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Beijing Jingneng Clean Energy Co., Limited

北京京能清潔能源電力股份有限公司

(Incorporated in the People's Republic of China with limited liability)

(Stock Code : 00579)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2018 was RMB8,036.4 million, representing an increase of 17.19% as compared with the corresponding period of 2017, of which the gas-fired power and heat energy generation business grew by 16.52% as compared with the corresponding period of 2017; the wind power business grew by 27.38% as compared with the corresponding period of 2017; the photovoltaic power business grew by 12.2% as compared with the corresponding period of 2017.

- Profit before taxation for the six months ended 30 June 2018 was RMB1,731.6 million, representing an increase of 16.06% as compared with the corresponding period of 2017.

- Profit and total comprehensive income attributable to ordinary shareholders of the Company for the six months ended 30 June 2018 was RMB1,216.1 million, representing an increase of 15.71% as compared with the corresponding period of 2017.

- Basic and diluted earnings per share for the six months ended 30 June 2018 was RMB17.58 cents.

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of Beijing Jingneng Clean Energy Co., Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**" or "**us**") for the six months ended 30 June 2018 (the "**Reporting Period**"), prepared under International Financial Reporting Standards (the "**IFRSs**").

UNAUDITED CONDENSED CONSOLIDATED COMPREHENSIVE INCOME

For the six months ended 30 June 2018

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

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2018

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018 (Unaudited)

1. GENERAL AND BASIS OF PRESENTATION

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

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

The Group recognizes revenue from the following major sources:

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

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

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

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

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

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

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

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

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

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

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

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

2.1.2 Summary of effects arising from initial application of IFRS 15

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

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

* The amounts in this column are before the adjustments from the application of IFRS 9.

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

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

Impact on the condensed consolidated statement of financial position

	Note	**As reported** *RMB'000*	**Adjustments** *RMB'000*	**Amounts without application of IFRS 15** *RMB'000*
Current Liabilities				
Trade and other payables	*12*	3,581,393	70,149	3,651,542
Contract liabilities		70,149	(70,149)	–

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

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

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

In addition, the Group will apply the hedge accounting prospectively.

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

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

Classification and measurement of financial assets

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

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

Equity instruments designated as at FVTOCI

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

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

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

Financial assets at FVTPL

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

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

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

Impairment under ECL model

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

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

The Group always recognizes lifetime ECL for trade and bill receivables. The ECL on these assets are assessed individually for debtors with significant balances.

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

Measurement and recognition of ECL

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

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

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

Classification and measurement of financial liabilities

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

Hedge accounting

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

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

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

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

2.2.2 Summary of effects arising from initial application of IFRS 9

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

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

(a) Available-for-sale investments

From AFS equity investments to FVTOCI

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale, of which RMB128,028,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, RMB128,028,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI of which RMB128,028,000 related to unquoted equity investments previously measured at cost less impairment under IAS 39. The fair value gains of RMB14,320,000 relating to those unquoted equity investments previously carried at cost less impairment were

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

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

	31 December 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	**1 January 2018 (Restated)** ***RMB'000***
Non-current Assets				
Available-for-sale investments	128,028	–	(128,028)	**–**
Equity instruments at FVTOCI	–	–	142,348	**142,348**
Others with no adjustments	42,032,549	–	–	**42,032,549**
	42,160,577	–	14,320	**42,174,897**
Current Assets				
Held-for-trading Financial assets	247,175	–	(247,175)	**–**
Equity instruments at FVTPL	–	–	247,175	**247,175**
Others with no adjustments	8,547,932	–	–	**8,547,932**
	8,795,107	–	–	**8,795,107**
Current Liabilities				
Trade and other payables	3,483,214	(60,031)	–	**3,423,183**
Contract liabilities	–	60,031	–	**60,031**
Others with no adjustments	16,339,954	–	–	**16,339,954**
	19,823,168	–	–	**19,823,168**
Net Current Liabilities	(11,028,061)	–	–	**(11,028,061)**
Total Assets less Current Liabilities	31,132,516	–	14,320	**31,146,836**
Non-current Liabilities				
Deferred tax liabilities	196,554	–	3,580	**200,134**
Others with no adjustments	12,030,861	–	–	**12,030,861**
	12,227,415	–	–	**12,230,995**
Net Assets	18,905,101	–	10,740	**18,915,841**
Capital and Reserves				
Equity attributable to owners of the company	16,808,591	–	10,740	**16,819,331**
Perpetual notes	1,527,982	–	–	**1,527,982**
Non-controlling interests	568,528	–	–	**568,528**
Total Equity	18,905,101	–	10,740	**18,915,841**

(a) Segment revenue, results

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

	Gas-fired power and heat energy generation *RMB'000*	Wind power *RMB'000*	Photovoltaic power *RMB'000*	Hydropower *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2018 (Unaudited)						
Revenue from external customers						
Sales of electricity	**5,190,635**	**1,149,558**	**485,598**	**145,699**	**–**	**6,971,490**
Sales of heat energy	**1,058,413**	**–**	**–**	**–**	**–**	**1,058,413**
Others	**–**	**–**	**–**	**–**	**6,488**	**6,488**
Reportable segment revenue/ consolidated revenue	**6,249,048**	**1,149,558**	**485,598**	**145,699**	**6,488**	**8,036,391**
Reportable segment results before **depreciation and amortization** *(Note(i))*	**1,744,526**	**1,059,552**	**453,615**	**95,708**	**(23,906)**	**3,329,495**

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

(b) Geographical information

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

4. OTHER INCOME

	For the six months ended 30 June (Unaudited)	
	2018	2017
	RMB'000	*RMB'000*

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6. INTEREST INCOME/FINANCE COSTS

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

7. INCOME TAX EXPENSE

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

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

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

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

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

8. PROFIT FOR THE PERIOD

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

9. DIVIDENDS

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

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

10. EARNINGS PER SHARE

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

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

11. TRADE AND BILL RECEIVABLES

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

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

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

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

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

12. TRADE AND OTHER PAYABLES

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY REVIEW

In the first half of 2018, China's macro-economy showed stable development momentum. The economy began to tended towards a virtuous circle since the overcapacity was held in check to certain extent. Despite the downward pressures brought about by intensified China-US trade frictions and weak domestic demand, China's macro economy in general continues its healthy momentum with a 6.7% growth of GDP. In the first half of the year, the national electricity consumption increased rapidly, mainly driven by the strong growth of macro economy as well as continued promotion of electric energy substitution in certain regions. In the first half of the year, the national electricity consumption was 3.23 trillion kWh, representing a year-on-year increase of 9.4%, up by 3.1% year-on-year. The proportion of primary, secondary and tertiary industries and urban and rural residents' electricity consumption accounted for 1.0%, 69.2%, 15.7% and 14.1%, respectively. As compared with the corresponding period of last year, the proportion of the primary industry remained unchanged; the proportion of the secondary industry decreased by 1.2%, and the proportion of the tertiary industry and urban and rural residents' electricity consumption increased by 0.7% and 0.5%, respectively. The growth drivers of electricity consumption continued to shift from the traditional high energy-consuming industry to the service industry and household consumption.

According to the statistics from the China Electricity Council, as at the end of June 2018, power plants with a capacity of 6,000 kW and above had an installed capacity of 1.73 billion kW, representing a year-on-year increase of 6.2%, down by 0.7% year-on-year. In particular, the installed capacity of hydropower generation was 300 million kW, the installed capacity of coal-fired power generation was 1.11 billion kW, the installed capacity of nuclear power generation was 36.94 million kW, and the installed capacity of wind power generation was 170 million kW. The power supply structure continued to undergo optimization, thanks to the national campaign in driving supply-side structural reforms and addressing overcapacity of coal-fired power. The national newly installed capacity of generation units was 52.11 million kW, representing a year-on-year increase of 1.60 million kW. In particular, the newly installed capacity of non-fossil fuel power generation was 38.27 million kW, accounting for 73.5% of the total newly installed capacity, setting a new record high over the years. The newly installed capacity of solar power generation was 25.81 million kW, accounting for approximately half of the total newly installed capacity. The newly installed capacity of coal-fired power was 9.98 million kW,representing a year-on-year decrease of 10.3%. Under the joint efforts of governments at all levels and power companies,curtailment of the wind, solar and hydropower generation continued to declined, the utilization hours of national power generation equipments were 1,858 hours,representing a year-on-year increase of 68 hours. In particular, the utilization hours of solar power generation were 637 hours,representing a year-on-year increase of 7 hours; the utilization hours of wind power generation were 1,143 hours,representing a year-on-year increase of 159 hours; the utilization hours of hydropower generation were 1,505 hours, representing a year-on-year decrease of 9 hours; the utilization hours of coal-fired power were 2,126 hours, representing a year-on-year increase of 116 hours.

In order to promote the healthy development of the photovoltaic industry, the relevant authorities of China issued the "Notice on Matters Related to Photovoltaic Power Generation in 2018" (FA GAI NENG YUAN [2018] No. 823), to clearly specify the subsidy policy and scale indicators for photovoltaic power generation industry. The "531 New policy" was intended to further promote technology advancement and technology-based cost reduction of the industry, explore the deep integration of photovoltaic power generation with smart, information technology and energy storage technology, promoting the diversified development of photovoltaic power generation. In the future, the government plans to achieve a multi-win situation of poverty alleviation, environmental protection and photovoltaic industry through active development of "Poverty Alleviation Using Photovoltaic Technologies".

In the first half of 2018, the world economy continued its overall growth trend since 2017. China's macro-economy was stable, previous intensified conflict between the total supply and total demand was significantly alleviated, and the task of "cut overcapacity, de-stocking, de-leverage, cost-reduction, overcome the weakness" has been carried on. In the first half of 2018, the Group was devoted to promoting the coordinated development of the Beijing-Tianjin-Hebei Region. With its headquarter in Beijing and the business network spanning across the country, the Group was well positioned to seize the opportunities ushered in by the "Belt and Road Initiative". Adhering to the core task of "stable growth, strong integration, seek innovation and development", the Group fully implemented the investment and management approach of "building a solid foundation, refining management and control, optimizing business plans and boosting efficiency through innovation", and upheld the development concept of "innovation, coordination, green, opening up and sharing". In pursuit of economic benefits, the Group generated profits through existing operation capacity, achieved growth from incremental operation capacity and sought progress while maintaining stability.

II. BUSINESS REVIEW FOR THE FIRST HALF OF 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

III. OPERATING RESULTS AND ANALYSIS

1. Overview

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

2. Operating Income

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

Gas-fired Power and Heat Energy Generation Segment

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

Wind Power Segment

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

Photovoltaic Power Segment

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

Hydropower Segment

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

Others

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

3. Other Income

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

4. Operating Expenses

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

Gas Consumption

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

Depreciation and Amortization

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

Personnel Cost

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

Repairs and Maintenance

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

Other Expenses

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

Other Losses

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

5. Operating Profit

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

6. Adjusted Segment Operating Profit

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

Gas-fired Power and Heat Energy Generation Segment

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

Wind Power Segment

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

Photovoltaic Power Segment

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

Hydropower Segment

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

Others

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

7. Finance Costs

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

8. Share of Results of Associates

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

9. Profit before Taxation

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

10. Income Tax Expense

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

11. Profit for the Period

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

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

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

IV. FINANCIAL POSITION

1. Overview

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

2. Particulars of Assets and Liabilities

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

3. Liquidity

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

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

4. Net Gearing Ratio

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

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

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

V. OTHER SIGNIFICANT EVENTS

1. Financing

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

2. Capital Expenditure

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

3. Significant Investment

VI HUMAN RESOURCES

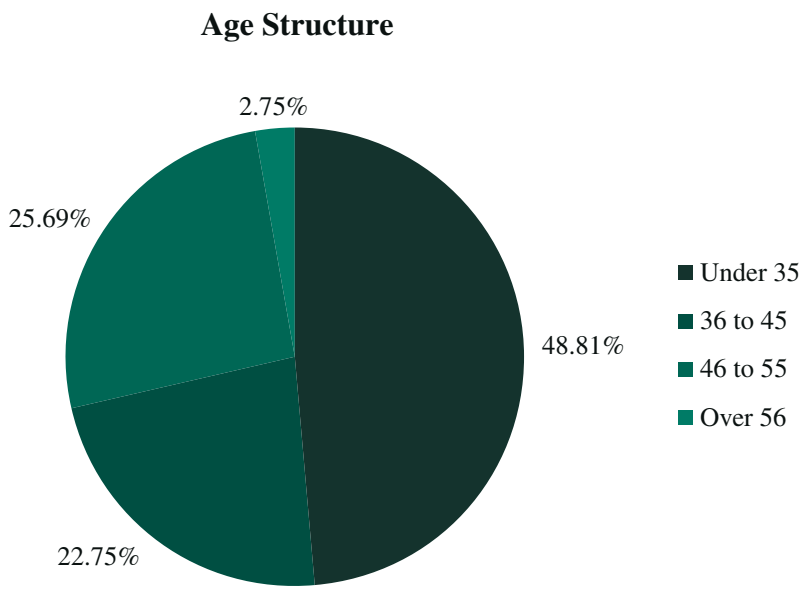
The Company upholds the management philosophy of "people-oriented and pursuit of excellence", strives to create a harmonious working environment, and strengthens efforts in building of talents team. While focusing on the development of the Company, it attaches importance to staff training and employees'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

I. SUMMARY OF HUMAN RESOURCES

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

1. Age Structure

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



2. *Degree Structure*

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

II. EMPLOYEES INCENTIVES

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

III. EMPLOYEES' REMUNERATION

The employees' remuneration comprises basic salary and performance-based salary. The total salary is determined by reference to the performance appraisal of all the employees of the Group. Individual performance is associated with personal annual appraisal results.

IV. EMPLOYEES' TRAINING

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

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

V. EMPLOYEES' BENEFITS

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

VII. BUSINESS PROSPECT FOR THE SECOND HALF OF 2018

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

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

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

2. Push forward innovative development and stimulate internal impetus

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

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

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

4. **Strengthen fundamental management to enhance production safety**

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2018.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities