25 June 2018 and 12 July 2018).

   Beijing Energy Investment directly held 471,612,800 H shares of the Company. As far as the Company is aware, Beijing Energy Investment was wholly-owned by BEH, while BEH was wholly-owned by BSCOMC. In accordance with the SFO, BEH and BSCOMC were deemed to be interested in 471,612,800 H shares held by Beijing Energy Investment.

   As the Proposed Subscription has not yet been completed as at 30 June 2018, the total number of the issued H shares of the Company remains unchanged at 2,358,064,000 shares. Accordingly, Beijing Energy Investment, BEH and BSCOMC were deemed to be interested in 20.00% of issued H share capital of the Company, respectively.

3. SAIF Partners IV L.P. directly held 173,532,000 H shares of the Company. As far as the Company is aware, SAIF Partners IV L.P. was wholly-owned by SAIF IV GP LP, while SAIF IV GP LP was wholly-owned by SAIF IV GP Capital Ltd,. SAIF IV GP Capital Ltd. was wholly-owned by Yan Andrew Y. In accordance with the SFO, SAIF IV GP LP, SAIF IV GP Capital Ltd. and Yan Andrew Y. were deemed to be interested in 173,532,000 H shares held by SAIF Partners IV L.P..

4. Beijing Enterprises Energy Technology Investment Co. Limited directly held 196,964,000 H shares of the Company. As far as the Company is aware, Beijing Enterprises Energy Technology Investment Co. Limited was wholly-owned by Beijing Enterprises Energy Technology (Hong Kong) Co. Ltd., while Beijing Enterprises Energy Technology (Hong Kong) Co. Ltd. was wholly-owned by Beijing Enterprises Holdings Limited. In accordance with the SFO, Beijing Enterprises Energy Technology (Hong Kong) Co. Ltd. and Beijing Enterprises Holdings Limited were deemed to be interested in 196,964,000 H shares held by Beijing Enterprises Energy Technology Investment Co. Limited.

5. Gold Wind New Energy (HK) Investment Ltd. directly held 140,118,000 H shares of the Company. As far as the Company is aware, Gold Wind New Energy (HK) Investment Ltd. was wholly-owned by Xinjiang Goldwind Science & Technology Co. Ltd. In accordance with the SFO, Xinjiang Goldwind Science & Technology Co. Ltd. was deemed to be interested in 140,118,000 H shares held by Gold Wind New Energy (HK) Investment Ltd.

6. New Wealth Investment Holdings Limited directly held 137,008,928 H shares of the Company. As far as the Company is aware, New Wealth Investment Holdings Limited was wholly-owned by Chen Li. In accordance with the SFO, Chen Li was deemed to be interested in 137,008,928 H shares held by New Wealth Investment Holdings Limited.

7. China Property & Casualty Reinsurance Company Ltd. directly held 170,582,000 H shares of the Company. China Reinsurance (Group) Corporation directly held 372,246,000 H shares of the Company. As far as the Company is aware, China Property & Casualty Reinsurance Company Ltd. was wholly-owned by China Reinsurance (Group) Corporation, while 71.56% of issued share capital of China Reinsurance (Group) Corporation was owned by Central Huijin Investment Ltd. In accordance with the SFO, China Reinsurance (Group) Corporation and Central Huijin Investment Ltd. were deemed to be interested in 542,828,000 H shares of the Company.

8. Citigroup Inc. held interests in certain H shares of the Company (as shown in the table above) through various controlled corporation/ wholly-owned controlled corporations.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND

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

CHANGE IN DIRECTORS' INFORMATION

Due to other work commitments, on 13 February 2018, (i) Mr. Zhu Yan has resigned as a non-executive Director, Chairman of the Board, chairman of the Strategy Committee of the Board and a member of the Remuneration and Nomination Committee of the Board of the Company, (ii) Mr. Li Dawei has resigned as a non-executive Director and a member of the Strategy Committee of the Board of the Company, (iii) Mr. Guo Mingxing has resigned as a non-executive Director, a member of the Strategy Committee of the Board and a member of the Remuneration and Nomination Committee of the Board of the Company, (iv) Mr. Zhu Baocheng has resigned as a non-executive Director, a member of the Strategy Committee of the Board and a member of the Audit Committee of the Board of the Company, and (v) Mr. Chen Ruijun has resigned as an executive Director, the general manager and a member of the Strategy Committee of the Board of the Company.

Upon approval by the Shareholders at the Extraordinary General Meeting, on 13 February 2018, (i) Mr. Meng Wentao was appointed as a non-executive Director, Chairman of the Board, chairman of the Strategy Committee of the Board and a member of the Remuneration and Nomination Committee of the Board of the Company, (ii) Mr. Jin Shengxiang was appointed as a non-executive Director, a member of the Strategy Committee of the Board and a member of the Audit Committee of the Board of the Company, (iii) Mr. Tang Xinbing was appointed as a non-executive Director, a member of the Strategy Committee of the Board and a member of the Remuneration and Nomination Committee of the Board of the Company and (iv) Mr. Zhang Fengyang was appointed as a non-executive Director and a member of the Strategy Committee of the Board of the Company. At the Board meeting held on the same day, the Board has resolved to re-designate Mr. Zhang Fengyang, a non-executive Director of the Company to be an executive Director of the Company and to appoint Mr. Zhang Fengyang as the general manager of the Company.

For further details, please refer to the announcement of the Company dated 13 February 2018.

Due to other work commitments, on 28 June 2018, (i) Mr. Meng Wentao has resigned as a non-executive Director, Chairman of the Board, chairman of the Strategy Committee of the Board and a member of the Remuneration and Nomination Committee of the Board of the Company, and (ii) Mr. Yu Zhongfu has resigned as a non-executive Director of the Company.

Upon approval by the Shareholders at the Annual General Meeting, on 28 June 2018, (i) Mr. Liu Haixia was appointed as a non-executive Director, Chairman of the Board, chairman of the Strategy Committee of the Board and a member of the Remuneration and Nomination Committee of the Board of the Company, and (ii) Ms Li Juan was appointed as a non-executive Director of the Company.

For further details, please refer to the announcement of the Company dated 28 June 2018.

Since December 2017, Mr. Jin Shengxiang (a non-executive director of the Company) has been appointed as a director of Beijing Jingneng Power Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600578). He has also been the general manager of the same company since April 2018.

Save as disclosed above, as of 30 June 2018, there has been no change in the information about the directors of the Company.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018
(Unless otherwise specified, all amounts are stated in RMB'000)

	Notes	For the six months ended 30 June (Unaudited) 2018 RMB'000	2017 RMB'000
Revenue	3	**8,036,391**	6,857,276
Other income	4	**504,151**	616,998
Gas consumption		**(4,300,126)**	(3,786,798)
Depreciation and amortization	8	**(1,083,356)**	(1,030,157)
Personnel costs		**(320,187)**	(265,449)
Repairs and maintenance		**(235,729)**	(169,115)
Other expenses		**(343,292)**	(242,827)
Other gains and losses	5	**(11,713)**	(3,660)
Profit from operations		**2,246,139**	1,976,268
Interest income	6	**20,054**	15,922
Finance costs	6	**(557,881)**	(505,841)
Share of results of associates		**23,317**	5,610
Profit before taxation		**1,731,629**	1,491,959
Income tax expense	7	**(414,287)**	(368,262)
Profit for the period	8	**1,317,342**	1,123,697
Profit for the period attributable to:			
– Equity holders of the Company		**1,216,095**	1,050,958
– Holders of perpetual notes		**35,768**	38,308
– Non-controlling interests		**65,479**	34,431
		1,317,342	1,123,697
		RMB (cent)	*RMB (cent)*
Earnings per share			
Basic and diluted	10	**17.58**	15.30

	Notes	For the six months ended 30 June (Unaudited) 2018 RMB'000	2017 RMB'000
Profit for the period	*8*	**1,317,342**	1,123,697
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss			
Fair value gain on:			
equity instruments at fair value through other comprehensive income (FVTOCI)		**2,312**	–
Income tax relating to items that will not be reclassified to profit or loss		**(578)**	–
		1,734	–
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(46,273)**	48,687
Cash flow hedges:			
Loss during the period		**4,380**	(35,593)
Income tax relating to items that may be reclassified to profit or loss		**(1,314)**	10,678
		(43,207)	23,772
Other comprehensive income for the period, net of income tax		**(41,473)**	23,772
Total comprehensive income for the period		**1,275,869**	1,147,469
Total comprehensive income for the period attributable to:			
– Equity holders of the Company		**1,174,622**	1,073,762
– Holders of perpetual notes		**35,768**	38,308
– Non-controlling interests		**65,479**	35,399
		1,275,869	1,147,469

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2018

(Unless otherwise specified, all amounts are stated in RMB'000)

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment	11	**34,078,129**	33,948,817
Intangible assets	12	**3,647,718**	3,764,511
Goodwill		**190,049**	190,049
Prepaid lease payments		**200,282**	193,600
Investments in associates		**1,923,616**	1,900,299
Loans to associates		**130,000**	142,000
Investment in a joint venture		**125,467**	80,467
Loan to a joint venture		**30,000**	30,000
Deferred tax assets	13	**262,356**	228,246
Derivative financial assets		**188,763**	182,499
Available-for-sale financial assets		**–**	128,028
Equity instruments at FVTOCI		**144,659**	–
Value-added tax recoverable		**560,099**	633,528
Deposit paid for acquisition of property, plant and equipment		**475,631**	738,533
		41,956,769	42,160,577
Current Assets			
Inventories		**138,061**	130,374
Trade and bill receivables	14	**4,623,231**	3,867,593
Other receivables, deposits and prepayments		**364,235**	374,640
Current tax assets		**31,550**	14,982
Amounts due from related parties	24(b)	**53,997**	460,712
Prepaid lease payments		**6,234**	6,033
Value-added tax recoverable		**347,287**	302,617
Held for trading financial assets		**–**	247,175
Financial assets at fair value through profit or loss (FVTPL)		**238,717**	–
Restricted bank deposits		**1,131,285**	715,894
Cash and cash equivalents	15	**3,195,399**	2,675,087
		10,129,996	8,795,107

As of 30 June 2018

(Unless otherwise specified, all amounts are stated in RMB'000)

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	16	**3,581,393**	3,483,214
Amounts due to related parties	24(c)	**477,762**	83,074
Bank and other borrowings – due within one year	17	**6,336,053**	9,922,736
Short-term financing debentures	18	**6,000,000**	6,000,000
Contract liabilities		**70,149**	–
Income tax payable		**79,374**	95,977
Deferred income – current portion		**517,385**	238,167
		17,062,116	19,823,168
Net Current Liabilities		**(6,932,120)**	(11,028,061)
Total Assets less Current Liabilities		**35,024,649**	31,132,516
Non-current Liabilities			
Derivative financial liabilities		**6,505**	8,714
Bank and other borrowings – due after one year	17	**9,925,378**	9,494,596
Medium-term note – due after one year	19	**3,490,869**	2,002,713
Deferred tax liabilities	13	**199,728**	196,554
Deferred income		**440,139**	487,769
Other non-current liability		**31,115**	37,069
		14,093,734	12,227,415
Net Assets		**20,930,915**	18,905,101
Capital And Reserves			
Share capital	21	**8,244,508**	6,870,423
Reserves		**12,260,084**	9,938,168
Equity attributable to equity holders of the Company		**20,504,592**	16,808,591
Perpetual notes	20	**–**	1,527,982
Non-controlling interests		**426,323**	568,528
Total Equity		**20,930,915**	18,905,101

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 June 2018

	Attributable to equity holders of the Company											
	Share capital *RMB'000* *(note 21)*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000* *(note a)*	Other reserve *RMB'000*	Equity instruments at FVTOCI *RMB'000*	Cash flow hedging reserve *RMB'000*	Currency translation differences *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Perpetual notes *RMB'000* *(note 20)*	Non controlling interests *RMB'000*	Total equity *RMB'000*
As at 31 December 2017 Audited	6,870,423	2,303,646	1,926,756	(81,279)	–	48,083	(104,098)	5,845,060	16,808,591	1,527,982	568,528	18,905,101
Adjustment (unaudited)	–	–	–	–	10,740	–	–	–	10,740	–	–	10,740
As at 1 January 2018 (Restated)	6,870,423	2,303,646	1,926,756	(81,279)	10,740	48,083	(104,098)	5,845,060	16,819,331	1,527,982	568,528	18,915,841
Issue of shares	1,374,085	1,645,986	–	–	–	–	–	–	3,020,071	–	–	3,020,071
Issuance cost	–	(1,659)	–	–	–	–	–	–	(1,659)	–	–	(1,659)
Capital contribution in a subsidiary from non-controlling interest	–	–	–	–	–	–	–	–	–	–	12,297	12,297
Acquisition of minority interest	–	–	–	14,141	–	–	–	–	14,141	–	(219,981)	(205,840)
Repayment of perpetual notes	–	(13,500)	–	–	–	–	–	–	(13,500)	(1,486,500)	–	(1,500,000)
Dividend declared (note 9)	–	–	–	–	–	–	–	(508,414)	(508,414)	(77,250)	–	(585,664)
Profit for the period	–	–	–	–	–	–	–	1,216,095	1,216,095	35,768	65,479	1,317,342
Other comprehensive income (expense) for the period	–	–	–	–	1,734	3,066	(46,273)	–	(41,473)	–	–	(41,473)
As at 30 June 2018 (unaudited)	8,244,508	3,934,473	1,926,756	(67,138)	12,474	51,149	(150,371)	6,552,741	20,504,592	–	426,323	20,930,915

	Attributable to equity holders of the Company										
	Share capital *RMB'000* *(note 21)*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000* *(note a)*	Other reserve *RMB'000*	Cash flow hedging reserve *RMB'000*	Currency translation differences *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Perpetual notes *RMB'000* *(note 20)*	Non controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2017	6,870,423	2,303,646	1,535,883	(81,279)	(129,577)	(89,492)	4,969,871	15,379,475	1,527,982	487,855	17,395,312
Dividend declared (note 9)	–	–	–	–	–	–	(508,411)	(508,411)	(77,250)	–	(585,661)
	6,870,423	2,303,646	1,535,883	(81,279)	(129,577)	(89,492)	4,461,460	14,871,064	1,450,732	487,855	16,809,651
Profit for the period	–	–	–	–	–	–	1,050,958	1,050,958	38,308	34,431	1,123,697
Other comprehensive income (expense) for the period	–	–	–	–	(18,686)	41,490	–	22,804	–	968	23,772
As at 30 June 2017	6,870,423	2,303,646	1,535,883	(81,279)	(148,263)	(48,002)	5,512,418	15,944,826	1,489,040	523,254	17,957,120

Note:

(a) According to the relevant provisions in the articles of association of the Company and its subsidiaries, certain profit after taxation calculated in accordance with the relevant accounting principles and financial regulations in the PRC ("**China GAAP**") will be transferred to the statutory surplus reserve, provided that such transfer shall be made before the distribution of a dividend to ordinary shareholders. Such statutory surplus reserve can be used to offset the previous years' loss, if any, or to increase the share capital. The statutory surplus reserve is non-distributable other than upon liquidation.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June (Unaudited) 2018 RMB'000	2017 RMB'000
Operating activities			
Profit before taxation		**1,731,629**	1,491,959
Adjustments for:			
Depreciation and amortization	8	**1,083,356**	1,030,157
Gain (loss) arising on change in fair value of held for trading financial asset	5	**–**	(6,165)
Change in fair value of financial assets at FVTPL	5	**10,259**	–
Dividends from financial assets at FVTPL		**(6,587)**	–
Dividends from equity instruments at FVTOCI		**(5,342)**	–
Loss (gain) on disposal of property, plant and equipment	5	**596**	(11)
Share of results of associates		**(23,317)**	(5,610)
Interest income	6	**(20,054)**	(15,922)
Finance costs	6	**557,881**	505,841
Prepaid lease payments released to profit or loss	8	**2,838**	2,708
Release of a contractual obligation		**(2,742)**	(2,857)
Deferred income released to profit or loss		**(381,284)**	(508,985)
Operating cash flows before movements in working capital		**2,947,233**	2,491,115
Movements in working capital			
Increase in inventories		**(7,687)**	(10,208)
Increase in trade and bill receivables		**(755,638)**	(7,585)
Decrease in amounts due from related parties		**412,057**	338,824
(Increase) decrease in other receivables, deposits and prepayments		**(13,522)**	44,014
(Decrease) increase in trade and other payables		**(134,231)**	124,611
Decrease in amounts due to related parties		**(1,269)**	(39,220)
Increase in contract liabilities		**46,096**	–
Increase in deferred income		**602,351**	687,831
Cash generated from operations		**3,095,390**	3,629,382
Income tax paid		**(481,893)**	(485,778)
Net cash generated from operating activities		**2,613,497**	3,143,604

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June (Unaudited) 2018 RMB'000	2017 RMB'000
Investing activities			
Interest received		**25,562**	14,105
Dividends received		**5,928**	–
Cash received from government grants		**10,521**	–
Cash received of loans by associates		**12,000**	–
Capital injection into joint ventures		**(45,000)**	–
Acquisition of:			
– Property, plant and equipment		**(783,705)**	(945,328)
– Intangible assets		**(2,007)**	(2,148)
Increase in prepaid lease payments on land use rights		**(4,765)**	(629)
Proceeds on disposals of property, plant and equipments:		**–**	900
Restricted bank deposits		**(415,391)**	(76,726)
Net cash outflow on acquisition of subsidiaries		**–**	(692)
Cash outflow on acquisition of minority interests		**(181,913)**	–
Net cash used in investing activities		**(1,378,770)**	(1,010,518)
Financing activities			
Interest paid		**(440,948)**	(516,479)
Cash received from capital contribution of non-controlling interest		**12,297**	–
New bank and other loans raised		**7,444,137**	8,794,838
Repayments of bank and other loans		**(10,600,038)**	(7,014,646)
Proceeds from issuance of short-term financing debentures		**4,000,000**	2,000,000
Issuance cost for short-term financing debenture		**(10,083)**	–
Repayment of short-term financing debentures		**(4,000,000)**	(2,000,000)
Repayment of corporate bonds		**–**	(1,200,000)
Issue of H shares due to placement		**3,020,071**	–
Payment of transaction costs attributable to placement		**(1,659)**	–
Proceeds from issuing corporate bonds		**1,500,000**	–
Costs of issuance of corporate bonds		**(4,245)**	–
Repayment of perpetual notes		**(1,500,000)**	–
Dividends paid to:			
– Non-controlling shareholders of subsidiaries		**–**	(17,568)
– Holders of perpetual notes		**(77,250)**	(77,250)
Net cash used in financing activities		**(657,718)**	(31,105)
Net increase in cash and cash equivalents		**577,009**	2,101,981
Cash and cash equivalents at the beginning of the period		**2,675,087**	1,772,006
Effect of foreign exchange rate changes		**(56,697)**	10,616
Cash and cash equivalents at the end of the period	*15*	**3,195,399**	3,884,603

1. GENERAL AND BASIS OF PRESENTATION

In preparing the condensed consolidated financial statements, the directors of the Company (the "**Directors**") have given careful consideration of the Group's net current liabilities of RMB6,932,120,000 as at 30 June 2018. The Group met its day-to-day working capital requirements through cash flows from operating activities and available banking facilities. Based on assessment, the Directors are of the view that the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly the condensed consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). Such condensed consolidated financial statements have not been audited.

The condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") *34 Interim Financial Reporting* as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values 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 consolidated financial statements for the year ended 31 December 2017.

Application of new and amendments to IFRSs

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

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies arising from application on IFRS 15 *Revenue from Contracts with Customers*

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

The Group recognizes revenue from the following major sources:

- Sales of electricity
- Sales of heat energy
- Repairs & Maintenance

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

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

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies arising from application on IFRS 15 *Revenue from Contracts with Customers (Continued)*

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies arising from application on IFRS 15 *Revenue from Contracts with Customers (Continued)*

2.1.2 Summary of effects arising from initial application of IFRS 15

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

	Note	Carrying amounts previously reported at 31 December 2017 *RMB'000*	Reclassification *RMB'000*	Remeasurement *RMB'000*	**Carrying amounts under IFRS 15 at 1 January 2018*** ***RMB'000***
Current Liabilities					
Trade and other payables	*(a)*	3,483,214	(60,031)	–	**3,423,183**
Contract liabilities		–	60,031	–	**60,031**

* The amounts in this column are before the adjustments made by applying IFRS 9.

(a) As at 1 January 2018, advances from customers of RMB60,031,000 in respect of Electricity Sales Contracts previously included in trade and other payables were reclassified to contract liabilities.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies arising from application on IFRS 15 *Revenue from Contracts with Customers (Continued)*

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

The following tables summarize the impacts of applying IFRS 15 on each of the line items in the Group's condensed consolidated statement of financial position as at 30 June 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	Note	As reported *RMB'000*	Adjustments *RMB'000*	**Amounts without application of IFRS 15** ***RMB'000***
Current Liabilities				
Trade and other payables	*16*	3,581,393	70,149	**3,651,542**
Contract liabilities		70,149	(70,149)	–

2.2 Impacts and changes in accounting policies arising from application on IFRS 9 *Financial Instruments*

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

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

In addition, the Group is expected to apply the hedge accounting.

Certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies arising from application on IFRS 9 *Financial Instruments (Continued)*

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

Classification and measurement of financial assets

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

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

Equity instruments designated as at FVTOCI

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

Investments in equity instruments designated as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in 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 continue to be held in the FVTOCI reserve.

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as at 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 recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies arising from application on IFRS 9 *Financial Instruments (Continued)*

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

Impairment under ECL model

The Group recognizes a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and bill receivables, other receivables, deposits, amount due from related parties, bank balances, restricted bank deposits, loans to associates and loan to a joint venture) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from possible default events 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 recognizes lifetime ECL for trade and bill receivables. The ECL on these assets are assessed individually for debtors with significant balances.

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 recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies arising from application on IFRS 9 *Financial Instruments (Continued)*

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

Measurement and recognition of ECL

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

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

As at 1 January 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

Classification and measurement of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted based on the carrying amount of the modified financial liabilities and are amortized over the remaining term. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies arising from application on IFRS 9 *Financial Instruments (Continued)*

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

Hedge accounting

The Group has elected to adopt the new general hedge accounting in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the number of the hedged items that the Group actually hedges and the number of the hedging instruments that the entity actually uses to hedge that number of hedged items.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group may adjust the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies arising from application on IFRS 9 *Financial Instruments (Continued)*

2.2.2 Summary of effects arising from initial application of IFRS 9

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

	Notes	Available-for-sale financial assets *RMB'000*	Held-for-trading financial assets *RMB'000*	Financial assets at FVTPL required by IAS39/IFRS9 *RMB'000*	Equity instruments at FVTOCI *RMB'000*	Amortized cost (previously classified as loans and receivables) *RMB'000*	Financial liabilities at amortized cost *RMB'000*	Deferred tax assets/ liabilities *RMB'000*	FVTOCI reserve *RMB'000*
Closing balance at 31 December 2017-IAS39		128,028	247,175	–	–	4,328,305	2,002,713	31,692	–
Effect arising from initial application of IFRS9:									
Reclassification									
From available-for-sale financial assets	*(a)*	(128,028)	–	–	128,028	–			
From held-for-trading financial assets	*(b)*	–	(247,175)	247,175				–	–
Remeasurement					–	–	–	–	–
From cost less impairments to fair value	*(a)*	–	–	–	14,320	–	–	(3,580)	10,740
Opening balance at 1 January 2018		–	–	247,175	142,348	4,328,305	2,002,713	28,112	10,740

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.2 Impacts and changes in accounting policies arising from application on IFRS 9 *Financial Instruments (Continued)*

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

(a) Available-for-sale investments

From AFS equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes in all of its equity investments previously classified as available-for-sale, of which RMB128,028,000 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, RMB128,028,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which RMB128,028,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39. The fair value gains of RMB14,320,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and FVTOCI reserve as at 1 January 2018.

(b) Financial assets at FVTPL and/or designated at FVTPL

Investments are equity securities and derivatives held for trading which are required to be classified as at FVTPL under IFRS 9. There was no impact on the amounts recognized in relation to these assets by applying IFRS 9.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.3 Impacts on opening condensed consolidated statement of financial position arising from application of all new standards

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

	31 December 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	**1 January 2018 (Restated)** ***RMB'000***
Non-current Assets				
Available-for-sale financial assets	128,028	–	(128,028)	**–**
Equity instruments at FVTOCI	–	–	142,348	**142,348**
Others with no adjustments	42,032,549	–	–	**42,032,549**
	42,160,577	–	14,320	**42,174,897**
Current Assets				
Held-for-trading financial assets	247,175	–	(247,175)	**–**
Equity instruments at FVTPL	–	–	247,175	**247,175**
Others with no adjustments	8,547,932	–	–	**8,547,932**
	8,795,107	–	–	**8,795,107**

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

2.3 Impacts on opening condensed consolidated statement of financial position arising from application of all new standards *(Continued)*

	31 December 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	**1 January 2018 (Restated)** ***RMB'000***
Current Liabilities				
Trade and other payables	3,483,214	(60,031)	–	**3,423,183**
Contract liabilities	–	60,031	–	**60,031**
Others with no adjustments	16,339,954	–	–	**16,339,954**
	19,823,168	–	–	**19,823,168**
Net Current Liabilities	(11,028,061)	–	–	**(11,028,061)**
Total Assets less Current Liabilities	31,132,516	–	14,320	**31,146,836**
Non-current Liabilities				
Deferred tax liabilities	196,554	–	3,580	**200,134**
Others with no adjustments	12,030,861	–	–	**12,030,861**
	12,227,415	–	3,580	**12,230,995**
Net Assets	18,905,101	–	10,740	**18,915,841**
Capital and Reserves				
Equity attributable to equity holders of the Company	16,808,591	–	10,740	**16,819,331**
Perpetual notes	1,527,982	–	–	**1,527,982**
Non-controlling interests	568,528	–	–	**568,528**
Total Equity	18,905,101	–	10,740	**18,915,841**

3. REVENUE AND SEGMENT INFORMATION

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

	For the six months ended 30 June (Unaudited)	
	2018	2017
	RMB'000	*RMB'000*
Sales of goods:		
– Electricity	**6,971,490**	6,011,370
– Heat energy	**1,058,413**	841,945
Service income:		
– Repairs & Maintenance	**6,488**	3,961
	8,036,391	6,857,276

The Group manages its businesses by divisions, such as performing the monthly revenue analysis by segments which are organized by types of business. Information is reported internally to the Group's chief operating decision maker ("**CODM**"), including general manager, deputy general managers and financial controller, for the purposes of resource allocation and performance assessment. The Group has presented the following operating and reportable segments.

– Gas-fired power and heat energy generation: managing and operating natural gas-fired power plants for sale of electric power and heat energy generated to external customers.

– Wind power: constructing, managing and operating wind power plants for sale of electricity generated to external customers.

– Photovoltaic power: constructing, managing and operating photovoltaic power plants for sale of electricity generated to external customers.

– Hydropower: managing and operating hydropower plants for sale of electricity generated to external customers.

Business activities other than "Gas-fired power and heat energy generation", "Wind power", "Photovoltaic power" and "Hydropower" were grouped and presented as "Others" in the reportable segment.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and results

An analysis of the Group's reportable segment revenue and results for the six months ended 30 June 2018 by business segment is as follows:

	Gas-fired power and heat energy generation *RMB'000*	Wind power *RMB'000*	Photovoltaic power *RMB'000*	Hydropower *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2018 (Unaudited)						
Revenue from external customers						
Sales of electricity	5,190,635	1,149,558	485,598	145,699	–	6,971,490
Sales of heat energy	1,058,413	–	–	–	–	1,058,413
Others	–	–	–	–	6,488	6,488
Reportable segment revenue/consolidated revenue	6,249,048	1,149,558	485,598	145,699	6,488	8,036,391
Reportable segment results before depreciation and amortization *(Note (i))*	1,744,526	1,059,552	453,615	95,708	(23,906)	3,329,495
Depreciation	406,982	359,146	155,813	60,154	374	982,469
Amortization	3,983	83,313	150	12,347	1,094	100,887
Reportable segment results	1,333,561	617,093	297,652	23,207	(25,374)	2,246,139

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and results *(Continued)*

An analysis of the Group's reportable segment revenue and results for the six months ended 30 June 2017 by business segment is as follows:

	Gas-fired power and heat energy generation	Wind power	Photovoltaic power	Hydropower	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 2017 (Unaudited)						
Revenue from external customers						
Sales of electricity	4,520,896	902,490	432,800	155,184	–	6,011,370
Sales of heat energy	841,945	–	–	–	–	841,945
Others	–	–	–	–	3,961	3,961
Reportable segment revenue/consolidated revenue	5,362,841	902,490	432,800	155,184	3,961	6,857,276
Reportable segment results before depreciation and amortization *(Note (i))*	1,678,039	851,858	403,472	118,527	(45,471)	3,006,425
Depreciation	399,875	336,606	135,889	57,151	1,768	931,289
Amortization	3,117	82,429	57	12,179	1,086	98,868
Reportable segment results	1,275,047	432,823	267,526	49,197	(48,325)	1,976,268

(i) The segment results are arrived at after the deduction from revenue of gas consumption, depreciation and amortization, personnel costs, repair and maintenance and other expenses, and including other gains and losses and other income (excluding dividend from available-for-sale financial assets).

(b) Geographical information

Over 95% of the Group's revenue are generated within the PRC, therefore no geographical segment information was presented. The basis for attributing the revenue is based on the location of domestic/overseas customers from which the revenue is generated, and the sales activities are conducted in/out of the PRC.

4. OTHER INCOME

	For the six months ended 30 June (Unaudited)	
	2018	2017
	RMB'000	*RMB'000*
Government grants and subsidies related to:		
– Clean energy production *(Note (a))*	**327,655**	502,042
– Construction of assets *(Note (b))*	**9,936**	6,943
Income from CERs and VERs	**66,760**	55,950
Value-added tax refunds *(Note (c))*	**67,856**	38,346
Others	**31,944**	13,717
	504,151	616,998

Notes:

(a) The Group's gas-fired and wind power facilities located in Beijing, the PRC, were entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensated the Group based on a pre-determined subsidized rate and quantities approved from time to time for the sale of electricity generated by those facilities. The grants will be released to profit or loss based on the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities at the pre-determined subsidized rate.

(b) Grants related to construction of assets are provided by several local governments in the PRC to encourage the construction of clean energy facilities. The Group records these grants as deferred income upon receipt of the grants and will release to profit or loss to match with the depreciation of related assets.

(c) The Group is entitled to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind farms and a full refund of value-added tax for its revenue from the sale of heat energy to residential customers. The accounts receivables arising from refund of value-added tax and related revenue are recognized when the relevant tax authority in China registers the application for refund of such value-added tax.

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June (Unaudited)	
	2018	2017
	RMB'000	*RMB'000*
Other gains (losses) comprise:		
(Loss) gain on disposal of property, plant and equipment	**(596)**	11
Net exchange gain (loss)	**271**	(9,756)
(Loss) gain arising from change in fair value of financial asset classified as held for trading	**(10,259)**	6,165
Others	**(1,129)**	(80)
	(11,713)	(3,660)

6. INTEREST INCOME/FINANCE COSTS

	For the six months ended 30 June (Unaudited)	
	2018	2017
	RMB'000	*RMB'000*
Interest income	**20,054**	15,922
Interest expense	**597,692**	538,019
Less: Amounts capitalized:		
– property, plant and equipment	**(39,811)**	(32,178)
Total finance costs	**557,881**	505,841
Net finance costs	**537,827**	489,919

7. INCOME TAX EXPENSE

	For the six months ended 30 June (Unaudited)	
	2018	2017
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**447,284**	420,024
Deferred tax:		
Current period	**(32,997)**	(51,762)
Income tax expense	**414,287**	368,262

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% on the estimated assessable profits of the Group companies established in the PRC for the six months ended 30 June 2018.

Under the Enterprise Income Tax Law, the preferential tax treatment for encouraging enterprises located in western PRC and certain industry-oriented tax incentives remains available up to 31 December 2020 when the original preferential tax period expires. A PRC enterprise which enjoys this tax treatment is entitled to a preferential tax rate of 15% with a two-year tax exemption and a three-year 50% deduction on the PRC enterprise income tax for taxable income commencing from the first year when relevant projects generate revenue. The Group's certain wind farm projects and hydropower power projects are entitled to this tax concession.

北京京能未來燃氣熱電有限公司 (Beijing Jingneng Weilai Gas-fired Power Co., Ltd., English name for identification purpose) ("**Weilai Gas**") was qualified as High and New Technology Enterprises since 2015 and is entitled to a preferential income tax rate of 15%. The qualification of High and New Technology Enterprises is subject to review once every three years, and this subsidiary continued to be recognized as a High and New Technology Enterprises for the period ended 30 June 2018.

Hong Kong Profits Tax and Australia Profit Tax are calculated at 16.5% and 30%, respectively, of the estimated assessable profit. During the six months ended 30 June 2018, taxation arising in other jurisdictions is calculated at the rate prevailing in Australia. No provision for Hong Kong profits tax has been made as the Group has no assessable profit arising in Hong Kong.

8. PROFIT FOR THE PERIOD

	For the six months ended 30 June (Unaudited)	
	2018	2017
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging:		
Auditors' remuneration	**1,284**	752
Prepaid lease payments released to profit or loss	**2,838**	2,708
Operating lease payments in respect of land and building	**28,052**	27,911
Depreciation and amortization:		
Depreciation of property, plant and equipment	**982,469**	931,289
Amortization of intangible assets	**100,887**	98,868
Total depreciation and amortization	**1,083,356**	1,030,157

9. DIVIDENDS

(a) On 28 June 2018, a dividend in the total amount of approximately RMB508,411,000 was declared by the Company.

(b) The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2018 of RMB1,216,095,000 (six months ended 30 June 2017: RMB1,050,958,000) and the weighted average number of shares in issue for the six months ended 30 June 2018 of 6,915,973,000 (six months ended 30 June 2017: 6,870,423,000 shares).

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

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment of RMB1,196,931,000 (six months ended 30 June 2017: RMB554,200,000). Items of property, plant and equipment with a net book value of approximately RMB6,582,000, which decreased by RMB78,568,000 due to the impact of exchange rate (six months ended 30 June 2017: RMB736,000), were disposed of during the six months ended 30 June 2018, resulting in a loss on disposal of approximately RMB596,000 (six months ended 30 June 2017: gain on disposal of RMB11,000).

12. INTANGIBLE ASSETS

Intangible assets mainly represent concession right of RMB2,433,738,000 (as at 31 December 2017: RMB2,515,945,000), project operation right of RMB1,125,132,000 (as at 31 December 2017:RMB1,136,162,000), and software of RMB88,848,000 (as at 31 December 2017: RMB112,404,000).

13. DEFERRED TAXATION

The following is the Group's major deferred tax assets (liabilities) recognized and movements thereon during the year ended 31 December 2017 and the six months ended 30 June 2018:

	Tax loss *RMB'000*	Impairment on doubtful receivables *RMB'000*	Temporary differences on fair value adjustments in acquisition of subsidiaries *RMB'000*	Trial run profit *RMB'000* *(Note (a))*	Deferred Income related to clean energy production *RMB'000* *(Note (b))*	Different depreciation rate *RMB'000*	Trial run loss *RMB'000* *(Note (a))*	Held for sale financial assets *RMB'000*	Derivative financial liabilities *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2018	63,131	3,264	(14,476)	60,615	52,129	(71,812)	(57,632)	12,698	(30,123)	13,898	31,692
Credit (charge) to profit or loss *(Note 7)*	(1,570)	–	263	(2,329)	57,172	(7,297)	2,773	1,693	(804)	(16,904)	32,997
Credit to other comprehensive income	–	–	–	–	–	–	–	–	1,314	(4,158)	(2,844)
Exchange adjustments	(74)	–	–	–	–	74	–	163	620	–	783
At 30 June 2018	61,487	3,264	(14,213)	58,286	109,301	(79,035)	(54,859)	14,554	(28,993)	(7,164)	62,628

Note:

(a) The revenue and cost generated from trial run of property, plant and equipment were credited or charged respectively to property, plant and equipment but the trial run profit is subject to PRC enterprise income tax and resulted in a temporary difference. The trial run profit/(loss) resulted in the tax bases of the related property, plant and equipment to be higher/(lower) than their carrying value on the consolidated statement of financial position in accounting, which the entity can receive more/(less) deductible deprecation charging to the tax profit to save/(increase) the future income tax expense during the useful life of the related property, plant and equipment. Accordingly, the deferred tax assets/(liabilities) are recognized from the trial run profit/(loss).

(b) The subsidies from the government will be taxable immediately as taxable income upon the receipt, however the income can only be released from deferred income in accounting when the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities. Accordingly, the deferred tax assets are recognized.

13. DEFERRED TAXATION *(Continued)*

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Deferred tax assets	**262,356**	228,246
Deferred tax liabilities	**(199,728)**	(196,554)
	62,628	31,692

14. TRADE AND BILL RECEIVABLES

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Trade receivables	**4,565,899**	3,816,882
Bills receivables	**60,652**	54,031
	4,626,551	3,870,913
Less: allowance for doubtful receivables	**3,320**	3,320
	4,623,231	3,867,593

14. TRADE AND BILL RECEIVABLES *(Continued)*

The following is an ageing analysis of the Group's trade and bill receivables net of allowance for doubtful receivables based on the invoices date as at the reporting date:

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Within 60 days	**1,485,571**	2,029,424
61 to 365 days	**1,719,307**	919,247
1 to 2 years	**916,965**	549,569
2 to 3 years	**238,136**	255,201
Over 3 years	**263,252**	114,152
	4,623,231	3,867,593

Movements in the allowance of doubtful receivables are set out as follows:

	For the six months ended 30 June 2018 ***RMB'000*** **(Unaudited)**	For the year ended 31 December 2017 *RMB'000* (Audited)
At the beginning of the year/period	**3,320**	2,631
Provision during the year/period	**–**	939
Reversed during the year/period	**–**	(250)
At the end of the year/period	**3,320**	3,320

15. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents comprise cash on hand and deposits with banks and a related non-bank financial institution with an original maturity of three months or less. Deposits with banks and a related non-bank financial institution carry prevailing market interest rate.

15. CASH AND CASH EQUIVALENTS *(Continued)*

The Group had deposits of approximately RMB670,000,000 placed with 京能集團財務有限公司 (BEH Finance Co., Ltd., English name for identification purpose) ("**BEH Finance**"), a non-bank financial institution approved by China Banking Regulatory Commission as at 30 June 2018. Such deposits were short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, accordingly, the balances as at 30 June 2018 have been regarded as cash and cash equivalents.

16. TRADE AND OTHER PAYABLES

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Trade payables	**1,676,165**	1,534,669
Payables for acquisition of property, plant and equipment	**771,078**	1,095,391
Retention payables	**450,283**	257,119
Bills payable	**–**	35,217
Advance received from customers	**2,621**	85,279
Salary and staff welfares	**78,940**	90,204
Non-income tax payables	**98,094**	139,794
Accrued interests payable	**206,586**	92,139
Dividend payables	**191,099**	73,136
Other payables	**106,527**	80,266
	3,581,393	3,483,214

The following is an ageing analysis of the Group's trade and bills payables by invoice date as at the reporting date:

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Within 30 days	**813,344**	833,793
31 to 365 days	**756,704**	559,798
1 to 2 years	**40,517**	16,803
2 to 3 years	**51,773**	82,843
Over 3 years	**13,827**	76,649
	1,676,165	1,569,886

17. BANK AND OTHER BORROWINGS

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Bank loans	**14,649,681**	15,578,168
Other borrowings from		
– related non-bank financial institutions *(Note (a))*	**495,750**	2,076,164
– fellow subsidiaries *(Note (b))*	**160,000**	160,000
– other non-related entities	**956,000**	1,100,000
– BEH	**–**	503,000
	16,261,431	19,417,332
Represented by:		
– Unsecured borrowings	**14,232,868**	17,278,480
– Secured borrowings	**2,028,563**	2,138,852
	16,261,431	19,417,332
Bank and other borrowings repayable:		
– Within one year	**6,336,053**	9,922,736
– More than one year but not exceeding two years	**2,024,445**	1,131,530
– More than two years but not exceeding five years	**5,293,368**	4,240,346
– More than five years	**2,607,565**	4,122,720
	16,261,431	19,417,332
Less: Amount due within one year shown under current liabilities	**6,336,053**	9,922,736
Amount due after one year	**9,925,378**	9,494,596

17. BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) Other borrowings from a related non-bank financial institution represented loans from BEH Finance and 深圳京能融資租賃有限公司 (Shenzhen Jingneng Finance Lease Limited, English name for identification purpose) ("**Jingneng Lease**"), a subsidiary of BEH.

(i) As at 30 June 2018, the loans from BEH Finance amounting to RMB399,250,000 were unsecured, carried interest at rates which are the prevailing interest rates promulgated by the PBOC, with a maximum premium or discount of 10% and variable by reference to the interest rates promulgated by PBOC. The interest expenses attributed to the above loans from BEH Finance were RMB26,188,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB16,158,000).

(ii) The loan from Jingneng Lease, amounting to RMB96,500,000 were secured, bearing interest at a fixed interest rate of 2.95% per annum, and repayable in 2018. For the six months ended 30 June 2018, interest expenses attributed to the loans from Jingneng Lease was RMB1,407,000 (six months ended 30 June 2017:RMB1,436,000).

(b) The amount represented the borrowings from 北京京豐熱電有限責任公司 (Beijing Jingfeng Thermal Power Co., Ltd., English name for identification purpose) ("**Jingfeng Thermal**"), and 北京京西發電有限責任公司 (Beijing Jingxi Power Generation Co., Ltd., English name for identification purpose) ("**Jingxi Power**", a fellow subsidiary of the Company). As at 30 June 2018, the borrowing from Jingfeng Thermal was an entrusted loan, bearing interest at a fixed interest rate of 3.915% and repayable within one year. As at 30 June 2018, the borrowing from Jingxi Power was an entrusted loan, bearing interest at a fixed interest rate of 4.35% and repayable within one year. The interest expenses attributed to above loans were RMB3,156,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB2,559,000).

During the six months ended 30 June 2018, the Group's borrowings increased by RMB7,444,137,000 (six months ended 30 June 2017: RMB8,794,838,000), and RMB10,600,038,000 (six months ended 30 June 2017: RMB7,014,646,000) of borrowings of the Group were repaid.

The borrowings bear interest at annual interest rates ranging from fixed interest rate of 2.95 %/variable interest rate of 3.27% to fixed interest rate of 5.5 %/variable interest rate of 5.9% (31 December 2017: fixed interest rate of 1.20 %/variable interest rate of 2.37% to fixed interest rate of 6.14 %/variable interest rate of 6.87%).

18. SHORT-TERM FINANCING DEBENTURES

On 13 November 2017, the Company issued 270-day short-term commercial paper of RMB2,000,000,000 at par value, bearing an interest rate of 4.90% and expiring on 10 August 2018.

On 7 March 2018, the Company issued 240-day ultra short-term commercial paper of RMB1,000,000,000 at par value, bearing an interest rate of 4.98%, and expiring on 2 November 2018.

On 27 April 2018, the Company issued a one-year short-term commercial paper of RMB1,500,000,000 at par value, bearing an interest rate of 4.65%, and expiring on 27 April 2019.

On 29 May 2018, the Company issued 180-day ultra short-term commercial paper of RMB1,500,000,000 at par value, bearing an interest rate of 4.35%, and expiring on 25 November 2018.

These commercial papers are traded on the National Association of Financial Market Institutional Investors (銀行間市場交易商協會) in the PRC.

19. MEDIUM-TERM NOTES

On 1 December 2017, the Company issued a five-year medium-term note with a total value of RMB2,000,000,000. The coupon rate is 5.50% per annum. The gross proceeds (after netting off the issuance cost) was RMB1,994,340,000. The medium-term notes will be fully repaid on 1 December 2022. The medium-term notes are traded on the National Association of Financial Market Institutional Investors in the PRC.

On 3 April 2018, the Company issued a five-year medium-term note with a total value of RMB1,500,000,000. The coupon rate is 5.19% per annum. The gross proceeds (after netting off the issuance cost) was RMB1,495,755,000. The medium-term notes will be fully repaid on 3 April 2023. The medium-term notes are traded on the National Association of Financial Market Institutional Investors in the PRC.

20. PERPETUAL NOTES

The Company issued perpetual medium-term notes on 18 June 2015, with a total principal amount of RMB1,500,000,000 ("**Perpetual Notes**"). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost were RMB1,486,500,000.

The coupon rate for the first three years up to 18 June 2018 is 5.15% per annum, which is paid annually in arrears on June 19 in each year ("**Coupon Payment Date**"). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred.The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on 18 June 2018 or on any Coupon Payment Date afterwards, at their principal amounts together with any accrued, unpaid or deferred coupon interest payments.

The perpetual notes have been fully repaid on 18 June 2018.

21. SHARE CAPITAL

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Issued and fully paid:		
Domestic ordinary shares of RMB1.00 each *(note (a))*	**5,414,831**	4,512,359
H shares of RMB1.00 each	**2,829,677**	2,358,064
	8,244,508	6,870,423

(a) On 25 June 2018, the Company issued 1,374,085,000 ordinary shares at a par value of RMB1 each at a placing price of HK$2.41 per share. The new shares will rank pari passu in all respects with the existing shares of the Company, and the proceeds from the issue will be used as general working capital of the Group to support business development.

22. LEASE ARRANGEMENTS

The Group as a lessee

At 30 June 2018, the Group had commitment for future minimum lease payments under non-cancellable operating leases in respect of leased properties as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within one year	**41,161**	24,825
In the second to fifth year inclusive	**52,644**	62,754
Over five years	**278,207**	236,115
	372,012	323,694

Operating lease payments represent rentals payable by the Group for land. Leases are negotiated for the term between one and twenty years, and rentals are fixed at the date of signing of lease.

23. COMMITMENTS

The Group had the following commitments:

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Contracted but not provided for in respect of acquisition or construction of property, plant and equipment:	**2,641,503**	1,610,535

24. RELATED PARTY BALANCES AND TRANSACTIONS

(a) The following entities are identified as related parties to the Group and the respective relationships are set out below:

Name of related party	Relationship
BEH	Ultimate holding company
北京國際電氣工程有限責任公司 (Beijing International Electric Engineering Co., Ltd., English name for identification purpose) ("**BIEE**")	Fellow subsidiary
BEH Finance	Fellow subsidiary
Jingfeng Thermal	Fellow subsidiary
Jingxi Power	Fellow subsidiary
京能電力後勤服務有限公司 (Jing Neng Electricity Logistic Services Co., Ltd., English name for identification purpose) ("**Jingneng Logistic**")	Fellow subsidiary
北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd., English name for identification purpose) ("**BDHG**")	Fellow subsidiary
北京天湖會議中心有限公司 (Beijing Sky-Line Resort Co., Ltd., English name for identification purpose) ("**Sky-Line Resort**")	Fellow subsidiary
內蒙古岱海旅遊學校 (Daihai LvYou Vocational Education Co., Ltd., English name for identification purpose) ("**Daihai LvYou**")	Fellow subsidiary
北京源深節能技術有限責任公司 (Beijing Yuanshen Energy-saving Technology Co., Ltd., English name for identification purpose) ("**Yuanshen Energy**")	Fellow subsidiary
北京京能源深融資租賃有限公司 (Beijing Jingneng YuanShen Financial Leasing Co., Ltd., English name for identification purpose) ("**YuanShen Financial Leasing**")	Fellow subsidiary
北京京能電力股份有限公司 (Beijing Jingneng Power Co., Ltd., English name for identification purpose) ("**Jingneng Power**")	Fellow subsidiary

24. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(a) The following entities are identified as related party to the Group and the respective relationships are set out below: *(Continued)*

Name of related party	Relationship
內蒙古京能建築安裝工程有限公司 (Inner Mongolia Jingneng Construction and Installation Engineering Co., Ltd., English name for identification purpose) ("**Jingneng Construction**")	Fellow subsidiary
全州柳鋪水電有限公司 (Quanzhou Liupu Hydropower Co., Ltd., English name for identification purpose)	Associate
北京市天銀地熱開發有限責任公司 (Beijing Tian Yin Di Re Development Co., Ltd., English name for identification purpose)	Associate
北京華源惠眾環保科技有限公司 (Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd., English name for identification purpose)	Joint Venture
Jingneng Lease	Fellow subsidiary
北京京能熱電粉煤灰工業有限公司 (Beijing Jingneng Thermal Power Flyash Industry Co., Ltd., English name for identification purpose)	Fellow subsidiary
北京科利源熱電有限公司 (Beijing Keliyuan Thermal Power Co., Ltd., English name for identification purpose) ("**Keliyuan**")	Fellow subsidiary

(b) As at 30 June 2018, other than loans to associates and the deposit in a related non-bank financial institution as set out in note 15, the Group has amounts receivable from the following related parties and the details are set out below:

	As at 30 June 2018 ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Amounts due from:		
BEH	**–**	15,621
Associates	**40**	61
Fellow subsidiaries	**53,957**	445,030
	53,997	460,712
Represented by:		
Trade receivables aged within 90 days by invoice date	**47,048**	460,432
Non-trade receivables*	**6,949**	280
	53,997	460,712

* The balances were interest-free, unsecured and repayable on demand.

24. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(c) As at 30 June 2018, except for the balances in borrowings from related non-bank financial institutions, fellow subsidiaries and BEH as set out in Note 17, the Group has amounts payable to the following related parties and the details are set out below:

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Amounts due to:		
BEH	**309,270**	883
Fellow subsidiaries	**166,836**	77,504
Associates	**1,656**	4,687
	477,762	83,074
Represented by:		
Trade payables aged within one year based on invoice date	**61,668**	54,572
Payables for acquisition of property, plant and equipment	**21,503**	19,187
Non-trade payables*	**394,591**	9,315
	477,762	83,074

* The balances were interest-free, unsecured and repayable on demand

(d) During the six months ended 30 June 2018, the Group entered into the following significant transactions with its related parties:

Continuing transactions:

(i) Management services from related parties

Name of related party	**For the six months ended 30 June 2018**	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
BIEE	**–**	2,075

24. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(d) During the six months ended 30 June 2018, the Group entered into the following significant transactions with its related parties: *(Continued)*

Continuing transactions: *(Continued)*

(ii) Equipment maintenance services from related parties

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Jingfeng Thermal	**4,551**	5,997
BIEE	**12,000**	15,580
Jingneng Power	**28,431**	24,706

(iii) Conference services from related parties

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Daihai LvYou	**–**	145
Sky-line Resort	**40**	41
Jingneng Logistic	**–**	409

(iv) Rental expense as a lessee charged by related parties

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Jingfeng Thermal	**1,914**	3,829
YuanShen Financial Leasing	**138**	138
Jingxi Power	**19,028**	15,873

24. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(d) During the six months ended 30 June 2018, the Group entered into the following significant transactions with its related parties: *(Continued)*

Continuing transactions: *(Continued)*

(v) Commission for entrusted loan service from a related non-bank financial institution

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
BEH Finance	**8,483**	5,844

(vi) Interest income from related non-bank financial institutions

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
BEH Finance	**7,034**	5,549

(vii) Property management fee charged by a related party

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Jingneng Logistic	**13,311**	8,784

24. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(d) During the six months ended 30 June 2018, the Group entered into the following significant transactions with its related parties: *(Continued)*

Continuing transactions: *(Continued)*

(viii) Heat energy sold to a connected person*

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
BDHG	**997,526**	778,879
Yuanshen Energy	**48**	–
Keliyuan	**18,372**	–

* The amount of the revenue to this related party excludes the value-added tax.

(ix) Equipment purchase framework agreement

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
BIEE	**34,787**	38,534
Yuanshen Energy	**–**	1,554

(x) Framework Operating Agreement

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Jingxi Power	**7,406**	7,406

24. RELATED PARTY BALANCES AND TRANSACTIONS *(Continued)*

(d) During the six months ended 30 June 2018, the Group entered into the following significant transactions with its related parties: *(Continued)*

Continuing transactions: *(Continued)*

(xi) Landscaping service agreement

Name of related party	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Jingxi Power	–	72

(e) During the six months ended 30 June 2018, interest income from loans to associates of the Group amounted to RMB3,301,000 (six months ended 30 June 2017: RMB3,255,000), and interest income from loans to joint ventures amounted to RMB716,000 (six months ended 30 June 2017: RMB338,000).

25. THE FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF THE COMPANY ON 28 AUGUST 2018.