





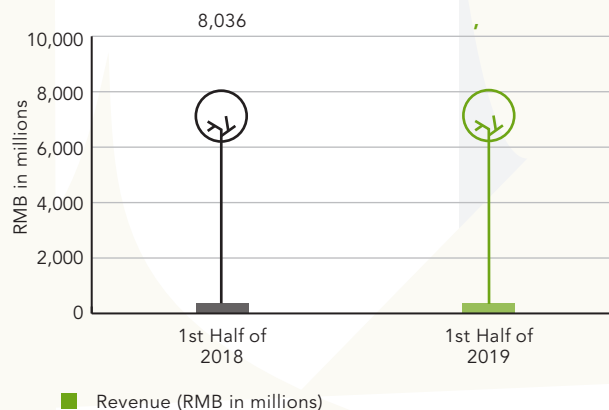
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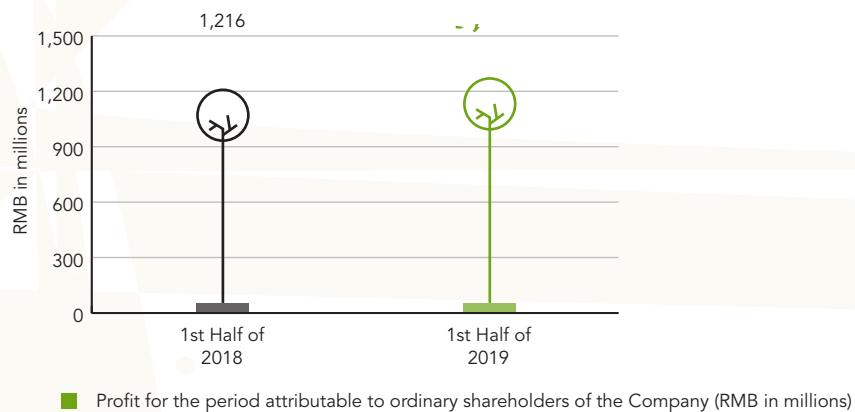
# FINANCIAL HIGHLIGHTS

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

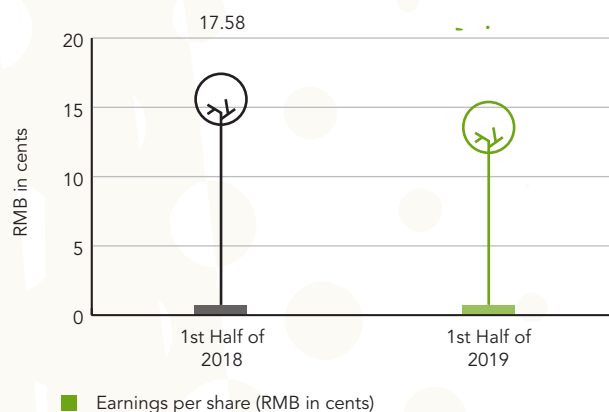
## REVENUE



## PROFIT FOR THE PERIOD ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY



## EARNINGS PER SHARE



## FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Revenue	<b>8,064,971</b>	8,036,391
Profit before taxation	<b>1,700,856</b>	1,731,629
Income tax expense	<b>(380,520)</b>	(414,287)
Profit for the period	<b>1,320,336</b>	1,317,342
Profit for the period attributable to:		
Equity holders of the Company	<b>1,268,270</b>	1,216,095
Holders of perpetual notes	–	35,768
Non-controlling interests	<b>52,066</b>	65,479
Basic and diluted earnings per share (RMB cents)	<b>15.38</b>	17.58
	As of 30 June 2019	As of 31 December 2018
	RMB'000	RMB'000
Total non-current assets	<b>43,497,066</b>	42,809,938
Total current assets	<b>10,991,098</b>	12,131,522
Total assets	<b>54,488,164</b>	54,941,460
Total current liabilities	<b>15,894,135</b>	19,391,917
Total non-current liabilities	<b>16,327,219</b>	14,037,943
Total liabilities	<b>32,221,354</b>	33,429,860
Net assets	<b>22,266,810</b>	21,511,600
Equity attributable to equity holders of the Company	<b>21,817,522</b>	21,114,378
Non-controlling interests	<b>449,288</b>	397,222
Total equity	<b>22,266,810</b>	21,511,600

## CORPORATE PROFILE

### REGISTERED NAME

Beijing Jingneng Clean Energy Co., Limited

### DIRECTORS

#### Non-executive Directors

Mr. LIU Haixia (*Chairman*)  
Ms. LI Juan  
Mr. WANG Bangyi  
Mr. REN Qigui

#### Executive Directors

Mr. ZHANG Fengyang (*General Manager*)  
Mr. ZHU Jun  
Mr. CAO Mansheng

#### Independent Non-executive Directors

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

### STRATEGY COMMITTEE

Mr. LIU Haixia (*Chairman*)  
Mr. ZHANG Fengyang  
Mr. ZHU Jun  
Mr. CAO Mansheng

### REMUNERATION AND NOMINATION COMMITTEE

Mr. HUANG Xiang (*Chairman*)  
Mr. LIU Haixia  
Mr. ZHU Jun  
Mr. ZHANG Fusheng  
Mr. HAN Xiaoping

### AUDIT COMMITTEE

Mr. CHAN Yin Tsung (*Chairman*)  
Ms. LI Juan  
Mr. HUANG Xiang

### SUPERVISORS

Mr. WANG Xiangneng  
Mr. HUANG Hui  
Ms. HUANG Linwei

### COMPANY SECRETARY

Mr. KANG Jian

### AUTHORIZED REPRESENTATIVES

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

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

### REGISTERED OFFICE

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

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL BANKERS

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

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

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

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

## INTERNATIONAL AUDITORS

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

## DOMESTIC AUDITORS

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

## HONG KONG LEGAL ADVISORS

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

## PRC LEGAL ADVISORS

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

## H SHARE REGISTRAR

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

## STOCK CODE

579

## COMPANY'S WEBSITE

[www.jncec.com](http://www.jncec.com)

## LISTING PLACE

The Stock Exchange of Hong Kong Limited

## I. BUSINESS REVIEW FOR THE FIRST HALF OF 2019

### 1. Increase in installed capacity

As at 30 June 2019, consolidated installed capacity of the Group reached 8,863 MW, representing a year-on-year increase of 10%. The installed capacity of the gas-fired power and heat energy generation segment was 4,702 MW, accounting for 53% of the consolidated installed capacity; the installed capacity of the wind power generation segment was 2,348 MW, accounting for 27% of the consolidated installed capacity; the installed capacity of the photovoltaic power generation segment was 1,363 MW, accounting for 15% of the consolidated installed capacity; the installed capacity of the hydropower segment was 450 MW, accounting for 5% of the consolidated installed capacity. In the first half of 2019, newly-added installed capacity of the photovoltaic power generation segment was 195 MW, including 114 MW from acquired projects and 81 MW from self-built projects. Wind power generation projects and photovoltaic power generation projects that commenced construction reached 799.5 MW and 440 MW, respectively.

### 2. Increase in power generation

In the first half of 2019, the Group was devoted to promoting the synergetic development in the Beijing-Tianjin-Hebei Region. With its headquarters in Beijing and the business network spanning across the country, the Group focused on the key task of “stabilize growth, strengthen integration and seek for innovation and development”, and implemented the investment and operation policy of “foundation consolidation, control refinement, layout optimization, innovation and efficiency”. We adopted the development concepts of “innovation, coordination, green, openness and sharing”. In pursuit of economic benefits, the Group produced profits from stock, achieved development from increment, and sought progress while maintaining stability. As of 30 June 2019, the consolidated power generation of the Group was 13.58 billion kWh, representing a year-on-year increase of 5.18%, of which, the power generation of the gas-fired power and heat energy generation segment was 9.506 billion kWh, representing a year-on-year increase of 6.46% with the average utilization hours of facilities reaching 2,022 hours, which was 810 hours more than the national average; the power generation of the wind power generation segment was 2.53 billion kWh, representing a year-on-year decrease of 8.17% with the average utilization hours of facilities reaching 1,078 hours, which was 55 hours less than the national average; the power generation of the photovoltaic power generation segment was 903 million kWh, representing a year-on-year increase of 43.79% with the average utilization hours of facilities reaching 684 hours, which was 34 hours more than the national average and the power generation of the hydropower segment was 641 million kWh, representing a year-on-year increase of 7% with the average utilization hours of facilities reaching 1,425 hours, which was 249 hours less than the national average.

### 3. Steady promotion of overseas projects

In the first half of 2019, leveraging on the “going global” and “two-wheel drive” strategies, the Group relied on the Australian market to gradually expand overseas markets, with a view to forming the guiding ideology of a global-oriented business system, and actively exploring overseas markets. Currently, the 108 MW wind power project in Baijala, Australia has entered the stage of engineering construction and is expected to be put into operation in 2020; the overall development of the Vola project is relatively smooth, and the approval on its grid connection capability has been obtained from power grid companies. Targeting at countries alongside the “Belt and Road Initiative” for project development, the Group will attach significant importance to Europe and South Asia in the future, and has conducted detailed analysis on the macro and power markets of India, Germany, Bangladesh, Spain, Argentina, Vietnam and other countries.

### 4. Reduction in financing cost

In the first half of 2019, the Group took advantage of its position as a state-owned enterprise to tap the financing opportunities in the inter-bank bond market, obtain low-interest funds and reduce the Company’s financing cost. The Company will continue to strengthen cooperation with banks and rationally arrange the issuance time of debentures according to the capital demand and interest rate trend. In the first half of the year, the Company completed the issuance of RMB3.5 billion ultra-short-term financing debentures, including the first tranche of 180-day ultra-short-term financing debentures of RMB2 billion with an interest rate of 3.15% issued in March and the second tranche of 270-day ultra-short-term financing debentures of RMB1.5 billion with an interest rate of 3.39% issued in April, which remained at a relatively low level among similar debentures in the same period. On the

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2. Operating Income

In the first half of 2019, the total revenue increased by 0.36% from RMB8,036.4 million for the first half of 2018 to RMB8,065.0 million. Adjusted total operating income increased by 1.92% from RMB8,364.0 million for the first half of 2018 to RMB8,524.2 million for the first half of 2019, 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 decreased by 0.79% from RMB6,249.0 million for the first half of 2018 to RMB6,199.7 million for the first half of 2019, of which, revenue from sales of electricity decreased by 0.83% from RMB5,190.6 million for the first half of 2018 to RMB5,147.5 million for the first half of 2019. Revenue from sales of heat energy decreased by 0.60% from RMB1,058.4 million for the first half of 2018 to RMB1,052.1 million for the first half of 2019.

### Wind Power Segment

The revenue from wind power segment decreased by 10.50% from RMB1,149.6 million for the first half of 2018 to RMB1,028.9 million for the first half of 2019, due to a decrease in sales volume of electricity as a result of the lower average speed of wind in this segment.

### Photovoltaic Power Segment

The revenue from photovoltaic power segment increased by 41.21% from RMB485.6 million for the first half of 2018 to RMB685.7 million for the first half of 2019, due to an increase in sales volume of electricity as a result of increased installed capacity in this segment.

### Hydropower Segment

The revenue from hydropower segment increased by 2.88% from RMB145.7 million for the first half of 2018 to RMB149.9 million for the first half of 2019, due to an increase in sales volume of electricity in this segment.

### Others

Other revenue decreased by 86.15% from RMB6.5 million for the first half of 2018 to RMB0.9 million for the first half of 2019.

## 3. Other Income

Other income increased by 22.87% from RMB504.2 million for the first half of 2018 to RMB619.5 million for the first half of 2019 due to an increase in the government subsidies and grants related with clean energy production as a result of the increase in sales volume of electricity of the gas-fired power and heat energy generation segment.

## 4. Operating Expenses

Operating expenses increased by 3.12% from RMB6,294.4 million for the first half of 2018 to RMB6,490.5 million for the first half of 2019, due to the increase in operating expenses following the commencement of production of new projects in the gas-fired power and heat energy generation segment and photovoltaic power segment.

### Gas Consumption

Gas consumption increased by 5.63% from RMB4,300.1 million for the first half of 2018 to RMB4,542.1 million for the first half of 2019, due to the increase in gas consumption as a result of the increased installed capacity in the gas-fired power and heat energy generation segment.

### Depreciation and Amortization

Depreciation and amortization increased by 9.42% from RMB1,083.4 million for the first half of 2018 to RMB1,185.5 million for the first half of 2019, due to an increase in installed capacity in the gas-fired power and heat energy generation segment and photovoltaic power segment.

### Personnel Cost

Personnel cost decreased by 1.25% from RMB320.2 million for the first half of 2018 to RMB316.2 million for the first half of 2019, due to a decrease in staff cost thanks to the “reducing operational and construction costs to improve quality and efficiency” measure adopted by the Group.

### Repairs and Maintenance

Repairs and maintenance decreased by 3.78% from RMB235.7 million for the first half of 2018 to RMB226.8 million for the first half of 2019 mainly due to a decrease in maintenance costs of generator units in the gas-fired power and heat energy generation segment.

### Other Expenses

Other expenses decreased by 19.98% from RMB343.3 million for the first half of 2018 to RMB274.7 million for the first half of 2019, due to a decrease in other expenses thanks to the “reducing operational and construction costs to improve quality and efficiency” measure adopted by the Group.

### Other Gains and Losses

Other gains and losses improved from a loss of RMB11.7 million for the first half of 2018 to a gain of RMB54.8 million for the first half of 2019, due to an increase in the gain from fair value change of H shares of CGN Power Co., Ltd. held by the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 5. Operating Profit

As a result of the above, operating profit decreased by 2.32% from RMB2,246.1 million for the first half of 2018 to RMB2,194.0 million for the first half of 2019.

## 6. Adjusted Segment Operating Profit

Total adjusted segment operating profit decreased by 1.73% from RMB2,069.6 million for the first half of 2018 to RMB2,033.7 million for the first half of 2019.

### Gas-fired Power and Heat Energy Generation Segment

Adjusted segment operating profit of gas-fired power and heat energy generation segment decreased by 7.71% from RMB1,301.1 million for the first half of 2018 to RMB1,200.8 million for the first half of 2019, mainly due to the receipt of compensation of 2017 in the first half of 2018 in this segment.

### Wind Power Segment

Adjusted segment operating profit of wind power segment decreased by 22.71% from RMB500.3 million for the first half of 2018 to RMB386.7 million for the first half of 2019 due to a decrease in the sales volume of electricity as a result of the decreased average wind speed in this segment.

### Photovoltaic Power Segment

Adjusted segment operating profit of photovoltaic power segment increased by 51.45% from RMB283.4 million for the first half of 2018 to RMB429.2 million for the first half of 2019, 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 increased by 60.36% from RMB22.2 million for the first half of 2018 to RMB35.6 million for the first half of 2019, due to an increase in sales volume of electricity in this segment.

### Others

Adjusted operating profit of others improved from a loss of RMB37.4 million for the first half of 2018 to a loss of RMB18.6 million for the first half of 2019, due to an increase in the gain from fair value change of H shares of CGN Power Co., Ltd. held by the Company.

## 7. Finance Costs

Finance costs increased by 3.96% from RMB557.9 million for the first half of 2018 to RMB580.0 million for the first half of 2019, due to expensing interest costs following the commencement of production of new projects.

## 8. Share of Results of Associates

Share of results of associates increased by 154.94% from RMB23.3 million for the first half of 2018 to RMB59.4 million for the first half of 2019, due to an increase in net profit as a result of increased sales volume of electricity from 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 decreased by 1.77% from RMB1,731.6 million for the first half of 2018 to RMB1,700.9 million for the first half of 2019.

## 10. Income Tax Expense

Income tax expense decreased by 8.16% from RMB414.3 million for the first half of 2018 to RMB380.5 million for the first half of 2019. Effective tax rate decreased from 23.92% for the first half of 2018 to 22.37% for the first half of 2019.

## 11. Profit for the Period

As a result of the foregoing, profit for the period increased by 0.23% from RMB1,317.3 million for the first half of 2018 to RMB1,320.3 million for the first half of 2019.

## 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 4.29% from RMB1,216.1 million for the first half of 2018 to RMB1,268.3 million for the first half of 2019.

## III. FINANCIAL POSITION

### 1. Overview

As of 30 June 2019, total assets of the Group amounted to RMB54,488.2 million, total liabilities amounted to RMB32,221.4 million and shareholders' equity amounted to RMB22,266.8 million, among which equity attributable to the equity holders amounted to RMB21,817.5 million.

### 2. Particulars of Assets and Liabilities

Total assets decreased by 0.83% from RMB54,941.5 million as at 31 December 2018 to RMB54,488.2 million as at 30 June 2019, due to the decrease in monetary capital. Total liabilities decreased by 3.62% from RMB33,429.9 million as at 31 December 2018 to RMB32,221.4 million as at 30 June 2019, due to the repayment of bank loans. Total equity increased by 3.51% from RMB21,511.6 million as at 31 December 2018 to RMB22,266.8 million as at 30 June 2019. Equity attributable to equity holders of the Company increased by 3.33% from RMB21,114.4 million as at 31 December 2018 to RMB21,817.5 million as at 30 June 2019, due to the accretion from business results in the first half of 2019.

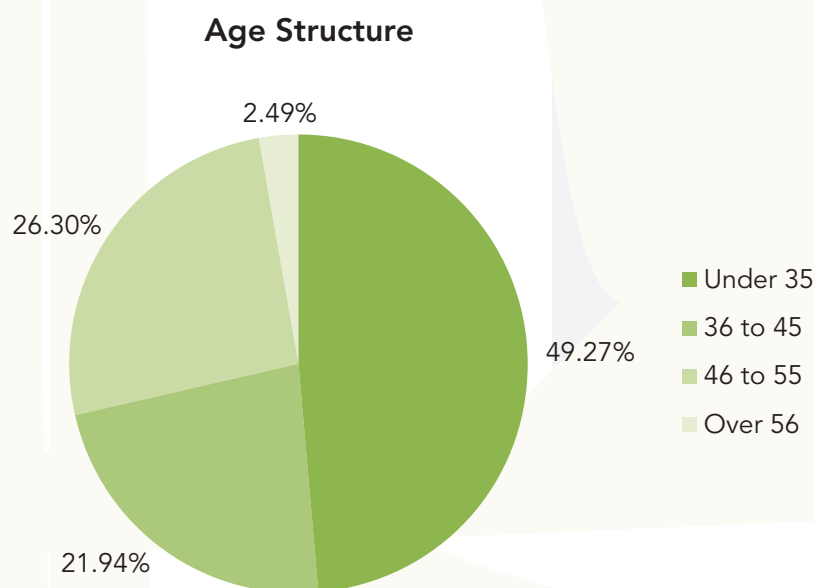
### 3. Liquidity

As of 30 June 2019, current assets amounted to RMB10,991.1 million, including monetary capital of RMB3,940.4 million, bills and account receivables of RMB5,672.6 million (mainly comprising receivables from sales of electricity and sales of heat), and prepayment and other current assets of RMB1,378.1 million (mainly comprising deductible value-added tax and other account receivables). Current liabilities amounted to RMB15,894.1 million, including short-term borrowings of RMB5,551.4 million, short-term financing debentures of RMB6,083.0 million, medium-term notes of RMB82.9 million, bills and account payables of RMB2,920.7 million (mainly comprising payables for gas, payables for construction projects and purchase of equipment). Other current liabilities amounted to RMB1,256.1 million, mainly comprising income tax payable and amounts due to related parties.

Net current liabilities decreased by 32.47% from RMB7,260.4 million as at 31 December 2018 to RMB4,903.0 million as at 30 June 2019. Current ratio increased by 6.59% from 62.56% as at 31 December 2018 to 69.15% as at 30 June 2019, due to the repayment of short-term borrowings.



# MANAGEMENT DISCUSSION AND ANALYSIS



## 2. Degree Structure:

Educational background	Number of employees	Percentage	Cumulative percentage
Doctorate degree	3	0.11%	0.11%
Master degree	167	6.12%	6.23%
Bachelor degree	1,356	49.67%	55.90%
College or below	1,204	44.10%	100.00%
Total	2,730	100.00%	-

## II. EMPLOYEES' INCENTIVES

With an aim to cope with its development, the Company, on the basis of position-oriented targets accountability system, has further established a performance appraisal system for all employees and a multi-level incentive mechanism. Through clearly defining position-oriented performance targets, 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 appraisal 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 employees of the Group. Individual performance is associated with personal annual appraisal results.

## IV. EMPLOYEES' TRAINING

Talents are the source for the Company's development. The Company utilized training agenda as an important tool of upgrading the level of corporate management and of enhancing the overall quality of employees. In terms of the design of training courses, the Company emphasized the probe into training needs, in a view to actively motivating all employees' initiatives, and arranged various vocational training for employees that are geared to the characteristics of requirements of each profession and position. The Company formed a set of complete system to strictly check and examine the training results in respect of training management. The Company offered a variety of training forms, and also encouraged employees to actively participate in external training to provide more opportunities for employees to communicate with and study from the outside and broaden their horizons, thus cultivating more talents for the Company.

Based on corporate characteristics and actual situations, the Company rolled out the management training program in 2019, which was designed to enhance professional efficiency and cultural literacy. The training program comprises post-specific professional training, new employee training and frontline technical skill training that focused on actual needs of the production business and professional skills characteristics. The content-rich and diversified courses were attended by 100% of the staff.

## V. EMPLOYEES' BENEFITS

The Company has made contributions to the social insurance and housing fund for its employees in strict compliance with the Labor Law, Labor Contract Law and Social Insurance Law. Meanwhile, the Group has also prepared related systems such as the Management Standards for Social Insurance and Housing Fund, Management Standards for Supplementary Healthcare, Management Standards for Occupational Health, Management Standards for Labor Welfare and Management Standards for Labor Protective Equipment to increase the benefits of the Company and enhance employees' sense of belonging and happiness.

## V. OTHER SIGNIFICANT EVENTS

### 1. Financing

On 22 March 2019, the Group completed the issuance of the first tranche RMB2 billion 180-day ultra-short-term financing debentures of 2019 at an interest rate of 3.15%. On 22 April 2019, the Group completed the issuance of the second tranche RMB1.5 billion 270-day ultra-short-term financing debentures of 2019 at an interest rate of 3.39%.

### 2. Capital Expenditure

In the first half of 2019, the Group's capital expenditure amounted to RMB761.7 million, including RMB232.5 million incurred for construction projects in the wind power segment and RMB529.2 million incurred for construction projects in the photovoltaic power segment.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 3. Significant Investment

According to the development plan of the Group, the Group acquired wholly-owned subsidiaries named “Changning Guangju Electric Power Development Co., Ltd. (常寧光聚電力開發有限公司)”, “Runfeng Golmud Power Co., Ltd. (潤峰格爾木電力有限公司)”, “Yangxi Qingyun Sunshine New Energy Technology Co., Ltd. (陽西清芸陽光新能源科技有限公司)” and “Lufeng Mingda New Energy Technology Co., Ltd. (陸豐市明大新能源科技有限公司)” in the first half of 2019, which are engaged in the construction of photovoltaic power generation projects. In particular, the photovoltaic power generation projects of Changning Guangju Electric Power Development Co., Ltd., Runfeng Golmud Power Co., Ltd. and Lufeng Mingda New Energy Technology Co., Ltd. had commenced operation, which contributed RMB14.4 million in total, to the profit of the Company. The photovoltaic power generation projects of the newly acquired Yangxi Qingyun Sunshine New Energy Technology Co., Ltd. are currently under construction and expected to enhance the profitability of the Group in future.

## 4. Contingent Liabilities

As of 30 June 2019, the Group had no contingent liabilities.

## 5. Mortgage of Assets

As of 30 June 2019, the Group secured its bank loans by trade receivables of RMB208.0 million, and used fixed assets of RMB2,339.9 million as collateral for bank loans, and pledged the entire equity interest in New Gullen Range Wind Farm (Holding) Pty Ltd. to the

## 9. Share Option Scheme

As of 30 June 2019, the Company did not implement any share option scheme.

## 10. Foreign Exchange and Exchange Rate Risk

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

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

## VI. BUSINESS PROSPECT FOR THE SECOND HALF OF 2019

### 1. Safety production guarantee

The 70th anniversary since the founding of New China will be celebrated in the second half of 2019. Ensuring safe production is arduous with great responsibility. The Company will resolutely implement the principle of "safety is of utmost importance in industry, business and operation management", urge and guide affiliated enterprises to establish and perfect the safety responsibility system for all employees, implement the management of potential safety hazards, eliminate loopholes in fire control management, strengthen key areas such as outsourcing projects and personnel management, and carry out various safety management in a targeted manner according to the actual production and seasonal characteristics, so as to strive to create a sound safe production atmosphere for the 70th anniversary since the founding of New China.

### 2. Promoting the preliminary work of incremental projects

In 2019, the Group will continue to adhere to the "two-wheel drive" of independent development and project merger and acquisition, and will follow the development path of "intensification, regionalization, scale-up, specialization and high efficiency". After more than a year of practice, the "two-wheel drive" model has achieved initial results. In the second half of 2019, we will accelerate our pace of progress to create a brand-new situation through giving due consideration and importance to both acquisition, merger and self-built development.

## MANAGEMENT DISCUSSION AND ANALYSIS

Based on active tracking of the Beijing-Tianjin-Hebei market, the Company will make great efforts to explore the national electricity market and closely follow up the subsequent work of Zhangjiakou-Beijing clean energy heating demonstration project. The Company will continue to promote the layout of key projects in Beijing-Tianjin-Hebei Region, Beijing city sub-center, the Winter Olympics, the “Belt and Road Initiative”, Guangdong-Hong Kong-Macau Greater Bay Area and seek for breakthroughs. The Company will actively promote Shanghaimiao, Ulanqab wind power base, Datong Green-Power-to-Beijing and other projects. It will proactively carry out the preliminary work of Shandong Rizhao Gas Project and Hubei Yichang Zhongji Comprehensive Energy Service Project. Great efforts will be made to secure new progress in the research and application of strategic emerging projects such as the implementation of major projects, acquisition of strategic projects, offshore wind power, affordable on-grid projects, and “three-energy, two-heat and one-network” projects.

### 3. Reform and integration and regional management

In the first half of 2019, the reform and integration basically came to an end with phased results achieved. In the second half of the year, in order to improve the efficiency of management and control, further carry out reform and integration, expand the scale of clean energy and make it the core competitiveness in the market, the Company will continuously improve efforts in management and control to strengthen the core competitiveness of the Company. In combination with the regional distribution, asset type, production characteristics and regional development potential of affiliated enterprises, the Group has carried out regional management of affiliated businesses and set up seven regional management branches. At present, it has completed the division of five regional branches, including Beijing, South China, Southwest China, Northwest China and Australia. The regional branches will be responsible for market development, engineering construction, production and operation and grass-roots party construction within the region, so as to continuously realize regionalization, specialization and refined management, and lay a solid foundation for the Company’s quality and sustainable development in the future.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on The Stock Exchange of Hong Kong Limited (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 2019.

### COMPLIANCE WITH MODEL CODE

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

### PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The controlling shareholder of the Company did not pledge any of its shares in the Company to secure the Company’s debts or to secure guarantees or other support of the Company’s obligations for the six months ended 30 June 2019.

### LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company did not provide any financial assistance nor guarantee to its affiliated companies for the six months ended 30 June 2019, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling shareholder nor breach the terms of any loan agreements for the six months ended 30 June 2019.

### AUDIT COMMITTEE

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

The Audit Committee has reviewed the Group’s 2019 interim results and the unaudited financial statements for the six months ended 30 June 2019 prepared in accordance with the IFRSs.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## REGISTERED SHARE CAPITAL

As of 30 June 2019, the total registered share capital of the Company was RMB8,244,508,144, divided into 8,244,508,144 shares of RMB1.00 each, including 5,414,831,344 domestic shares and 2,829,676,800 H Shares.

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

As at 30 June 2019, no director, supervisor or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2019, to the knowledge of the directors of the Company, the persons (other than a director, supervisor or chief executive of the Company) who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

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

Name of shareholders	Types of Shares	Capacity	Number of shares/ underlying shares held (share)	Percentage of relevant class of share capital (%)	Percentage of total share capital (%)
BEH <i>(Note 1 and Note 2)</i>	Domestic share	Beneficial interest and interest of a controlled corporation	5,190,483,053 (L)	95.86	62.96
	H share	Interest of a controlled corporation	471,612,800 (L)	16.67	5.72
BSCOMC <i>(Note 1 and Note 2)</i>	Domestic share	Beneficial interest and interest of a controlled corporation	5,414,831,344 (L)	100.00	65.68
	H share	Interest of a controlled corporation	471,612,800 (L)	16.67	5.72
Beijing Energy Investment <i>(Note 2)</i>	H share	Beneficial interest	471,612,800 (L)	16.67	5.72
SAIF IV GP Capital Ltd. <i>(Note 3)</i>	H share	Interest of a controlled corporation	173,532,000 (L)	6.13	2.10
SAIF IV GP LP <i>(Note 3)</i>	H share	Interest of a controlled corporation	173,532,000 (L)	6.13	2.10

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of shareholders	Types of Shares	Capacity	Number of shares/ underlying shares held (share)	Percentage of relevant class of share capital (%)	Percentage of total share capital (%)
SAIF Partners IV L.P. <i>(Note 3)</i>	H share	Beneficial interest	173,532,000 (L)	6.13	2.10
Yan Andrew Y. <i>(Note 3)</i>	H share	Interest of a controlled corporation	173,532,000 (L)	6.13	2.10
Beijing Enterprises Holdings Limited <i>(Note 4)</i>	H share	Interest of a controlled corporation	196,964,000 (L)	6.96	2.39
Beijing Enterprises Energy Technology Investment Co., Limited <i>(Note 4)</i>	H share	Beneficial interest	196,964,000 (L)	6.96	2.39
Beijing Enterprises Energy Technology (Hong Kong) Co., Limited <i>(Note 4)</i>	H share	Interest of a controlled corporation	196,964,000 (L)	6.96	2.39
Norges Banks	H share	Beneficial interest	169,930,000 (L)	6.01	2.06
Central Huijin Investment Ltd. <i>(Note 5)</i>	H share	Interest of a controlled corporation	653,136,000 (L)	23.08	7.92
China Reinsurance (Group) Corporation <i>(Note 5)</i>	H share	Beneficial interest and interest of a controlled corporation	653,136,000 (L)	23.08	7.92
China Property & Casualty Reinsurance Company Ltd. <i>(Note 5)</i>	H share	Beneficial interest	196,704,000 (L)	6.95	2.39
Citigroup Inc. <i>(Note 6)</i>	H share	Interest of a controlled corporation and custodian – corporation/ approved lending agent	157,635,592 (L) 294,000 (S) 157,339,595 (P)	5.57 0.01 5.56	1.91 0.00 1.91

### Notes:

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

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

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

2. Beijing Energy Investment directly held 471,612,800 H shares of the Company. As far as the Company is aware, Beijing Energy Investment was wholly-owned by BEH, while BEH was wholly-owned by BSCOMC. In accordance with the SFO, BEH and BSCOMC were deemed to be interested in 471,612,800 H shares held by Beijing Energy Investment.
3. SAIF Partners IV L.P. held direct interests in 173,532,000 H shares of the Company. As far as the Company is aware, SAIF Partners IV L.P. was wholly-owned by SAIF IV GP LP, while SAIF IV GP LP was wholly-owned by SAIF IV GP Capital Ltd. and SAIF IV GP Capital Ltd. was wholly-owned by Yan Andrew Y. In accordance with the SFO, SAIF IV GP LP, SAIF IV GP Capital Ltd. and Yan Andrew Y. were deemed to be interested in 173,532,000 H shares held by SAIF Partners IV L.P.
4. Beijing Enterprises Energy Technology Investment Co., Limited directly held 196,964,000 H shares of the Company. As far as the Company is aware, Beijing Enterprises Energy Technology Investment Co., Limited was wholly-owned by Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd., while Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. was wholly-owned by Beijing Enterprises Holdings Limited. In accordance with the SFO, Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. and Beijing Enterprises Holdings Limited were deemed to be interested in 196,964,000 H shares held by Beijing Enterprises Energy Technology Investment Co., Limited.
5. China Property & Casualty Reinsurance Company Ltd. directly held interests in 196,704,000 H shares of the Company. China Reinsurance (Group) Corporation held direct interests in 456,432,000 H shares of the Company. As far as the Company is aware, China Property & Casualty Reinsurance Company Ltd. was wholly-owned by China Reinsurance (Group) Corporation, while 71.56% interests of China Reinsurance (Group) Corporation was owned by Central Huijin Investment Ltd.. In accordance with the SFO, China Reinsurance (Group) Corporation and Central Huijin Investment Ltd. were deemed to have interests in 653,136,000 H shares of the Company.
6. Citigroup Inc. held interests in certain H shares of the Company (as shown in the table above) through various controlled corporation/ wholly-owned controlled corporations.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

## INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2019.

## CHANGE IN DIRECTORS' INFORMATION

On 30 January 2019, due to other work commitments, Mr. ZHAO Wei has resigned as a non-executive director of the Company.

On 30 January 2019, upon approval by shareholders at the extraordinary general meeting, Mr. WANG Bangyi was appointed as a non-executive director of the Company.

For further details, please refer to the announcement of the Company dated 30 January 2019.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

For the six months ended 30 June 2019

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

	Notes	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	3	8,064,971	8,036,391
Other income	5	619,504	504,151
Gas consumption		(4,542,057)	(4,300,126)
Depreciation and amortization	9	(1,185,483)	(1,083,356)
Personnel costs		(316,183)	(320,187)
Repairs and maintenance		(226,821)	(235,729)
Other expenses		(274,688)	(343,292)
Other gains and losses	6	54,757	(11,713)
Profit from operations		2,194,000	2,246,139
Interest income	7	27,422	20,054
Finance costs	7	(579,971)	(557,881)
Share of results of associates		59,405	23,317
Profit before taxation		1,700,856	1,731,629
Income tax expense	8	(380,520)	(414,287)
Profit for the period	9	1,320,336	1,317,342
Profit for the period attributable to:			
– Ordinary shareholders of the Company		1,268,270	1,216,095
– Holders of perpetual notes		–	35,768
– Non-controlling interests		52,066	65,479
		1,320,336	1,317,342
Earnings per share		RMB cents	RMB cents
Basic			



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

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

	<b>As at 30 June 2019</b>	<b>As at 31 December 2018</b>
<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

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

		As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
	<i>Notes</i>		
<b>Current Liabilities</b>			
Trade and other payables	17	<b>3,432,461</b>	3,708,661
Amounts due to related parties	23	<b>455,293</b>	129,938
Bank and other borrowings – due within one year	18	<b>5,551,435</b>	8,864,459
Short-term financing debentures	19	<b>6,082,989</b>	6,086,848
Medium-term notes		<b>82,873</b>	80,189
Contract liabilities		<b>59,337</b>	88,564
Income tax payable		<b>23,472</b>	128,598
Deferred income – current portion		<b>206,275</b>	304,660
		<b>15,894,135</b>	19,391,917

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

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

		Attributable to equity holders of the Company	
Share capital	Capital reserve	Statutory surplus	
		14,811,280.63	687,670,404.12
		3,610,722,348.85	185,969,699,566.12
			0.5
			Lang 5

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019  
(Unless otherwise specified, all amounts are stated in RMB'000)

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Net cash generated from operating activities</b>	<b>2,131,089</b>	2,613,497
<b>Investing activities</b>		
Interest received	26,699	25,562
Dividends received	9,150	5,928
Cash received from government grants	1,710	10,521
Cash received of loans by associates	–	12,000
Capital injection into joint ventures	(50,000)	(45,000)
Acquisition of:		
– Property, plant and equipment	(1,714,208)	(783,705)
– Intangible assets	(448)	(2,007)
Payment for rental of right-of-use assets	(47,185)	(4,765)
Proceeds on disposal of property, plant and equipment	15,080	–
Withdrawal (placement) of restricted bank deposits	29,237	(415,391)
Net cash outflow on acquisition of subsidiaries	(25,954)	–
Cash outflow on acquisition of non-controlling interests	–	(181,913)
<b>Net cash used in investing activities</b>	<b>(1,755,919)</b>	(1,378,770)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

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

	Note	For the six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
<b>Financing activities</b>			
Interest paid		(599,045)	(440,948)
Cash received from capital contribution of non-controlling interests		–	12,297
New bank and other loans raised		4,937,500	7,444,137
Repayment of bank and other loans		(6,091,776)	(10,600,038)
Proceeds from issuance of short-term financing debentures		3,500,000	4,000,000
Issuance cost for short-term financing debentures		(3,750)	(10,083)
Repayment of short-term financing debentures		(3,500,000)	(4,000,000)
Issuance of H shares due to placement		–	3,020,071
Payment of transaction costs attributable to placement		–	(1,659)
Proceeds from issuing corporate bonds		–	1,500,000
Costs of issuance of corporate bonds		–	(4,245)
Repayment of perpetual notes		–	(1,500,000)
Placement of restricted bank deposits		(18,340)	–
Dividends paid to:			
– Non-controlling shareholders of subsidiaries		(73,136)	–
– Holders of perpetual notes		–	(77,250)
<b>Net cash used in financing activities</b>		<b>(1,848,547)</b>	<b>(657,718)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1,473,377)</b>	<b>577,009</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>5,420,937</b>	<b>2,675,087</b>
<b>Effect of foreign exchange rate changes</b>		<b>(7,176)</b>	<b>(56,697)</b>
<b>Cash and cash equivalents at the end of the period</b>	16	<b>3,940,384</b>	<b>3,195,399</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2019 (Unaudited)*

## 1. GENERAL AND BASIS OF PRESENTATION

In preparing the condensed consolidated financial statements, the directors of the Company (the "**Directors**") have given careful consideration of the Group's net current liabilities of RMB4,903,037,000 as at 30 June 2019. The Group met its day-to-day working capital requirements through cash flows from operating activities and available banking facilities. Based on assessment, the Directors are of the view that the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS 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 2019 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2018.

### Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 16	Leases
IFRIC-Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except for the application on IFRS 16 Leases, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 Leases ("IAS 17"), and the related interpretations.

#### 2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

##### ***Definition of a lease***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### ***As a lessee***

###### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

###### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of land that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

##### **As a lessee (Continued)**

##### *Right-of-use assets*

Except for contracts that are classified as leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use) (of)1e.2 (1g7.of)1e.7.4.3 (Ilese)11 /Span 4Lase1g7.m14.urcom

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

##### *As a lessee (Continued)*

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

##### **As a lessee (Continued)**

##### *Lease liabilities (Continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of IFRS 16 (Continued)

##### *As a lessee (Continued)*

##### *Taxation*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

#### 2.1.2 Transition and summary of effects arising from initial application of IFRS 16

##### *Definition of a lease*

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 Determining whether an Arrangement contains a Lease and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease. Specifically, the Group assessed its lease contract with leasehold land/building.

##### *As a lessee*

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

##### **As a lessee (Continued)**

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of leasehold land and building in the People's Republic of China and Australia was determined on a portfolio basis; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

##### *As a lessee (Continued)*

On transition, the Group has made the following adjustments upon application of IFRS 16:

The Group recognised lease liabilities of RMB209,372,000 and right-of-use assets of RMB536,672,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.90%.

<i>Note</i>	<b>At 1 January 2019 RMB'000</b>
Operating lease commitments disclosed as at 31 December 2018	296,633
Lease Liabilities discounted at relevant incremental borrowing rates	244,233
Less: Recognition exemption – short-term leases	(34,861)
Lease liabilities relating to operating leases recognised upon application of IFRS 16	209,372
Lease liabilities as at 1 January 2019	209,372
Analysed as	
Current	30,818
Non-current	178,554
	209,372

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

##### **As a lessee (Continued)**

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of- use assets RMB'000
Right-of-use assets relating to operating leases recognized upon application of IFRS 16		209,372
Reclassified from prepaid lease payments	(a)	245,778
Reclassified from prepaid rent for leasehold land		81,522
		<hr/>
		536,672
		<hr/>
By class:		
Leasehold lands and buildings		536,672
		<hr/>
		536,672
		<hr/>

Note:

- (a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB6,081,000 and RMB239,697,000 respectively were reclassified to right-of-use assets.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on IFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of IFRS 16 (Continued)

##### As a lessee (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 <i>RMB'000</i>	Adjustments <i>RMB'000</i>	Carrying amounts Under IFRS 16 at 1 January 2019 <i>RMB'000</i>
<b>Non-current Assets</b>			
Property, plant and equipment	34,899,238	(16,579)	34,882,659
Prepaid lease payments	239,697	(239,697)	–
Right-of-use assets	–	536,672	536,672
<b>Current Assets</b>			
Prepaid lease payments	6,081	(6,081)	–
Other receivables, deposits and prepayments	359,081	(64,943)	294,138
<b>Current Liabilities</b>			
Lease liabilities	–	30,818	30,818
<b>Non-current Liabilities</b>			
Lease liabilities	–	178,554	178,554

*Note:*

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 3. REVENUE

### (i) Disaggregation of revenue from contracts with customers:

	Gas-fired power and heat energy generation <i>RMB'000</i>	Wind power <i>RMB'000</i>	Photovoltaic power <i>RMB'000</i>	Hydropower <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the six months ended 30 June 2019 (Unaudited)</b>						
Types of goods and services						
Sales of electricity	5,147,508	1,028,875	685,668	149,896	-	7,011,947
Sales of heat energy	1,052,148	-	-	-	-	1,052,148
Repairs and maintenance and other services	-	-	-	-	876	876
Timing of revenue recognition						
A point in time	6,199,656	1,028,875	685,668	149,896	-	8,064,095
Over time	-	-	-	-	876	876
Revenue from contracts with customers	6,199,656	1,028,875	685,668	149,896	876	8,064,971

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 3. REVENUE (Continued)

#### (i) Disaggregation of revenue from contracts with customers: (Continued)

	Gas-fired power and heat energy generation <i>RMB'000</i>	Wind power <i>RMB'000</i>	Photovoltaic power <i>RMB'000</i>	Hydropower <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the six months ended</b>						
<b>30 June 2018</b>						
<b>(Unaudited)</b>						
Types of goods and services						
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
Repairs and maintenance and other services	-	-	-	-	6,488	6,488
Timing of revenue recognition						
A point in time	6,249,048	1,149,558	485,598	145,699	-	8,029,903
Over time	-	-	-	-	6,488	6,488
Revenue from contracts with customers						
	6,249,048	1,149,558	485,598	145,699	6,488	8,036,391

#### (ii) Geographical information

Over 90% of the Group's revenue is generated in the PRC, therefore no geographical 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 4. SEGMENT INFORMATION

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

- Gas-fired power and heat energy generation: managing and operating natural gas-fired power plants and generating electric power and heat energy for sale to external customers.
- Wind power: constructing, managing and operating wind power plants and generating electric power for sale to external customers.
- Photovoltaic power: managing and operating photovoltaic power plants and sales of electricity generated to external customers.
- Hydropower: managing and operating hydropower plants and sales of electricity generated to external customers.

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

An analysis of the Group's reportable segment information for the six months ended 30 June 2019 by operating and reportable segment is as follows:

	Gas-fired power and heat energy generation <i>RMB'000</i>	Wind power <i>RMB'000</i>	Photovoltaic power <i>RMB'000</i>	Hydropower <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the six months ended</b>						
<b>30 June 2019 (unaudited)</b>						
Reportable segment results before depreciation and amortization <i>(Note (i))</i>	1,684,270	923,870	675,728	102,370	(6,755)	3,379,483
Depreciation	436,165	350,489	242,472	53,898	499	1,083,523
Amortization	4,883	84,260	200	12,372	245	101,960
Reportable segment results	1,243,222	489,121	433,056	36,100	(7,499)	2,194,000

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 4. SEGMENT INFORMATION (Continued)

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

Gas-fired power and heat energy generation <i>RMB'000</i>	Wind power <i>RMB'000</i>	Photovoltaic power <i>RMB'000</i>	Hydropower <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 5. OTHER INCOME

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Government grants and subsidies related to:		
– Clean energy production (Note (a))	459,203	327,655
– Construction of assets (Note (b))	10,004	9,936
Income from carbon credits	52,038	66,760
Value-added tax refunds (Note (c))	61,476	67,856
Others	36,783	31,944
	<b>619,504</b>	<b>504,151</b>

Notes:

- (a) The Group's gas-fired and wind power facilities located in Beijing, the PRC, were entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensated the Group based on a pre-determined subsidized rate and quantities approved from time to time for the sale of electricity generated by those facilities. The grants will be released to profit or loss based on the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities at the pre-determined subsidized rate.
- (b) Grants related to construction of assets are provided by several local governments in the PRC to encourage the construction of clean energy facilities. The Group records these grants as deferred income upon receipt of the grants and will release to profit or loss to match with the depreciation of related assets.
- (c) The Group is entitled to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind farms and a full refund of value-added tax for its revenue from the sale of heat energy to residential customers. The accounts receivables arising from refund of value-added tax and related revenue are recognized when the relevant tax authority in China registers the relevant application for refund of such value-added tax.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 6. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Other gains (losses) comprise:		
Loss on disposal of property, plant and equipment	(2,308)	(596)
Net exchange (loss) gain	(1,382)	271
Gain (loss) arising on change in fair value of financial assets classified as FVTPL	34,991	(10,259)
Others	23,456	(1,129)
	<b>54,757</b>	<b>(11,713)</b>

## 7. INTEREST INCOME/FINANCE COSTS

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest income	27,422	20,054
Interest expense	607,365	597,692
Less: Amounts capitalized:		
– property, plant and equipment	(27,394)	(39,811)
Total finance costs	579,971	557,881
Net finance costs	552,549	537,827

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC enterprise income tax	332,648	447,284
Deferred tax:		
Current period	47,872	(32,997)
Income tax expense	380,520	414,287

PRC enterprise income tax has been generally calculated 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 2019.

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 profit. The Group's certain wind, photovoltaic 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 currently 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 2019.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first 2 million Hong Kong dollars ("**HK\$**") of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 8. INCOME TAX EXPENSE (Continued)

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Tax has been made as the Group has no assessable profit derived in Hong Kong.

Australia Profit Tax is calculated at 30% of the estimated assessable profit. For the six months ended 30 June 2019, taxes arising from other jurisdiction were calculated based on the prevailing tax rate in Australia.

## 9. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Auditors' remuneration	1,226	1,284
Prepaid lease payments released to profit or loss	–	2,838
Lease payments in respect of land and building	30,157	28,052
Depreciation and amortization:		
Depreciation of property, plant and equipment	1,078,769	982,469
Depreciation of right-of-use assets	4,754	–
Amortization of intangible assets	101,960	100,887
Total depreciation and amortization	1,185,483	1,083,356

## 10. DIVIDENDS

- (a) On 20 June 2019, a dividend in the total amount of approximately RMB549,909,000 was declared by the Company.
- (b) The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

## 11. 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 2019 of RMB1,268,270,000 (six months ended 30 June 2018: RMB1,216,095,000) and the weighted average number of shares in issue for the six months ended 30 June 2019 of 8,244,508,000 (six months ended 30 June 2018: 6,915,973,000 shares).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2019 (Unaudited)*

### 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired items of property, plant and equipment of RMB444,368,000 (six months ended 30 June 2018: RMB1,196,931,000). Items of property, plant and equipment with a net book value of approximately RMB13,271,000, which decreased by RMB3,260,000 due to the impact of exchange rate (six months ended 30 June 2018: RMB78,568,000), were disposed of during the six months ended 30 June 2019, resulting in a loss on disposal of approximately RMB2,308,000 (six months ended 30 June 2018: loss on disposal of RMB596,000).

### 13. INTANGIBLE ASSETS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 14. DEFERRED TAXATION (Continued)

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Deferred tax assets	239,260	284,596
Deferred tax liabilities	(174,953)	(177,799)
	<b>64,307</b>	106,797

### 15. TRADE AND BILLS RECEIVABLE

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Trade receivables		
– goods and services	1,312,982	1,995,306
– clean energy power price premium	4,356,791	3,355,461
Bills receivable	10,246	21,246
	<b>5,680,019</b>	5,372,013
Less: allowance for credit losses	(7,463)	(7,141)
	<b>5,672,556</b>	5,364,872

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 15. TRADE AND BILLS RECEIVABLE (Continued)

The Group allows an average credit period of 60 days to its electricity and heat customers from the end of the month in which the sales are made other than clean energy power price premium. The aging analysis of the Group's trade and bills receivable net of allowance for credit losses is as follows:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within 60 days	1,286,509	2,346,544
61 to 365 days	1,994,845	1,419,203
1 to 2 years	1,651,328	1,027,341
2 to 3 years	451,958	327,204
Over 3 years	287,916	244,580
	<b>5,672,556</b>	5,364,872

The Group's major customers are the PRC state-owned power grid companies with good credit rating.

The clean energy power price premium is included as a component of the government-approved on-grid tariff of wind power and photovoltaic power. The financial resource for the clean energy power price premium is the national renewable energy fund that accumulated through a special levy on the consumption of electricity. The government of the PRC is responsible to collect and allocate the fund and make settlement through state-owned power grid companies to the wind and photovoltaic farm project companies. Because of the unconsolidated ( ) 0.5661 322.985 Tm (and) 1

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 16. CASH AND CASH EQUIVALENTS

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

The Group had deposits of approximately RMB730,332,000 placed with 京能集團財務有限公司 (BEH Finance Co., Ltd., English name for identification purpose) ("BEH Finance"), a non-bank financial institution approved by China Banking Regulatory Commission as at 30 June 2019. Such deposits were short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, accordingly, the balances as at 30 June 2019 have been regarded as cash and cash equivalents.

### 17. TRADE AND OTHER PAYABLES

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 17. TRADE AND OTHER PAYABLES (Continued)

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

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Within 30 days	699,263	1,385,785
31 to 365 days	951,261	547,356
1 to 2 years	20,228	17,966
2 to 3 years	5,882	4,902
Over 3 years	15,767	73,413
	<b>1,692,401</b>	<b>2,029,422</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 18. BANK AND OTHER BORROWINGS

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Bank loans	15,562,359	15,851,092
Other borrowings from		
– related non-bank financial institutions (Note (a))	1,090,750	1,751,750
– fellow subsidiaries (Note (b))	170,000	170,000
– other non-related entities	646,073	915,321
– BEH	750	750
	<b>17,469,932</b>	18,688,913
Represented by:		
– Unsecured borrowings	16,023,024	15,414,979
– Secured borrowings	1,446,908	3,273,934
	<b>17,469,932</b>	18,688,913
Bank and other borrowings repayable:		
– Within one year	5,551,435	8,864,459
– More than one year but not exceeding two years	5,238,930	3,094,108
– More than two years but not exceeding five years	4,128,473	4,193,540
– More than five years	2,551,094	2,536,806
	<b>17,469,932</b>	18,688,913
Less: Amount due within one year shown under current liabilities	<b>(5,551,435)</b>	(8,864,459)
Amount due after one year	<b>11,918,497</b>	9,824,454

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 18. BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) Other borrowings from a related non-bank financial institution represented loans from BEH Finance.
- (i) As at 30 June 2019, the loans from BEH Finance amounting to RMB1,090,750,000 were unsecured, carried interest at rates which are the prevailing interest rates promulgated by the PBOC, with a maximum premium or discount of 10% and variable by reference to the interest rates promulgated by PBOC. The interest expenses attributed to the above loans from BEH Finance were RMB16,718,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB26,188,000).
- (b) The amount represented the borrowings from 北京京豐熱電有限責任公司 (Beijing Jingfeng Thermal Power Co., Ltd., English name for identification purpose) (“**Jingfeng Thermal**”), and 北京京西發電有限責任公司 (Beijing Jingxi Power Generation Co., Ltd., English name for identification purpose) (“**Jingxi Power**”, a fellow subsidiary of the Company). Such loans were unsecured, bearing interest at a fixed rate of 3.915% and repayable within one year. The interest expenses attributed to above loans were RMB3,156,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB3,156,000).

During the six months ended 30 June 2019, the Group's borrowings increased by RMB4,937,500,000 (six months ended 30 June 2018: RMB7,444,137,000), and RMB6,091,776,000 (six months ended 30 June 2018: RMB10,600,038,000) of borrowings of the Group were repaid.

The borrowings bear interest at annual interest rates ranging from fixed interest rate of 1.20%/variable interest rate of 2.96% to fixed interest rate of 10.00%/variable interest rate of 4.20% (31 December 2018: fixed interest rate of 1.20%/variable interest rate of 3.27% to fixed interest rate of 10.00%/variable interest rate of 5.22%).

## 19. SHORT-TERM FINANCING DEBENTURES

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

On 3 August 2018, the Company issued ultra-short-term commercial paper of RMB2,000,000,000 at par value, bearing an interest rate of 3.50% and was repaid on 30 April 2019.

On 21 November 2018, the Company issued ultra-short-term commercial paper of RMB2,500,000,000 at par value, bearing an interest rate of 3.67% and expiring on 21 November 2019.

On 22 March 2019, the Company issued ultra-short-term commercial paper of RMB2,000,000,000 at par value, bearing an interest rate of 3.15% and expiring on 18 September 2019.

On 22 April 2019, the Company issued ultra-short-term commercial paper of RMB1,500,000,000 at par value, bearing an interest rate of 3.39% and expiring on 17 January 2020.

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 23. RELATED PARTY BALANCES AND TRANSACTIONS

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

Name of related party	Relationship
北京能源投資(集團)有限公司 (Beijing Energy Investment Holding Co., Ltd., English name for identification purpose) (" <b>BEH Holding</b> ")	Ultimate holding company
北京國際電氣工程有限責任公司 (Beijing International Electric Engineering Co., Ltd., English name for identification purpose) (" <b>BIEE</b> ")	Fellow subsidiary
BEH Finance	Fellow subsidiary
Jingfeng Thermal	Fellow subsidiary
Jingxi Power	Fellow subsidiary
京能電力後勤服務有限公司 (Jing Neng Electricity Logistic Services Co., Ltd., English name for identification purpose) (" <b>Jingneng Logistic</b> ")	Fellow subsidiary
北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd., English name for identification purpose) (" <b>BDHG</b> ")	Fellow subsidiary
北京天湖會議中心有限公司 (Beijing Sky-Line Resort Co., Ltd., English name for identification purpose) (" <b>Sky-Line Resort</b> ")	Fellow subsidiary
北京源深節能技術有限責任公司 (Beijing Yuanshen Energy-saving Technology Co., Ltd., English name for identification purpose) (" <b>Yuanshen Energy</b> ")	Fellow subsidiary
北京京能源深融資租賃有限公司 (Beijing Jingneng YuanShen Financial Leasing Co., Ltd., English name for identification purpose) (" <b>YuanShen Financial Leasing</b> ")	Fellow subsidiary
北京京能電力股份有限公司 (Beijing Jingneng Power Co., Ltd., English name for identification purpose) (" <b>Jingneng Power</b> ")	Fellow subsidiary
北京科利源熱電有限公司 (Beijing Keliyuan Thermal Power Co., Ltd., English name for identification purpose) (" <b>Keliyuan</b> ")	Fellow subsidiary
北京京能電力股份有限公司石景山熱電廠 (Shijingshan Thermal Power Plant of Beijing Jingneng Power Co., Ltd., English name for identification purpose) (" <b>Shijingshan Thermal Power Plant</b> ")	Fellow subsidiary

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

## 23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

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

Name of related party	Relationship
北京京能國際能源技術有限公司 (Beijing Jingneng International Energy Technology Co., Ltd., English name for identification purpose) ("International Energy Technology")	Fellow subsidiary
全州柳鋪水電有限公司 (Quanzhou Liupu Hydropower Co., Ltd., English name for identification purpose)	Associate
北京市天銀地熱開發有限責任公司 (Beijing Tian Yin Di Re Development Co., Ltd., English name for identification purpose)	Associate
北京華源惠眾環保科技有限公司 (Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd., English name for identification purpose)	Joint venture

- (b) As at 30 June 2019, other than loans to associates and the deposit in a related non-bank financial institution as set out in note 18, the Group has amounts receivable from the following related parties and the details are set out below:

	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Amounts due from:		
BEH	1,946	1,943
Associates	288	250
Fellow subsidiaries	52,266	155,824
	<b>54,500</b>	158,017
Represented by:		
Trade*	43,381	151,052
Non-trade	11,119	6,965
	<b>54,500</b>	158,017

\* The balances were interest-free, unsecured, repayable on demand and aged within one year.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (c) As at 30 June 2019, except for the balances in borrowings from related non-bank financial institutions, fellow subsidiaries and BEH as set out in Note 18, the Group has amounts payable to the following related parties and the details are set out below:

	<b>As at 30 June 2019 RMB'000 (Unaudited)</b>	<b>As at 31 December 2018 RMB'000 (Audited)</b>
Amounts due to:		
BEH	<b>338,957</b>	–
Fellow subsidiaries	<b>114,713</b>	128,315
Associates	<b>1,623</b>	1,623
	<b>455,293</b>	129,938
Represented by:		
Trade*	<b>47,326</b>	93,999
Payables for acquisition of property, plant and equipment	<b>1,612</b>	32,055
Non-trade	<b>406,355</b>	3,884
	<b>455,293</b>	129,938

\* The balances were interest-free, unsecured, repayable on demand and aged within one year.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (d) During the six months ended 30 June 2019, the Group entered into the following significant transactions with its related parties:

Continuing transactions:

- (i) Equipment maintenance services from related parties

Name of related party	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Jingfeng Thermal	–	4,551
International Electric	16,225	12,000
Shijingshan Thermal Power Plant	18,603	–
International Energy Technology	4,219	–
Jingneng Power	–	28,431

- (ii) Conference services from related parties

Name of related party	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Sky-line Resort	–	40

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (d) During the six months ended 30 June 2019, the Group entered into the following significant transactions with its related parties: (Continued)

Continuing transactions: (Continued)

- (iii) Rental expense as a lessee charged by related parties

Name of related party	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Jingfeng Thermal	4,487	1,914
YuanShen Financial Leasing	133	138
Jingxi Power	19,067	19,028

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

Name of related party	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
BEH Finance	59	8,483

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

Name of related party	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
BEH Finance	8,681	7,034

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (d) During the six months ended 30 June 2019, the Group entered into the following significant transactions with its related parties: (Continued)

Continuing transactions: (Continued)

- (vi) Property management fee charged by a related party

Name of related party	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Jingneng Logistic	6,903	13,311

- (vii) Heat energy sold to related parties\*

Name of related party	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Heating Group	977,942	997,526
Yuanshen Energy	–	48
Keliyuan	18,113	18,372

\* The amount of the revenue from such related parties excludes the value-added tax.

- (viii) Equipment purchase framework agreement

Name of related party	For the six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
BIEE	55,748	34,787

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

### 23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- (d) During the six months ended 30 June 2019, the Group entered into the following significant transactions with its related parties: (Continued)

Continuing transactions: (Continued)

- (ix) Framework Operating Agreement

Name of related party	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Jingxi Power	–	7,406

- (x) Landscaping service agreement

Name of related party	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Jingneng Logistic	93	–

- (e) During the six months ended 30 June 2019, interest income from loans to associates of the Group amounted to RMB3,403,000 (six months ended 30 June 2018: RMB3,301,000), and interest income from loans to joint ventures amounted to RMB1,015,000 (six months ended 30 June 2018: RMB716,000).

### 24. THE FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF THE COMPANY ON 20 AUGUST 2019.