四川能投發展股份有限公司
Sichuan Energy Investment Development Co., Ltd.

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

Stock Code: 1713

Interim Report 2019

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I. COMPANY PROFILE

1. Corporate Information

Name in Chinese:
四川能投發展股份有限公司

Name in English:
Sichuan Energy Investment Development Co., Ltd. *

Registered Address:
No. 789 Renhe Road,
Wenjiang District, Chengdu City,
Sichuan Province, the PRC

Headquarters/Principal Place of Business:
No. 789 Renhe Road,
Wenjiang District, Chengdu City,
Sichuan Province, the PRC

Place of Business in Hong Kong:
40th Floor, Sunlight Tower,
No. 248 Queen's Road East,
Wanchai, Hong Kong

Company Website: http://www.scntgf.com
Telephone: +86 (28) 86299666
Fax: +86 (28) 86299666
Email: db@scntgf.com

2. Information of Shares of the Company

Class of Shares:
H Shares, Domestic Shares and Unlisted Foreign Shares

Stock Exchange for Listing of H Shares:
Main Board of the Stock Exchange of Hong Kong Limited

Short Name of H Shares: SICHUAN EN INV
Stock Code of H Shares: 1713

3. Executive Directors

Mr. ZENG Yong (Chairman)
Mr. LI Hui
Ms. XIE Peixi

4. Non-executive Directors

Ms. HAN Chunhong
Ms. LI Yu
Mr. WANG Chengke
Mr. ZHOU Yanbin

5. Independent Non-executive Directors

Mr. Kin Kwong KWOK Gary
Mr. FAN Wei
Ms. HE Zhen
Mr. WANG Peng

6. Supervisors

Mr. ZENG Zhiwei (Chairman)
Ms. FU Ruoxue
Ms. LI Jia
Mr. HU Changxian
Ms. CHEN Yingchun
Mr. OUYANG Yu

7. Authorized Representatives

Mr. ZENG Yong
Mr. LI Hui

8. Audit Committee

Mr. Kin Kwong KWOK Gary (Chairman)
Ms HAN Chunhong
Mr. FAN Wei

9. Remuneration Committee

Mr. WANG Peng (Chairman)
Mr. LI Hui
Ms. HE Zhen

* For Identification Purpose Only

10. Nomination Committee

Mr. ZENG Yong (Chairman)
Ms. HE Zhen
Mr. WANG Peng

11. Risk Control Committee

Mr. FAN Wei (Chairman)
Ms. LI Yu
Mr. Kin Kwong KWOK Gary

12. Joint Company Secretaries

Mr. LI Hui
Ms. WONG Wai Ling

13. H Share Registrar

Tricor Investor Services Limited
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

14. Auditor

KPMG
Certified Public Accountants
8th Floor, Prince's Building,
10 Chater Road, Central,
Hong Kong

15. Legal Advisors

As to Hong Kong Law:
Luk & Partners
in Association with
Morgan, Lewis & Bockius
Suites 1902-1909, 19th Floor,
Edinburgh Tower, The Landmark,
15 Queen's Road Central,
Hong Kong

As to PRC Law:
Jingtian & Gongcheng (Chengdu)
31/F, One Aerospace Center,
No. 7 Xinguanghua Street,
Jinjiang District, Chengdu City.
the PRC

16. Compliance Advisor

China Tonghai Capital Limited
18/F, China Building,
29 Queen's Road Central,
Hong Kong

17. Principal Banks

Bank of Communications, Chengdu Branch, Wenjiang Sub-branch
(交通銀行股份有限公司成都溫江支行)
Agricultural Bank of China, Chengdu Branch, Jincheng Sub-branch
(中國農業銀行股份有限公司成都錦城支行)
Bank of Shanghai, Chengdu Branch
(上海銀行股份有限公司成都分行)
Industrial Bank Chengdu Branch
(興業銀行股份有限公司成都分行)

II. INTERIM FINANCIAL HIGHLIGHTS

Summary of Consolidated Statement of Profit or Loss	Six months ended 30 June 2019 RMB'000	 2018 RMB'000
Revenue	**1,150,429**	970,556
Profit before taxation	**119,857**	109,995
Income tax	**(18,105)**	(14,739)
Profit for the period	**101,752**	95,256
Profit attribute to non-controlling interests	**925**	(130)
Profit attribute to equity shareholders of the Company	**100,827**	95,386
Basic earnings per share (RMB)	**0.09**	0.12

Summary of Consolidated Statement of Financial Position	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Total non-current assets	**3,175,240**	3,174,276
Total current assets	**1,271,150**	1,206,916
Total assets	**4,446,390**	4,381,192
Total current liabilities	**1,228,032**	909,092
Total non-current liabilities	**609,287**	873,461
Total liabilities	**1,837,319**	1,782,553
Net assets	**2,609,071**	2,598,639
Equity attributable to equity shareholders of the Company	**2,602,631**	2,593,124
Equity attributable to non-controlling interests	**6,440**	5,515

III. MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Overview

The value chain of the power industry in China is composed of power generation, power transmission and distribution, and sales of electricity. The power generation sector converts other types of energy into electricity, such as power generated by hydropower plants that use water flux energy. The core of the power supply sector is the transmission and distribution system of the power grid, which comprises electricity transmission networks that reach provinces and cities in China, electricity distribution networks that serve end uses, and step-up and step-down substations. Lastly, the electricity sales sector directly distributes electricity to end users.

During the first half of 2019, total power consumption in China reached 3.4 trillion kWh, representing a year-on-year growth of 5.0%, of which power consumption in the primary sector (agriculture: including plantation, forestry, livestock and fishing industries), secondary sector (industries: including mining industry, manufacturing industries, production and supply of electricity, gas and water, and construction indusry), tertiary sector (other industries not included in the above primary and secondary sectors) and household usage increased by 5.0%, 3.1%, 9.4% and 9.6%, respectively, with relatively faster growth recorded in the tertiary sector and household usage. During the first half of the year of 2019, total power generation reached 3.3 trillion kWh, representing a year-on-year increase of 3.3%, and a decrease of 0.9 percentage point when compared with the first quarter, of which the amount of power generation produced by thermal power, hydropower, nuclear power, wind power and solar energy increased by 0.2%, 11.8%, 23.1%, 6.6% and 11.2%, respectively, on a year-on-year basis.

2. Business Overview

2.1 Overview

We are a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power-supply value chain covering power generation and electricity distribution and sales. We have a stable user base and a comprehensive network of power supply in Yibin City, which allows us to optimize the balance usage of power resources within our power supply network through efficient allocation of electricity. Our business currently consists of (i) power business, which includes power production, distribution and sales; and (ii) EECS business, which consists of electrical engineering construction service and sales of electric equipment and materials.

During the first half of 2019, we realized revenue of RMB1,150.4 million, representing a year-on-year increase of 18.5%. Our profit before taxation was RMB119.9 million, representing a year-on-year increase of 9.0%. During the six months ended 30 June 2019, we achieved a net profit of RMB101.8 million, representing a year-on-year increase of 6.8%, and net profit attributable to owners of the parent company of RMB100.8 million, representing a year-on-year increase of 5.7%.

As of 30 June 2019, we had an aggregate 35 hydropower plants with total installed capacity of 138,680 kW. We also had one unit of 220kV substation with a capacity of 180,000 kVA, 19 units of 110 kV substations with total capacity of 922,000 kVA and 59 units of 35 kV substations with an aggregate capacity of 500,850 kVA, all of which were in line with 2018.

2.2 Operating Results

The following table sets forth the breakdown of revenue, cost of sales, gross profit margin and percentage of changes by category of business for the six months ended 30 June 2018 and 2019.

	Six months ended 30 June 2019			Six months ended 30 June 2018			Change in percentage (%)/ percentage points		
Business	Revenue (RMB'000)	Cost of sales (RMB'000)	Gross profit margin (%)	Revenue (RMB'000)	Cost of sales (RMB'000)	Gross profit margin (%)	Revenue	Cost of sales	Gross profit margin
Power business	**1,003,659**	**814,587**	**18.8**	846,919	682,406	19.4	18.5	19.4	-3.1
EECS business [(1)]	**146,770**	**128,144**	**12.7**	123,637	98,426	20.4	18.7	30.2	-37.7
Total	**1,150,429**	**942,731**	**18.1**	970,556	780,832	19.5	18.5	20.7	-7.2

Note:

(1) Including revenue from sales of electric equipment and materials of RMB7.2 million for the six months ended 30 June 2019.

2.2.1 Power Business

The following table sets forth the breakdown of revenue of the power business by the customer category for the periods indicated.

	For the six months ended 30 June				Change in percentage (%)/ percentage points	
	2019		2018			
Customer	Electricity sales (MWh)	Revenue (RMB'000)	Electricity sales (MWh)	Revenue (RMB'000)	Electricity sales	Revenue
Household	**576,204**	**309,406**	515,787	287,012	11.7	7.8
General industrial and commercial entities	**425,894**	**282,842**	344,333	263,522	23.7	7.3
Large industrial entities	**729,120**	**393,334**	487,164	241,171	49.7	63.1
State Grid	**5,307**	**1,400**	6,281	1,442	-15.5	-2.9
Others	**38,182**	**16,677**	135,400	53,772	-71.8	-69.0
Total	**1,774,707**	**1,003,659**	1,488,965	846,919	19.2	18.5

For the six months ended 30 June 2019, most of our revenue was generated from the power business, including power production, distribution and sales. We generated revenue of RMB1,003.7 million from our power business, which accounted for 87.2% of our total revenue.

2.2.2 EECS Business

We also derived revenue from our EECS business, which mainly involves undertaking the engineering construction projects for, and selling electric equipment and materials to, the users and grid companies in our power supply area. For the six months ended 30 June 2019, we generated revenue of RMB146.8 million from our EECS business, which accounted for 12.8% of our total revenue.

2.3 Main Operational Measures

In 2019, in order to ensure the stable growth of the Group's operating results, we have a working plan in place to improve quality and enhance efficiency, which mainly focuses on: (1) safety first to improve the support capability; (2) market expansion to increase operating revenue; (3) service management to improve service standards; (4) targeted investment to improve the throughput efficiency; (5) lean management to improve cost management and control; (6) internal management to improve operation and management capability; (7) team building to enhance team quality; and (8) risk management to improve the ability of risk prevention and control.

3. Financial Review

Analysis of Key Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

3.1 Revenue

	Six months ended 30 June	
Business	**2019 (RMB'000)**	2018 (RMB'000)
Power business	**1,003,659**	846,919
EECS business (1)	**146,770**	123,637
Total	**1,150,429**	970,556

Note:

(1) Including revenue from sales of electric equipment and materials of RMB7.2 million for the six months ended 30 June 2019.

Revenue increased by 18.5% from RMB970.6 million for the six months ended 30 June 2018 to RMB1,150.4 million for the six months ended 30 June 2019, primarily due to an increase of RMB156.7 million in revenue from our power business as a result of an increase in the amount of electricity sales made to our household, general industrial and commercial customers and large industrial customers by 383,934 MWh in the first half of 2019.

3.1.1 Revenue from Power Business

Revenue generated from the power business increased by 18.5% from RMB846.9 million for the six months ended 30 June 2018 to RMB1,003.7 million for the six months ended 30 June 2019. The increase was mainly attributable to an increase in the number of our household customers, general industrial and commercial customers, and large industrial customers by 16,331, 2,332 and 61, respectively, in the first half of 2019 compared to the corresponding period in 2018, which resulted in an increase in the amount of electricity sales by 383,934 MWh during the first half of 2019. And the revenue generated from the power business accounted for 87.3% and 87.2% of our total revenue for the six months ended 30 June 2018 and 2019, respectively.

3.1.2 Revenue from EECS Business

Revenue generated from EECS business increased by 18.7% from RMB123.6 million for the six months ended 30 June 2018 to RMB146.8 million for the six months ended 30 June 2019. The increase was primarily due to an increase of 35 EECS projects we undertook in the first half of 2019.

3.2 Cost of Sales

	Six months ended 30 June	
Business	**2019 (RMB'000)**	2018 (RMB'000)
Power business	**814,587**	682,406
EECS Business	**128,144**	98,426
Total	**942,731**	780,832

Cost of sales increased by 20.7% from RMB780.8 million for the six months ended 30 June 2018 to RMB942.7 million for the six months ended 30 June 2019, mainly due to an increase in electricity purchases from third-party suppliers as a result of an increase in the demand and scale for electricity sales in the first half year of 2019.

3.2.1 Power Business

The cost of sales relevant to the power business increased by 19.4% from RMB682.4 million for the six months ended 30 June 2018 to RMB814.6 million for the six months ended 30 June 2019. Such increase was mainly attributable to an increase in electricity purchases from third-party suppliers as a result of an increase in the demand and scale for electricity sales in the first half year of 2019. Cost of sales of the power business accounted for 87.4% and 86.4% of the total cost of sales for the six months ended 30 June 2018 and 2019, respectively.

3.2.2 EECS Business

The cost of sales relevant to the EECS business increased by 30.2% from RMB98.4 million for the six months ended 30 June 2018 to RMB128.1 million for the six months ended 30 June 2019. Such increase was mainly attributable to an increase of 35 EECS projects we undertook in the first half of 2019.

3.3 Gross Profit and Gross Profit Margin

	Six months ended 30 June			
	2019		2018	
Business	**Gross profit (RMB'000)**	**Gross profit margin %**	Gross profit (RMB'000)	Gross profit margin %
Power business	**189,072**	**18.8**	164,513	19.4
EECS Business	**18,626**	**12.7**	25,211	20.4
Total	**207,698**	**18.1**	189,724	19.5

As a result of above, our gross profit increased from RMB189.7 million for the six months ended 30 June 2018 to RMB207.7 million for the six months ended 30 June 2019. The gross profit margin decreased from 19.5% for the six months ended 30 June 2018 to 18.1% for the six months ended 30 June 2019, mainly due to a decrease in gross profit margin of EECS business in the first half year of 2019.

3.3.1 Power Business

The gross profit under the power business increased by 14.9% from RMB164.5 million for the six months ended 30 June 2018 to RMB189.1 million for the six months ended 30 June 2019. The corresponding gross profit margin slightly decreased from 19.4% for the six months ended 30 June 2018 to 18.8% for the six months ended 30 June 2019, due to lower gross profit margin of new power supply projects compared to current power supply projects.

3.3.2 EECS Business

The gross profit of EECS business decreased by 26.1% from RMB25.2 million for the six months ended 30 June 2018 to RMB18.6 million for the six months ended 30 June 2019. The corresponding gross profit margin decreased from 20.4% for the six months ended 30 June 2018 to 12.7% for the six months ended 30 June 2019. The decrease was primarily due to a lower gross profit margin gained from new EECS projects we undertook in the first half year of 2019 compared to other EECS projects.

3.4 Other Income

Other income is generally comprised of (i) government grants; (ii) interest income; (iii) fair value changes of other financial assets; (iv) late payment surcharge; and (v) others. Other income increased by 53.4% from RMB15.0 million for the six months ended 30 June 2018 to RMB23.0 million for the six months ended 30 June 2019, due to an increase of RMB5.2 million in interest income as a result of the increased fixed deposits in the first half of 2019.

3.5 Administrative Expenses

Administrative expenses primarily consist of (i) staff and labour costs; (ii) depreciation and amortization; (iii) taxes; (iv) office and travelling expenses; (v) vehicle costs; and (vi) others. Administrative expenses stayed relatively stable at RMB81.4 million and RMB81.5 million for the six months ended 30 June 2018 and 2019, respectively.

3.6 Impairment Losses on Trade and Other Receivables and Contract Assets

Impairment losses on trade and other receivables and contract assets increased significantly from a reversal of impairment losses of RMB2.2 million for the six months ended 30 June 2018 to RMB3.3 million for the six months ended 30 June 2019. The increase in loss was primarily due to the increased balance of trade receivables aged 1 year to 3 years. Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses ("ECLs"), which are probability-weighted estimate of credit losses. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors there are specific to the debtors and an assessment of both the current and forecast general economic conditions at 30 June 2019.

3.7 Finance Costs

Finance costs increased significantly by 50.4% from RMB16.6 million for the six months ended 30 June 2018 to RMB24.9 million for the six months ended 30 June 2019, mainly due to the foreign exchange loss of RMB7.5 million in the first half of 2019.

3.8 Share of Profit Less Losses of Associates

Share of profit less losses of associates decreased by 133.3% from RMB2.4 million for the six months ended 30 June 2018 to a loss of RMB0.8 million for the six months ended 30 June 2019, primarily due to the net losses of RMB1.6 million of two associates for the first six months in 2019.

3.9 Income Tax

Income tax expenses were RMB14.7 million and RMB18.1 million, for the six months ended 30 June 2018 and 2019, representing an effective tax rate of 13.4% and 15.1% respectively. The increase in income tax was caused by an increase of RMB5.0 million in current portion of the PRC corporate income tax provision for the six months ended 30 June 2019 as a result of an increase of profit before taxation of our subsidiaries.

3.10 Profit for the Period

As a result of above, profit for the period increased from RMB95.3 million for the six months ended 30 June 2018 to RMB101.8 million for the six months ended 30 June 2019.

Analysis of Key Items of Consolidated Statement of Financial Position

3.11 Property, Plant and Equipment

	At 30 June 2019 (RMB'000)	At 31 December 2018 (RMB'000)
Property, Plant and Equipment	**2,623,079**	2,630,475

As at 31 December 2018 and 30 June 2019, our property, plant and equipment were RMB2,630 million and RMB2,623 million, respectively, which mainly included plant and building, machinery, vehicles, office equipment, projects under construction and right-of-use assets. Property, plant and equipment decreased from RMB2,630 million as of 31 December 2018 to RMB2,623 million as of 30 June 2019, mainly due to the depreciation of our property, plant and equipment of RMB71.0 million for the six months ended 30 June 2019.

3.12 Intangible Assets

As of 31 December 2018 and 30 June 2019, our intangible assets were RMB4.4 million and RMB5.2 million, respectively. Our intangible assets increased from RMB4.4 million as of 31 December 2018 to RMB5.2 million as of 30 June 2019, mainly due to the increase of the original value of RMB1.3 million of the softwares we procured during the first half of 2019.

3.13 Other Financial Assets

Our other financial assets increased of RMB469.8 million from RMB117.1 million as of 31 December 2018 to RMB586.9 million as of 30 June 2019 mainly due to an increase of RMB 460.3 million of the structured deposits and fixed deposits we purchased in the first half of 2019.

3.14 Inventories

Our inventories primarily consisted of raw materials and spare parts and others were RMB56.0 million and RMB60.8 million as of 31 December 2018 and 30 June 2019, respectively.

Our inventories increased from RMB56.0 million as of 31 December 2018 to RMB60.8 million as of 30 June 2019, mainly due to an increase in the amount of raw materials, procured for undertaking EECS projects. All of the inventories are expected to be recovered within one year.

The average turnover days of our inventories (calculated by using the average value of the opening balance and closing balance of inventories of the relevant period divided by the cost of sales for the period, and then multiplied by the number of days in the period) were 9 days and 11 days for the six months ended 30 June 2018 and 2019, respectively. Such increase was mainly due to that the increase in inventories is greater than the increase in operation cost.

3.15 Trade and Other Receivables

As at 31 December 2018 and 30 June 2019, our trade and other receivables were relatively stable at RMB331.7 million and RMB335.4 million, respectively.

The average turnover days of our trade receivables (calculated by using the average value of the opening balance and closing balance of trade receivables of the relevant period divided by the revenue for the period, and then multiplied by the number of days in the period) decreased from 50 days for six months ended 30 June 2018 to 46 days for six months ended 30 June 2019, mainly due to the revenue increase by 18.5% from RMB970.6 million for the six months ended 30 June 2018 to RMB1,150.4 million for the six months ended 30 June 2019.

3.16 Trade and Other Payables

Our trade and other payables increased by 12.6% for RMB644.6 million as of 31 December 2018 to RMB725.6 million as of 30 June 2019 primarily due to an increase of RMB55.7 million in dividends payable in the first half of 2019.

Our average trade payables turnover days (calculated by using the average of opening and closing balance of the trade payables for a period divided by the cost of the period and multiplied by the number days in the period) increased from 64 days for six months ended 30 June 2018 to 74 days for the six months ended 30 June 2019, primarily due to an increase of trade payables mainly as a result of an increase of payables in relation to EECS projects and materials due to the increase in the number of EECS projects we undertook in first half year of 2019.

3.17 Contract Liabilities

Contract liabilities remained relatively stable at RMB179.5 million and RMB175.1 million as of 31 December 2018 and 30 June 2019, respectively.

3.18 Liquidity and Financial Resources

Our Group manages its capital to ensure that entities in our Group will be able to continue operating as going concern while maximizing the return to our shareholders through the optimization of the debt and equity balance. Our Group's overall strategy remains unchanged throughout the first half of 2019. The capital structure of our Group consists of net debts (which includes borrowings net of cash and cash equivalents) and total equity (comprising paid-in capital/share capital, capital reserve, statutory surplus reserve, retained profits and non-controlling interests). Our Group is not subject to any externally imposed capital requirements.

As at 30 June 2019, our cash and cash equivalents amounted RMB386.6 million (31 December 2018: RMB798.0 million).

As at 30 June 2019, the total borrowings of our Group amounted to RMB743.3 million (31 December 2018: RMB764.3 million), including bank and other borrowings. RMB8.4 million of our borrowings were interest-free, while other borrowings bear interest at floating rate. As a result of increase of current loans and borrowings in the first half of 2019, our net current asset position decreased from RMB297.8 million as of 31 December 2018 to RMB43.1 million as of 30 June 2019.

3.19 Gearing Ratio

As at 30 June 2019, the gearing ratio of our Group was 28.4% (31 December 2018: 28.9%). Gearing ratio is calculated based on our total (interest-bearing) liabilities divided by total equity.

3.20 Capital Commitments

We have certain capital commitments relating to the construction of our centralized power dispatch control center. We classified a commitment as authorized but not contracted for if our management has identified the potential capital commitment and has determined that it is more likely than not to make the commitment.

The following table sets forth our capital commitments outstanding for the periods indicated:

	As at 30 June 2019 (RMB'000)	As at 31 December 2018 (RMB'000)
Contracted for	**43,436**	31,963

3.21 Pledge of Our Group's Assets

No property, plant or equipment was pledged to banks as of 30 June 2019. (31 December 2018: Nil)

3.22 Contingent Liabilities

As at 30 June 2019, the Group did not have any material contingent liabilities (31 December 2018: Nil).

3.23 Major Investment Plan

During the six months ended 30 June 2019, the Company had completed the tender the construction of the Pingshan County Wangchang 220kV transformation project. In the second half of the year of 2019, the Company will continue to facilitate the construction of 220kV power grid and improve the power supply support capability, operating efficiency and service level of the provincial Yibin power grid. The funds for this project are mainly from the proceeds of the global offering of the H Shares.

3.24 Significant Investments Held, Major Acquisitions and Disposals

During the six months ended 30 June 2019, the Group did not have any significant investments held, nor were there any major acquisitions or disposals of subsidiaries, associates, or joint ventures.

3.25 Important Events Subsequent to the Reporting Period

There was no important event affecting the Company nor any of its subsidiaries after 30 June 2019 up to the date of this report.

4. Environmental Policies and Performance

For the six months ended 30 June 2019, the Company had not encountered any environmental pollution event; all operating power stations under our operation control were in compliance with the relevant domestic environmental protection regulations and we were not subject to any penalty or prosecution due to non-compliance incident.

For the six months ended 30 June 2019, the Company had strictly complied with all Chinese environmental laws and regulations, including the Environmental Protection Law, the Environmental Impact Assessment Law and the Water Pollution Prevention and Control Law of the PRC. The Company, in accordance with the requirements of laws and regulations, guaranteed the investment of funds in environmental protection and complied with regulatory and industry standards set by central and local government departments and industry associations. The main environmental risks that arose in the course of production of the Company include: (1) the wastes that were drifted from the upstream of the hydropower station; (2) a small amount of oily wastes generated during equipment maintenance. These two types of substances are not hazardous wastes, but we collected, stored and disposed them as hazardous wastes. We signed agreements with qualified entities to transport these wastes to landfills or handling areas designated by relevant government departments for standardized processing. During the six months ended 30 June 2019, the Company's production fulfilled environmental-friendly requirements without violation records.

5. Operation Safety

For the six months ended 30 June 2019, no accident had occurred involving employees, equipment or power grid of the Company, all operating power stations under our operation control were in compliance with the relevant domestic regulations relating to production safety, and we were not subject to any fine or prosecution due to non-compliance with the aforesaid domestic regulations.

For the six months ended 30 June 2019, the Company conscientiously fulfilled the relevant performance requirements imposed by the competent government authorities, conducted stringent evaluation on production safety, enhanced the basic management of safety and environment, strengthened production safety and performed environmental protection responsibilities, conducted serious training and education on safety, carried out large-scale inspections to identify and control potential danger, and achieved the goal of production safety with superior performance.

6. Employees and Remuneration Policy

As at 30 June 2019, the Company had a total of 3,034 employees (30 June 2018: 3,108 employees).

The Company established a scientific, reasonable, fair and impartial remuneration management system. Income of employees were relevant to corporate profitability and their performance appraisal results. The remuneration distribution method focused on actual performance and contribution and reinforced the functioning of the incentive and restraint mechanism.

For the six months ended 30 June 2019, no labour disputes had occurred in the Company and its subsidiaries which would affect the operations of the Group.

7. Use of Proceeds from Initial Public Offering

The Company was listed on the Stock Exchange on 28 December 2018 and issued 268,800,000 H shares with a nominal value of RMB1.00 each at HK$1.77 per share. The net fund raised from initial public offering was approximately RMB380.5 million. As at 30 June 2019, the Group has used the proceeds from initial public offerings of approximately RMB7.2 million and the unused proceeds were approximately RMB373.3 million in accordance with the relevant disclosure in the prospectus dated 13 December 2018.

Usage of proceeds	**Unutilized amount as at 1 January 2019 (RMB'000)**	**Utilized amount during the period (RMB'000)**	**Unutilized amount as at 30 June 2019 (RMB'000)**	**Expected timeline[1]**
Acquisition of power-related assets	152,193	–	152,193	2019-2020
Power grid construction and optimization	114,145	–	114,145	2019-2021
Establishment of centralized power dispatching control center and promoting intelligent power grid system	76,097	7,000	69,097	2019-2021
Liquidity	38,048	165	37,883	2019-2021
Total	380,483	7,165	373,318	

Note:

(1) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to changes based on the current and future development of market conditions.

8. Outlook

During the first half of 2019, the Group saw the trend of the rapid increase in its electricity sales since 2018 and the continuous improvement in its operating results of other business.

In recent years, on the backdrop of the introduction of a series of energy reform policies by the Chinese government, the power generation companies are facing new development situations and the market-oriented electricity trading process continues to accelerate. The Group will further strengthen its core competitiveness to quick respond to new policies and new market order, with the focus of the Group's work in the second half of 2019 as follows:

(1) Put efforts in enhancing its service capability to lay solid foundation for its growth. Firstly, our Group will strengthen the construction of distribution networks to further improve power supply quality. Secondly, our Group will enhance service innovation to improve high-quality service standards. Thirdly, our Group will enhance the construction of informationisation to improve operational efficiency. Fourthly, our Group will strengthen its business training to improve the business capability of employees. Fifthly, our Group will expedite the construction of high-grade power grids to consolidate the foundation for its principal business of power grid.

(2) Continue to promote the transformation progress and optimize its industrial layout. We will continue to improve communications with governments at all levels, conduct further market exploration and project sourcing, and uplift its enterprise grade and market competitiveness.

(3) Actively respond to the national energy reform. Firstly, the Group will put more efforts in promoting its power system reform, actively carry out the construction of 220 kV regional power grids, and improve the reliability of grid operation. Secondly, the Group will study the independent mode for hydropower operation and settlement to improve the comprehensive efficiency of power generation.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

1. Acquisition of Interest in Shares or Debentures by Directors and Supervisors

During the six months ended 30 June 2019, no rights were granted to any Directors or Supervisors or their respective spouses or children aged below 18 to derive gains by purchasing the shares or debentures of the Company and they did not exercise any such rights; the Company or any of its subsidiaries did not enter into any arrangements that enabled the Directors or Supervisors to purchase such rights of any other legal entities.

2. Changes in the Information of Directors and Supervisors

With effect from 15 April 2019, Mr. Wang Heng resigned as an executive Director and a member of the remuneration committee of the Company due to his other business commitments. With effect from 15 April 2019, Mr. Li Hui, an executive Director, the general manager, and deputy chairman of the Board, has been appointed as a member of remuneration committee of the Company. Please refer to the announcement of the Company dated 15 April 2019 for more details.

Ms. Xie Peixi was formally appointed as the executive Director of the Company at the annual general meeting held on 19 June 2019, her biographical details were set out in the Company's announcement dated 15 April 2019 and notice of annual general meeting dated 23 April 2019.

After making specific enquiries by the Company and confirmed by the Directors and Supervisors, save as disclosed as above no other changes in the information of any Directors and Supervisors after 23 April 2019, being the date of the 2018 Annual Report, that are required to be disclosed pursuant to paragraphs (a) to (e) and paragraph (g) of Rule13.51 (2) of the Listing Rules have to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

3. Compliance with Code Provisions of the Model Code by Directors and Supervisors

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors and the Supervisors. Having made specific enquiries with all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions of directors and supervisors during the six months ended 30 June 2019.

4. Compliance with Code Provisions of the Corporate Governance Code

The Company is committed to maintaining of good corporate governance practices and procedures with a view to become a transparent and responsible organization which is open and accountable to the Shareholders. The Company has studied relevant regulations thoroughly as stipulated in the Listing Rules and introduced corporate governance practices appropriate for its operation and management. The Board believes that good corporate governance is one of the essential factors leading to the success and sustainability of the Group.

During the six months ended 30 June 2019, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and had adopted most of the recommended best practices as set out in Appendix 14 to the Listing Rules.

5. Risk Management and Internal Control

5.1 Risk management

(1) Market Risk

As the new round of power system reform in China made further progress, together with the promulgation and enforcement of the relevant power reform policy measures in Sichuan Province, and the implementation of the government pricing mechanism based on "permitted costs + reasonable gains" as its core concept, the Company's conventional operation model and profitability will be affected and changed, and the future production and operation of the Company will be exposed to market risk and great challenges. The Company will focus on load development as a guideline to build a highly reliable power grid with coordinated development in grid sources for enhancing asset efficiency and power supply supporting capabilities to ensure a reasonable income level for the Company. Meanwhile, more efforts will be focused on recruiting talents and enhancing the standards of existing employees to open up greater market space in the areas of electricity sales, incremental power grid of distribution, distributed energy resources, power trading and integrated energy services.

(2) Industry Policy Risk

The Company's principal business is power supply business for the public, its major business activities are regulated by government authorities. If there are relatively material changes in industrial policies such as energy distribution network and pricing mechanism in China, the Company's existing profit model will be affected and the Company's operating efficiency may be affected in a certain period of time. The Company will closely follow and study the national policies, report to and communicate with the relevant and competent government authorities and regulatory authorities in an effective manner, strive to obtain various types of policy support, formulate corresponding policy responsive measures and methods to maximize gains and avoid risks, operate our business in compliance with laws and regulations, mitigate and eliminate the adverse effects on the Company due to policy changes.

(3) Exchange Rate Risk

On 28 December 2018, the Group was listed on the Hong Kong Stock Exchange. The Company was mainly engaged in production and operating activities in Mainland China and used RMB as settlement currency. Any fluctuations in the exchange rate of RMB and HK$ will lead to corresponding exchange gains or losses in the HK$ held by the Company, and will in turn affect the financial position and operating results of the Company. The Company will conduct research conscientiously to formulate scientific and comprehensive work plans for engaging in foreign exchange holding, payment and conversion operations prudently to reduce finance costs, subject to fulfillment of the foreign exchange administrative requirements of the state.

(4) Funding Risk

As the Company develops, efforts in investment activities will increase, and the sufficiency of funds will have material impact on the Company's operations and development, funding activities will involve relevant financial risk.

The Company continues to widen its financing channels, based on the existing borrowings from domestic banks, it will leverage on the enhanced capital strength of the Company after listing and the advantages of the capital market to study the feasibility of establishing multiple financing channels proactively, promote innovations of financing methods in a safe and sound manner, and optimize the sources of funds, in order to reduce financing costs and satisfy its production and operational needs.

(5) Significant Investment Risk

The Company is currently in the phase of accelerated development, various types of significant investment projects and constructions will commence and proceed successively. Evaluation, management and control of project investment risk will have significant impact on the future development of the Company. By focusing on the arguments at the feasibility study stage of project establishment to identify and assess the risks and costs of risks of the investment project, material risk prevention policies and measures can be formulated. At the investment decision stage, the requirements for project establishment and investment management will be strictly followed to perform the investment decision-making procedures to ensure sufficient justification for the necessity of project formation, suitable scale of construction, advanced technical process, reasonable investment return and authenticity and viability of the relevant data for financial evaluation.

5.2 Internal control

The Company has revised and improved the guidelines for approval and decision authorities for the head office and subsidiaries of the Company according to the Listing Rules and management needs, and has standardized the rules of procedures for regulating the Shareholders' general meetings, Board meetings and meetings of the Supervisory Committee of the Company. It has also organized and established the risk control committee and the Audit Committee of the Company under the Board to enhance internal control of the Company and prevent material risks from the perspectives of management system, decision-making level and operation of supervision mechanism.

6. Communication with Shareholders

The Company attaches importance to maintain effective communication with Shareholders and investors. Shareholders and investors may obtain the latest information on various aspects of the Company through various communication channels, including annual general meetings, annual reports and interim reports, notices, letters, announcements and circulars, press release, company website (www.scntgf.com) and meetings held for investors and securities analysts. All Shareholders may ask the management questions at general meetings, and may also raise questions to the Company by email or in writing at any other time.

7. Investor Relations

The Company cordially provides accurate and timely information to shareholders and investors, and strives to maintain communication with Shareholders and investors through effective channels, in order to enhance mutual understanding and improve transparency on disclosure of information by the Company.

The Company has established the investor relations department, designated staff will be responsible to take telephone calls from investors, greet visitors, offer site inspection tours, and organize seminars for investors.

The contact information of the Company is set out below for making enquiries on matters concerned by Shareholders, and the Company will reply the enquiries in an appropriate and timely manner:

Address: No. 789 Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC
Telephone: +86 (28) 86299666
Fax: +86 (28) 86299666
Email: db@scntgf.com
Company website: http://www.scntgf.com

The Company will release information timely, investors may obtain information about the latest development, announcements and press releases of the Company through the Stock Exchange website (www.hkex.com.hk) and the Company's website (www.scntgf.com).

In future, the Company will further develop activities on investor relations to provide better services for investors.

8. Share Option Scheme

Since the Listing Date to 30 June 2019, the Company did not have any share option scheme.

9. Interest and Short Positions in Shares, Underlying Shares and Debentures held by Directors, Supervisors and Chief Executive

As at 30 June 2019, according to the information obtained by the Company and to the best knowledge of the Company, none of the Directors, Supervisors and chief executive of the Company has any interest and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or any interest or short positions which have to be recorded in the equity register to be kept pursuant to section 352 of the SFO or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

10. Interest in Securities held by Substantial Shareholders

As at 30 June 2019, to the best knowledge of the Directors, the following persons (other than the Directors, Supervisors or chief executives of the Company) have interest or short positions in Shares or underlying shares required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or interest or short positions required to be recorded in the register to be kept pursuant to section 336 of the SFO:

Long position in the ordinary Share as at 30 June 2019

Name of shareholder	Capacity	Class of shares	Number of shares	Percentage of total shares (%)	Percentage of issued shares of the same class (%)
Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司) *(Note 2)*	Beneficial owner and interest of controlled corporations	Domestic Shares	419,336,000	39.03	59.27
Sichuan Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司) *(Note 2)*	Interest of controlled corporations	Domestic Shares	394,398,400	36.71	55.74
Sichuan Province Hydropower Investment and Management Group Co., Ltd.* (四川省水電投資經營集團有限公司)	Beneficial owner	Domestic Shares	394,398,400	36.71	55.74
China Power International Development Limited (中國電力國際發展有限公司)	Beneficial owner	Unlisted Foreign Shares	98,039,200	9.13	100
China Three Gorges Corporation* (中國長江三峽集團有限公司) *(Note 3)*	Interest of controlled corporations	Domestic Shares	98,039,200	9.13	13.86
Three Gorges Capital Holdings Company Limited * (三峽資本控股有限責任公司)	Beneficial owner	Domestic Shares	98,039,200	9.13	13.86
Gao County State-owned Assets Operation Co., Ltd.* (高縣國有資產經營管理有限責任公司)	Beneficial owner	Domestic Shares	92,406,000	8.60	13.06
Yibin City State-owned Assets Operation Co., Ltd.* (宜賓市國有資產經營有限公司)	Beneficial owner	Domestic Shares	65,359,500	6.08	9.24
Beijing Forever Technology Company Limited* (北京恒華偉業科技股份有限公司)	Beneficial owner	H Shares	55,366,000	5.15	20.60
Sichuan Provincial Investment Group Company Limited* (四川省投資集團有限責任公司) *(Note 4)*	Interest of controlled corporations	H Shares	46,326,000	4.31	17.23
SCIG International Limited	Beneficial owner	H Shares	46,326,000	4.31	17.23
Ou Zongrong(歐宗榮)*(Note 5)*	Interest of controlled corporations	H Shares	31,638,000	2.94	11.77
Lin Shuying (林淑英) *(Note 5)*	Interest of spouse	H Shares	31,638,000	2.94	11.77
RoYue Limited *(Note 5)*	Interest of controlled corporations	H Shares	31,638,000	2.94	11.77
Zhenro Properties Group Limited *(Note 5)*	Interest of controlled corporations	H Shares	31,638,000	2.94	11.77
Zhenro International Limited *(Note 5)*	Interest of controlled corporations	H Shares	31,638,000	2.94	11.77
Zhenro Hong Kong Limited	Beneficial owner	H Shares	31,638,000	2.94	11.77
Sichuan Furun Enterprise Reorganization Investment Co., Ltd.* (四川富潤企業重組投資有限責任公司)	Beneficial owner	H Shares	31,072,000	2.89	11.56
Aegis Investment Holdings Limited	Beneficial owner	H Shares	30,508,000	2.84	11.35
Chariot SPC Fund	Beneficial owner	H Shares	25,018,000	2.33	9.31

Notes:

1. On 30 June 2019, the Company had issued 707,518,500 Domestic Shares, 98,039,200 Unlisted Foreign Shares and 268,800,000 H Shares. The total number of issued Shares was 1,074,357,700 Shares.
2. On 30 June 2019, Sichuan Province Hydropower Investment and Management Group Co., Ltd. ("Hydropower Group") held 394,398,400 Domestic Shares of the Company. Hydropower Group was wholly owned by Sichuan Energy Investment Group Co., Ltd. (the "Energy Investment Group"), and Energy Investment Group was in turn held by Sichuan Development (Holding) Co., Ltd. (the "Sichuan Development Co.") as to 67.80%. Therefore, Energy Investment Group was deemed to be interested in 394,398,400 Domestic Shares of the Company held by Hydropower Group pursuant to Part XV of the SFO. Sichuan Development Co. was also deemed to be interested in the said 394,398,400 Domestic Shares. In addition, Sichuan Development Co. directly held 24,937,600 Domestic Shares of the Company, and thus Sichuan Development Co. was deemed to hold a total of 419,336,000 Domestic Shares of the Company.
3. On 30 June 2019, Three Gorges Capital Holdings Company Limited held 98,039,200 Domestic Shares of the Company. Three Gorges Capital Holdings Company Limited was directly wholly-owned by China Three Gorges Corporation. Therefore, according to Part XV of the SFO, China Three Gorges Corporation was deemed to be interested in 98,039,200 Domestic Shares of the Company.
4. On 30 June 2019, SCIG International Limited held 46,326,000 H Shares of the Company. SCIG International Limited was directly wholly-owned by Sichuan Provincial Investment Group Company Limited. Therefore, pursuant to Part XV of the SFO, Sichuan Provincial Investment Group Company Limited was deemed to be interested in 46,326,000 H Shares of the Company held by SCIG International Limited.
5. On 30 June 2019, Zhenro Hong Kong Limited held 31,638,000 H Shares of the Company. Zhenro Hong Kong Limited was directly wholly-owned by Zhenro International Limited, and Zhenro International Limited was directly wholly-owned by Zhenro Properties Group Limited. RoYue Limited owned 55.26% of equity interest in Zhenro Properties Group Limited, and RoYue Limited was directly wholly-owned by Mr. Ou Zongrong. Therefore, pursuant to Part XV of the SFO, Zhenro International Limited, Zhenro Properties Group Limited, RoYue Limited and Mr. Ou Zongrong were deemed to be interested in 31,638,000 H Shares of the Company held by Zhenro Hong Kong Limited. In addition, Ms. Lin Shuying was the spouse of Mr. Ou Zongrong. Therefore, pursuant to Part XV of the SFO, Ms Lin Shuying was deemed to be hold 31,638,000 H Shares of the Company.

11. Purchase, Sale or Redemption of Listed Securities of the Company by the Listed Issuer or Subsidiaries

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

12. Public Float

During the six months ended 30 June 2019, based on the information that was publicly available to the Company and to the best knowledge of the Board, the Company has maintained the minimum public float required by the Listing Rules.

13. Review of Interim Results

The Audit Committee under the Board of the Company had reviewed the Company's interim report including the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2019. And the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2019 had also been reviewed by the Company's auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity".

14. Material Litigation

On 11 January 2018, Gong Qinglin Mining Co., Ltd.* (珙縣慶林礦業有限公司) ("Qinglin Mining") filed with Yibin Intermediate People's Court an action in tort against Hydropower Group, the Company and its subsidiary, Sichuan Energy Investment Gong County Electricity Co., Ltd.* (四川能投珙縣電力有限公司). For more details about the aforesaid legal action, please refer to the section headed "Business – Legal and Regulatory Compliance – Legal Proceedings" in the prospectus published by the Company on 13 December 2018. Qinglin Mining submitted the nolle prosequi application to the Yibin Intermediate People's Court on 17 January 2019 to withdraw the law suit. The Yibin Intermediate People's Court made an order approving the nolle prosequi application from Qinglin Mining on 20 January 2019. Saved as disclosed above, as of 30 June 2019, the Company was not involved in any material legal proceedings or arbitration.

During six months ended 30 June 2019, the Directors were not aware of any pending or threatened legal proceedings or claims of material importance against the Company.

15. Interim Dividend

The Board does not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2019 (2018 interim dividend: Nil).

V. REVIEW REPORT

KPMG

Review report to the board of directors of Sichuan Energy Investment Development Co., Ltd.
(incorporated in People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 28 to 61 which comprises the consolidated statement of financial position of Sichuan Energy Investment Development Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of 30 June 2019 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim financial reporting, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 August 2019

VI. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2019	2018
			(Note)
		RMB'000	RMB'000
Revenue	*3(b)*	**1,150,429**	970,556
Cost of sales	*5(c)*	**(942,731)**	(780,832)
Gross profit		**207,698**	189,724
Other income	*4(a)*	**22,962**	14,972
Administrative expenses		**(81,503)**	(81,363)
Impairment losses on trade and other receivables and contract assets		**(3,302)**	2,227
Other expenses	*4(b)*	**(265)**	(1,407)
Profit from operations		**145,590**	124,153
Finance costs	*5(a)*	**(24,929)**	(16,573)
Share of profits less losses of associates		**(804)**	2,415
Profit before taxation	*5*	**119,857**	109,995
Income tax	*6*	**(18,105)**	(14,739)
Profit for the period		**101,752**	95,256
Attributable to:			
Equity shareholders of the Company		**100,827**	95,386
Non-controlling interests		**925**	(130)
Profit for the period		**101,752**	95,256
Earnings per share	*7*		
Basic and diluted (RMB)		**0.09**	0.12

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 34 to 61 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 15(a).

VII. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2019**	2018
			(Note)
		RMB'000	RMB'000
Profit for the period		**101,752**	95,256
Other comprehensive income for the period		**–**	–
Total comprehensive income for the period		**101,752**	95,256
Attributable to:			
Equity shareholders of the Company		**100,827**	95,386
Non-controlling interests		**925**	(130)
Total comprehensive income for the period		**101,752**	95,256

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 34 to 61 form part of this interim financial report.

VIII. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2019 – unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2019**	At 31 December 2018 (Note)
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	*2,8*	**2,623,079**	2,630,475
Interests in leasehold land held for own use		**130,776**	133,551
Intangible assets		**5,187**	4,436
Investment in associates		**257,399**	258,203
Other financial assets	*9*	**126,673**	117,111
Deferred tax assets		**32,126**	30,500
		3,175,240	3,174,276
Current assets			
Inventories		**60,753**	56,004
Contract assets	*10(a)*	**19,002**	12,967
Trade and other receivables	*11*	**335,376**	331,732
Other financial assets	*9*	**460,262**	–
Prepaid tax		**5,125**	4,243
Restricted deposits		**4,000**	4,000
Cash and cash equivalents	*12*	**386,632**	797,970
		1,271,150	1,206,916
Current liabilities			
Trade and other payables	*13*	**725,558**	644,638
Contract liabilities	*10(b)*	**175,135**	179,539
Loans and borrowings	*14*	**316,418**	66,428
Lease liabilities	*2(d)*	**1,557**	–
Deferred income		**–**	7,132
Current tax liabilities		**9,364**	11,355
		1,228,032	909,092
Net current assets		**43,118**	297,824
Total assets less current liabilities		**3,218,358**	3,472,100

at 30 June 2019 – Unaudited (Continued)
(Expressed in Renminbi)

	Note	At 30 June 2019 RMB'000	At 31 December 2018 *(Note)* RMB'000
Non-current liabilities			
Loans and borrowings	*14*	**426,890**	697,910
Lease liabilities	*2(d)*	**4,138**	–
Deferred income		**160,095**	156,657
Deferred tax liabilities		**18,164**	18,894
		609,287	873,461
NET ASSETS		**2,609,071**	2,598,639
CAPITAL AND RESERVES			
Share capital		**1,074,358**	1,074,358
Reserves		**1,528,273**	1,518,766
Total equity attributable to equity shareholders of the Company		**2,602,631**	2,593,124
Non-controlling interests		**6,440**	5,515
TOTAL EQUITY		**2,609,071**	2,598,639

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 34 to 61 form part of this interim financial report.

IX. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi)

		Attribute to equity shareholders of the Company								
	Note	Share capital RMB'000	Capital reserve RMB'000	State capital reserve benefits RMB'000	PRC statutory reserve RMB'000	Special reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance at 1 January 2018		805,558	95,317	878,019	42,342	3,842	286,429	2,111,507	5,293	2,116,800
Changes in equity for the six months ended 30 June 2018:										
Profit for the period		–	–	–	–	–	95,386	95,386	(130)	95,256
Total comprehensive income		–	–	–	–	–	95,386	95,386	(130)	95,256
Transfer to statutory reserve		–	–	–	2,955	–	(2,955)	–	–	–
Dividends approved in respect of the previous year	15(a)	–	–	–	–	–	(64,445)	(64,445)	–	(64,445)
Safety production fund		–	–	–	–	3,534	(3,534)	–	–	–
Balance at 30 June 2018 and 1 July 2018		805,558	95,317	878,019	45,297	7,376	310,881	2,142,448	5,163	2,147,611
Changes in equity for the six months ended 31 December 2018										
Profit for the period		–	–	–	–	–	73,764	73,764	352	74,116
Total comprehensive income		–	–	–	–	–	73,764	73,764	352	74,116
Issue of ordinary shares under initial public offering, net of share issuance expenses		268,800	108,112	–	–	–	–	376,912	–	376,912
Transfer to statutory reserve		–	–	–	12,309	–	(12,309)	–	–	–
Safety production fund		–	–	–	–	(2,404)	2,404	–	–	–
Balance at 31 December 2018 and 1 January 2019 (Note)		1,074,358	203,429	878,019	57,606	4,972	374,740	2,593,124	5,515	2,598,639
Changes in equity for the six months ended 30 June 2019:										
Profit for the period		-	-	-	-	-	100,827	100,827	925	101,752
Total comprehensive income		-	-	-	-	-	100,827	100,827	925	101,752
Transfer to statutory reserve		-	-	-	-	-	-	-	-	-
Dividends approved in respect of the previous year	15(a)	-	-	-	-	-	(91,320)	(91,320)	-	(91,320)
Safety production fund		-	-	-	-	3,488	(3,488)	-	-	-
Balance at 30 June 2019		**1,074,358**	**203,429**	**878,019**	**57,606**	**8,460**	**380,759**	**2,602,631**	**6,440**	**2,609,071**

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 34 to 61 form part of this interim financial report.

X. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2019	2018
			(Note)
		RMB'000	RMB'000
Operating activities			
Cash generated from operations		**163,020**	75,188
PRC corporate income tax paid		**(23,334)**	(9,313)
Net cash generated from operating activities		**139,686**	65,875
Investing activities			
Payment for purchase of property, plant and equipment		**(50,559)**	(37,047)
Payment for investment in other financial assets		**(1,609,500)**	(854,000)
Redemption of other financial assets		**1,152,416**	855,577
Other cash flows arising from investing activities		**3,296**	14,692
Net cash used in investing activities		**(504,347)**	(20,778)
Financing activities			
Capital element of lease rentals paid		**(679)**	–
Interest element of lease rentals paid		**(130)**	–
Proceeds from new bank loans		**400,000**	350,000
Repayment of bank loans		**(421,020)**	(313,000)
Other cash flows arising from financing activities		**(17,181)**	(22,881)
Net cash (used in)/generated from financing activities		**(39,010)**	14,119
Net (decrease)/increase in cash and cash equivalents		**(403,671)**	59,216
Cash and cash equivalents at 1 January		**797,970**	95,338
Effect of foreign exchanges rates changes		**(7,667)**	–
Cash and cash equivalents at 30 June	*12*	**386,632**	154,554

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

The notes on pages 34 to 61 form part of this interim financial report.

XI. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

Sichuan Energy Investment Development Co., Ltd. ("the Company") is a limited liability company established and domiciled in the People's Republic of China (the "PRC"). This interim financial reports as at and for the six months ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interests in associates. The Group's principal activities are generating and supplying of power, sales of power supply related equipment and provision of project engineering construction services in Mainland China.

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 30 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on pages 26 and 27.

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and the initial application has no cumulative effect on the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies (Continued)

(a) Changes in the accounting policies (Continued)

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset of the Group is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies (Continued)

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies (Continued)

(c) Transitional impact (Continued)

The following table reconciles the operating lease commitments as at 31 December 2018 as disclosed in note 17(b) to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019
	RMB'000
Operating lease commitments at 31 December 2018	1,902
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(796)
	1,106
Less: total future interest expenses	(138)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	968
Add: finance lease liabilities recognised as at 31 December 2018	–
Total lease liabilities recognised at 1 January 2019	968

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

Except for interests in leasehold land held for own use which are separately presented, the Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and presents lease liabilities separately in the consolidated statement of financial position.

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies (Continued)

(c) Transitional impact (Continued)

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	Capitalisation of operating lease contracts	Carrying amount at 1 January 2019
	RMB'000	RMB'000	RMB'000
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Property, plant and equipment	2,630,475	968	2,631,443
Total non-current assets	3,174,276	968	3,175,244
Lease liabilities (current)	–	225	225
Current liabilities	909,092	225	909,317
Net current assets	297,824	(225)	297,599
Total assets less current liabilities	3,472,100	743	3,472,843
Lease liabilities (non-current)	–	743	743
Total non-current liabilities	873,461	743	874,204
Net assets	2,598,639	–	2,598,639

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 is as follows:

	At 30 June 2019	At 1 January 2019
	RMB'000	RMB'000
Property, plant and equipment		
– Properties leased for own use, carried at depreciated cost	**5,762**	968
Interests in leasehold land held for own use, carried at amortised cost	**130,776**	133,551
	136,538	134,519

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies (Continued)

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	Present value of the minimum lease payments RMB'000	**Total minimum lease payments RMB'000**	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	**1,557**	**1,808**	225	267
After 1 year but within 2 years	**1,278**	**1,486**	206	239
After 2 years but within 5 years	**1,772**	**2,109**	413	460
After 5 years	**1,088**	**1,447**	124	140
	4,138	**5,042**	743	839
	5,695	**6,850**	968	1,106
Less: total future interest expenses		**(1,155)**		(138)
Present value of lease liabilities		**5,695**		968

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies (Continued)

(e) Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit for the period in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the period.

In the statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the statement of cash flows.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result and cash flows for the six months ended 30 June 2019, by adjusting the amounts reported under IFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019				2018
	Amounts reported under IFRS 16 (A) RMB'000	Add back: IFRS 16 depreciation and interest expense (B) RMB'000	Deduct: Estimated amounts related to operating leases as if under IAS 17 (note 1) (C) RMB'000	Hypothetical amounts for 2019 as if under IAS 17 (D=A+B-C) RMB'000	Compared to amounts reported for 2018 under IAS 17 RMB'000
Financial result for the six months ended 30 June 2019 impacted by the adoption of IFRS 16:					
Profit from operations	145,590	1,922	(1,989)	145,523	124,153
Finance costs	(24,929)	130	–	(24,799)	(16,573)
Profit before taxation	119,857	2,052	(1,989)	119,920	109,995
Profit for the period	101,752	2,052	(1,989)	101,815	95,256

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies (Continued)

(e) Impact on the financial result and cash flows of the Group (Continued)

	2019			2018
	Amounts reported under IFRS 16 (A) RMB'000	Estimated amounts related to operating leases as if under IAS 17 (notes 1 & 2) (B) RMB'000	Hypothetical amounts for 2019 as if under IAS 17 (C=A+B) RMB'000	Compared to amounts reported for 2018 under IAS 17 RMB'000
Line items in the condensed consolidated statement of cash flows for the six months ended 30 June 2019 impacted by the adoption of IFRS 16:				
Cash generated from operations	**163,020**	**(809)**	**162,211**	75,188
Net cash generated from operating activities	**139,686**	**(809)**	**138,877**	65,875
Capital element of lease rentals paid	**(679)**	**679**	**–**	–
Interest element of lease rentals paid	**(130)**	**130**	**–**	–
Net cash used in financing activities	**(39,010)**	**809**	**(38,201)**	14,119

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 still applied.

(Expressed in Renminbi unless otherwise indicated)

3 Revenue and segment reporting

(a) Segment reporting

The directors of the Company have been identified as the Group's most senior executive management. Operating segments are identified from financial information provided regularly to the Group's most senior executive management reviews for the purposed of allocating resources and assessing the performance.

The Group's principal activities are generating and supplying of power, sales of power supply related equipment and provision of project engineering construction services in Mainland China. The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, management considers the Group has only one operating segment and therefore, no segment information is presented.

The Group only operates in Mainland China and accordingly, no geographical information is presented.

(b) Revenue

The principal activities of the Group are generating and supplying of power, sales of power supply related equipment and provision of project engineering construction services.

Disaggregation of revenue from contracts with customers by each significant category is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Point in time		
Revenue from power business	**1,003,659**	846,919
Sales of electric equipment and materials	**7,171**	2,269
Over time		
Revenue from provision of project engineering construction services	**139,599**	121,368
	1,150,429	970,556

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenue.

(Expressed in Renminbi unless otherwise indicated)

4 Other income and expenses

(a) Other income

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Government grants	**4,359**	3,549
Interest income	**5,758**	533
Fair value changes of other financial assets	**10,279**	8,820
Late payment surcharge	**–**	91
Others	**2,566**	1,979
	22,962	14,972

(b) Other expenses

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Net losses on disposal of property, plant and equipment	**2**	26
Others	**263**	1,381
	265	1,407

(Expressed in Renminbi unless otherwise indicated)

5 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2019	2018
		(Note)
	RMB'000	RMB'000
Interest on bank loans	**17,262**	14,246
Interest on bank overdrafts	**–**	2,327
Interest on lease liabilities	**130**	–
Foreign exchange loss	**7,537**	–
	24,929	16,573

(b) Staff costs

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Salaries, wages and other benefits	**159,960**	155,375
Contributions to defined contribution retirement plan	**23,362**	21,091
	183,322	176,466

(Expressed in Renminbi unless otherwise indicated)

5 Profit before taxation (Continued)

(c) Other items

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Amortisation		
– Interest in leasehold land held for own use	**1,180**	1,356
– Intangible assets	**504**	832
	1,684	2,188
Depreciation		
– owned property, plant and equipment	**70,223**	68,233
– right-of-use assets other than interests in leasehold land held for own use	**742**	–
	70,965	68,233
Impairment losses on		
– trade and other receivables and contract assets	**3,302**	(2,227)
Repair and maintenance expenses	**32,301**	18,345

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

(Expressed in Renminbi unless otherwise indicated)

6 Income tax

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Current tax – PRC Corporate Income Tax ("CIT")	**20,461**	15,447
Deferred tax	**(2,356)**	(708)
	18,105	14,739

The provision for CIT is calculated based on the estimated taxable income at the rates applicable to each company in the Group. Except for certain subsidiaries which enjoy a preferential income tax rate of 15%, the Company and other subsidiaries within the Group are subject to CIT tax at a statutory rate of 25% (2018: 25%).

According to the notice on tax policies in relation to further implementation of the western development strategy, enterprises established in western region and engaged in activities encouraged by the state, are applicable to a preferential corporate income tax rate of 15.0% from 2011 to 2020. Certain qualifying subsidiaries operate in the western region of the PRC can enjoy a preferential corporate income tax rate of 15.0%. The provision for CIT for these subsidiaries were calculated at the same basis in 2018.

7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB100,827 thousand (six months ended 30 June 2018: RMB95,386 thousand) and the weighted average of 1,074,357,700 ordinary shares (six months ended 30 June 2018: 805,557,700 shares) in issue during the interim period.

There were no dilutive potential ordinary shares for the six months ended 30 June 2019, and therefore, diluted earnings per share is the same as the basic earnings per share.

(Expressed in Renminbi unless otherwise indicated)

8 Property, plant and equipment

(a) Right-of-use assets

As discussed in note 2, the Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in note 2.

During the six months ended 30 June 2019, the Group entered into a number of lease agreements for use of properties, and therefore recognised the additions to right-of-use assets of RMB5,536 thousand.

(b) Acquisitions of owned assets

During the six months ended 30 June 2019, the Group acquired items of property, plant and equipment with a cost of RMB57,067 thousand (six months ended 30 June 2018: RMB33,228 thousand).

9 Other financial assets

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Non-current		
Financial assets measured at FVPL		
– Unlisted equity securities (i)	**126,673**	117,111
Current		
Financial assets measured at FVPL		
– Structured deposits	**115,000**	–
Financial assets measured at amortised cost		
– Fixed deposits	**345,262**	–
	460,262	–

(i) On 18 January and 17 March 2017, the Company made cumulative investments of RMB100,000 thousand in Lhasa Jinding Xingneng Investment Center (LLP) (拉薩金鼎興能投資中心(有限合夥))("Jinding Fund") as an inferior limited partner.

Further details of the Group's fair value measurement are set out in note 16(a).

(Expressed in Renminbi unless otherwise indicated)

10 Contract assets and contract liabilities

(a) Contract assets

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Arising from performance under construction contracts	**19,002**	12,967

(b) Contract liabilities

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Construction contracts		
– Billings in advance of performance	**33,035**	28,753
Power business		
– Receipt in advance	**142,100**	150,786
	175,135	179,539

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Trade debtors (a)	**299,878**	285,484
Bills receivable (a)	**22,398**	15,350
Less: Allowance for doubtful debts	**(84,127)**	(81,428)
	238,149	219,406
Other receivables	**58,515**	48,535
Less: Allowance for doubtful debts	**(18,610)**	(18,007)
	39,905	30,528
Loans to third parties	**28,157**	28,157
Less: Allowance for doubtful debts	**(28,157)**	(28,157)
	–	–
Amounts due from related parties (note 18(b))	**26,542**	38,576
Financial assets measured at amortised cost	**304,596**	288,510
Other tax receivables	**3,072**	–
Prepayments and deposits (b)	**27,708**	43,222
	335,376	331,732
Receivables from contracts with customers within the scope of IFRS 15	**264,691**	257,982

(Expressed in Renminbi unless otherwise indicated)

11 Trade and other receivables (Continued)

(a) Ageing analysis of trade debtors and bills receivable

As at the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for expected credit loss, is as follows:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within 6 months (inclusive)	**149,094**	139,194
6 months to 1 year (inclusive)	**30,190**	38,746
1 to 2 years (inclusive)	**39,309**	24,692
2 to 3 years (inclusive)	**13,621**	7,203
3 to 4 years (inclusive)	**1,590**	4,925
4 to 5 years (inclusive)	**1,593**	3,074
Over 5 years	**2,752**	1,572
	238,149	219,406

(b) Prepayments and deposits

Prepayments and deposits mainly represented the amounts prepaid to suppliers for purchase of electricity, raw materials and services.

12 Cash and cash equivalents

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Deposits with banks	**386,594**	797,944
Cash in hand	**38**	26
	386,632	797,970

(Expressed in Renminbi unless otherwise indicated)

13 Trade and other payables

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Trade payables	**380,776**	386,484
Other payables	**138,810**	144,667
Interest payables	**5,228**	5,148
Employee benefits payables	**32,326**	53,272
Dividend payables	**55,676**	–
Amounts due to related parties (note 18(b))	**82,307**	44,631
Financial liabilities measured at amortised cost	**695,123**	634,202
Other tax payables	**30,435**	10,436
	725,558	644,638

As at the end of the reporting period, the aging analysis of the trade payables (which are included in trade and other payables) of the Group, based on the invoice date, is as follows:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within 1 year (inclusive)	**360,162**	355,005
1 to 2 years (inclusive)	**14,697**	25,670
2 to 3 years (inclusive)	**3,146**	4,028
Over 3 years	**2,771**	1,781
	380,776	386,484

(Expressed in Renminbi unless otherwise indicated)

14 Loans and borrowing

The analysis of the carrying amount of loans and borrowings is as follows:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Current		
Unsecured bank loans	**300,000**	50,000
Current portion of non-current unsecured bank loans	**2,050**	2,060
Current portion of non-current other borrowings	**14,368**	14,368
	316,418	66,428
Non-current		
Unsecured bank loans	**428,940**	699,970
Other borrowings	**14,368**	14,368
Less: Current portion of non-current unsecured bank loans	**(2,050)**	(2,060)
Current portion of non-current other borrowings	**(14,368)**	(14,368)
	426,890	697,910
	743,308	764,338

(Expressed in Renminbi unless otherwise indicated)

15 Capital, reserves and dividends

(a) Dividends

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

No interim dividend is declared for the six months ended 30 June 2019 (2018 interim dividend: Nil).

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Final dividend approved in respect of previous financial year of RMB0.085 (2018: RMB0.08) per share	**91,320**	64,445

(b) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes loans and borrowings and lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, less unaccrued proposed dividends.

The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group recognizes right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 January 2019. This caused RMB968 thousand increase in the Group's total debt and hence the Group's adjusted net debt-to-capital ratio did not significantly change on 1 January 2019 when compared to its position as at 31 December 2018.

(Expressed in Renminbi unless otherwise indicated)

15 Capital, reserves and dividends (Continued)

(b) Capital management (Continued)

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods and at the date of transition to IFRS 16 was as follows:

	Note	**30 June 2019**	1 January 2019 *(Note)*	31 December 2018 *(Note)*
		RMB'000	RMB'000	RMB'000
Current liabilities:				
Loans and borrowings		**316,418**	66,428	66,428
Lease liabilities		**1,557**	225	–
		317,975	66,653	66,428
Non-current liabilities:				
Loans and borrowings		**426,890**	697,910	697,910
Lease liabilities		**4,138**	743	–
Total debt		**749,003**	765,306	764,338
Add: Proposed dividends	*15(a)*	**–**	91,320	91,320
Less: Cash and cash equivalents	*12*	**(386,632)**	(797,970)	(797,970)
Adjusted net debt		**362,371**	58,656	57,688
Total equity		**2,609,071**	2,598,639	2,598,639
Less: Proposed dividends	*15(a)*	**–**	(91,320)	(91,320)
Adjusted capital		**2,609,071**	2,507,319	2,507,319
Adjusted net debt-to-capital ratio		**13.9%**	2.3%	2.3%

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. See note 2.

(Expressed in Renminbi unless otherwise indicated)

16 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including the unlisted equity securities. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value at 30 June 2019	**Fair value measurements as at 30 June 2019 categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Recurring fair value measurement				
Other financial assets:				
– Unlisted equity securities	**126,673**	**–**	**–**	**126,673**
– Structured deposits	**115,000**	**–**	**–**	**115,000**

(Expressed in Renminbi unless otherwise indicated)

16 Fair value measurement of financial instruments (Continued)

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

(i) Fair value hierarchy (Continued)

	Fair value at 31 December 2018 RMB'000	Fair value measurements as at 31 December 2018 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Other financial assets:				
– Unlisted equity securities	117,111	–	–	117,111

During the six months ended 30 June 2018 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	**Significant unobservable inputs**	**Range**
Unlisted equity securities	Discounted cash flow: The valuation model considers the present value of future benefits, discounted using a risk-adjusted discount rate.	Risk-adjusted discount rate	12% (2018: 12%)
Structured deposits	Discounted cash flow: The valuation model considers the present value of future benefits, discounted using a risk-adjusted discount rate.	Risk-adjusted discount rate.	2.0~4.1% (2018: N/A)

The fair value of other financial assets is determined using the forecast future cashflow discounted by risk-adjusted discount rate. The fair value measurement is positively correlated to the forecast future benefit and negatively correlated to the risk-adjusted discount rate.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's other financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2018 and 30 June 2019.

(Expressed in Renminbi unless otherwise indicated)

17 Commitments

(a) Capital commitments outstanding at 30 June 2019 not provided for in the interim financial report

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Contracted for	**43,436**	31,963

(b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	Properties RMB'000
Within 1 year	1,004
After 1 year but within 5 years	758
After 5 years	140
	1,902

The Group is the lessee in respect of a number of leasehold land and properties held under leases which were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2.

(Expressed in Renminbi unless otherwise indicated)

18 Material related party transactions

(a) Transactions with related parties

Material related party transactions entered by the Group during the interim period are as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Purchases of goods/assets from		
– Fellow subsidiaries	**11,116**	–
– An associate	**2,779**	2,137
Provision of service to		
– A fellow subsidiary	**3,827**	17,805
Purchases of services from		
– Fellow subsidiaries	**1,775**	1,892
Rural power grid assets management and maintenance service income (i)		
– The Parent	**6,465**	–
Rural power grid assets usage fee (ii)		
– The Parent	**7,827**	–

(i) On 23 November 2018, the Group entered into a rural power grid assets management and maintenance agreement with its parent Sichuan Province Hydropower Investment and Management Group Co., Ltd. ("the Parent"), pursuant to which the Group agreed to provide management and maintenance service for certain rural power grid assets owned by the Parent in the areas where the Group operates its business. The annual service fee payable by the Parent to the Group is determined based on negotiation by reference to the "Cost Standards of Overhaul, Maintenance, Operation and Management for Power Grid and Generation of Electric Power Companies in Sichuan (Chuan Dian Caiwu [2010] No. 29)*" (《四川省電力公司電網及發電檢修運維和運營管理成本標準》(川電財務[2010]29號)) issued by State Grid Sichuan Electric Power Company.

(Expressed in Renminbi unless otherwise indicated)

18 Material related party transactions (Continued)

(a) Transactions with related parties (Continued)

(ii) On 23 November 2018, the Group entered into a rural power grid assets usage agreement with the Parent ("the usage agreement"), pursuant to which the Group have the rights to use the above-mentioned rural power grid assets owned by the Parent after the relevant part of these rural power grid assets connecting to the Group's power grid. The annual usage fee payable by the Group to the Parent is calculated based on the volume of the Group's electricity transmitting through the Parent's rural power grid multiplied by the unit usage price as stipulated in the usage agreement.

(iii) Under the partnership agreement of Jinding Fund, the Company together with another two inferior limited partners signed a guarantee agreement with the preferred limited partner of Jinding Fund to compensate against any shortfall to the required return or any losses from the investment as claimed by the preferred limited partner. Meanwhile, Sichuan Jinding Industrial & Financial Holding Co., Ltd. ("Sichuan Jinding"), a fellow subsidiary, issued a counter guarantee to compensate the Company's losses, if any, arisen from aforementioned guarantee.

Further to the partnership agreement of Jinding Fund, the Company's losses from investment in Jinding Fund, if any, was guaranteed by Sichuan Jinding, and a minimum 8% annual yield from Jiding Fund was guaranteed by Sichuan Jinding Industrial & Financial Equity Investment Fund Management Co., Ltd.(a wholly owned subsidiary of Sichuan Jinding).

(Expressed in Renminbi unless otherwise indicated)

18 Material related party transactions (Continued)

(b) Balances with related parties

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Amounts due from (note 11):		
Trade related		
– The Parent	**10,975**	10,078
– Fellow subsidiaries	**15,526**	28,498
– An associate	**41**	–
	26,542	38,576
Amounts due to (note 13):		
Non-trade related		
Dividends payables		
– The Parent	**33,524**	–
– Ultimate controlling company	**2,120**	–
Other non-trade related		
– An associate	**30,000**	30,000
Trade related		
– The Parent	**7,827**	–
– Fellow subsidiaries	**8,533**	14,545
– An associate	**303**	86
	82,307	44,631

19 Comparative figures

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

XII. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this report, the following expressions shall have the following meanings unless the context requires otherwise:

"Articles of Association" or "Articles"	the articles of association of the Company adopted by the written resolution of the Shareholders on 16 May 2017 and as amended, supplemented and otherwise modified from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China, for the purpose of this interim report, excluding Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company"	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 1713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011
"Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended or otherwise modified from time to time
"controlling shareholders"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the corporate governance code contained in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Shares"	domestic ordinary shares in the Company's registered capital with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and held by PRC nationals or PRC incorporated entities, and are not listed or traded on any stock exchange
"EECS business"	electrical engineering construction service and related business, which includes the construction, installation, testing and maintenance of power facilities and related sales of electric equipment and materials

"Group"	the Company and its subsidiaries
"H Share(s)"	the ordinary share(s) in issue in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
"Listing"	listing of the H Shares of the Company on the Main Board of the Stock Exchange
"Listing Date"	28 December 2018, on which the H Shares of the Company were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the ordinary share(s) of RMB1.00 each in the share capital of the Company, including H Shares, Domestic Shares and Unlisted Foreign Shares
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

XII. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"subsidiary" or "subsidiaries"	has the meaning ascribed to it in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Unlisted Foreign Shares"	ordinary shares issued by the Company that are not listed on any stock exchange, with a nominal value of RMB1.00 each, which are held by China Power International Development Limited (being a limited company incorporated in Hong Kong), as defined in the prospectus
"%"	per cent.