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## **China Power International Development Limited**

**中國電力國際發展有限公司**

*(incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**(Stock Code: 2380)**

### **Announcement of Interim Results 2013**

#### **Financial Highlights**

- Revenue amounted to approximately RMB9,642,440,000, representing an increase of approximately RMB541,063,000 or by 5.94% as compared with the revenue for the corresponding period last year.
- Profit attributable to owners of the Company was approximately RMB1,401,196,000, representing an increase of approximately RMB853,400,000 or by 155.79% as compared with the profit for the corresponding period last year.
- Basic earnings per share was approximately RMB0.25, representing an increase of approximately RMB0.14 or by 127.27% as compared with the basic earnings per share of RMB0.11 for the corresponding period last year.

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2013. The interim financial information prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and PricewaterhouseCoopers, the auditor.

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

*For the six months ended 30 June 2013*

	<i>Note</i>	Unaudited	
		Six months ended 30 June	
		2013	2012
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	<b>9,642,440</b>	9,101,377
Other income	4	<b>138,865</b>	106,985
Fuel costs		<b>(4,239,510)</b>	(5,230,819)
Depreciation		<b>(1,091,503)</b>	(1,006,943)
Staff costs		<b>(481,880)</b>	(414,353)
Repairs and maintenance		<b>(302,948)</b>	(225,250)
Consumables		<b>(113,485)</b>	(103,060)
Other gains, net	5	<b>3,496</b>	61,129
Other operating expenses		<b>(606,019)</b>	(482,421)
		<hr/>	<hr/>
Operating profit	6	<b>2,949,456</b>	1,806,645
Finance income	7	<b>47,632</b>	58,160
Finance costs	7	<b>(757,459)</b>	(861,699)
Share of profits of associates		<b>200,420</b>	32,014
Share of profits/(losses) of joint ventures		<b>26,161</b>	(7,593)
		<hr/>	<hr/>
Profit before taxation		<b>2,466,210</b>	1,027,527
Taxation	8	<b>(382,773)</b>	(247,159)
		<hr/>	<hr/>
Profit for the period		<b>2,083,437</b>	780,368
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		<b>1,401,196</b>	547,796
Non-controlling interests		<b>682,241</b>	232,572
		<hr/>	<hr/>
		<b>2,083,437</b>	780,368
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB per share)			
- Basic	9	<b>0.25</b>	0.11
		<hr/> <hr/>	<hr/> <hr/>
- Diluted	9	<b>0.21</b>	0.10
		<hr/> <hr/>	<hr/> <hr/>

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit for the period	2,083,437	780,368
Other comprehensive (loss)/income that may be reclassified to profit or loss:		
- Fair value (loss)/gain on available-for-sale financial assets, net of tax	(157,350)	233,002
Total comprehensive income for the period	<u>1,926,087</u>	<u>1,013,370</u>
Attributable to:		
Owners of the Company	1,243,846	780,798
Non-controlling interests	<u>682,241</u>	<u>232,572</u>
Total comprehensive income for the period	<u>1,926,087</u>	<u>1,013,370</u>

# CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2013

		As at	
	Note	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	55,690,687	55,942,962
Prepayment for construction of power plants	12	207,906	1,655,650
Land use rights		436,486	449,928
Goodwill		767,453	767,453
Interests in associates		1,929,829	1,529,410
Interests in joint ventures		568,076	553,177
Available-for-sale financial assets		1,816,993	2,026,793
Loan to a fellow subsidiary		300,000	300,000
Deferred income tax assets		72,066	73,965
		61,789,496	63,299,338
<b>Current assets</b>			
Inventories		549,210	662,883
Accounts receivable	13	2,540,955	2,170,030
Prepayments, deposits and other receivables		1,155,764	1,114,429
Derivative financial instruments		-	38,744
Amounts due from related parties		685,768	565,756
Tax recoverable		6,800	6,800
Pledged bank deposits		100,481	35,000
Cash and cash equivalents		2,706,472	2,016,418
		7,745,450	6,610,060
Assets held for sale	15	2,775,781	-
		10,521,231	6,610,060
<b>Total assets</b>		72,310,727	69,909,398

	As at	
	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
<b>EQUITY</b>		
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	5,634,612	5,483,753
Share premium	4,857,828	4,685,455
Reserves	5,466,185	4,773,036
	<hr/>	<hr/>
	15,958,625	14,942,244
Non-controlling interests	4,696,928	3,987,178
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Total equity	20,655,553	18,929,422
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<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income	58,447	64,497
Bank borrowings	25,574,504	27,929,204
Borrowings from related parties	2,955,911	3,705,911
Other borrowings	3,894,664	3,650,021
Obligations under finance leases	499,887	555,085
Deferred income tax liabilities	846,553	824,201
Other long-term liabilities	4,429	5,815
	<hr/>	<hr/>
	33,834,395	36,734,734
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		As at	
	<i>Note</i>	<b>30 June 2013 Unaudited RMB'000</b>	31 December 2012 Audited RMB'000
<b>Current liabilities</b>			
Accounts and bills payables	14	1,103,613	795,363
Construction cost payable		1,867,277	2,296,777
Other payables and accrued charges		1,184,018	989,411
Amounts due to related parties		277,018	155,850
Bank borrowings		7,702,016	6,981,198
Other borrowings		1,436,399	2,053,540
Borrowings from related parties		1,470,000	620,000
Current portion of obligations under finance leases		107,791	103,911
Taxation payable		277,472	249,192
		<u>15,425,604</u>	<u>14,245,242</u>
Liabilities directly associated with assets held for sale	15	<u>2,395,175</u>	<u>-</u>
		<u>17,820,779</u>	<u>14,245,242</u>
<b>Total liabilities</b>		<u>51,655,174</u>	<u>50,979,976</u>
<b>Total equity and liabilities</b>		<u>72,310,727</u>	<u>69,909,398</u>
<b>Net current liabilities</b>		<u>7,299,548</u>	<u>7,635,182</u>
<b>Total assets less current liabilities</b>		<u>54,489,948</u>	<u>55,664,156</u>

## Notes

### 1 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2012.

As at 30 June 2013, the Group had net current liabilities of RMB7,300 million (31 December 2012: RMB7,635 million). In preparing the condensed consolidated interim financial information, the directors have also taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As of 30 June 2013, the Group had undrawn committed banking facilities amounting to approximately RMB9,502 million (31 December 2012: RMB10,348 million) and will refinance and/or restructure certain short-term loans into long-term loans or consider alternative sources of financing, where applicable. Under these circumstances, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared the condensed consolidated interim financial information on a going concern basis.

### 2 Accounting policies

The accounting policies and method of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2012, except for as described below and the adoption of new and revised HKFRS issued by the Hong Kong Institute of Certified Public Accountants which are effective to the Group for accounting periods beginning on or after 1 January 2013. The adoption of the new and revised HKFRS had no material impact on the Group’s results and financial position for the current or prior periods.

#### Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

### 3 Revenue and segment information

Revenue, representing turnover, recognized during the period was as follows:

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Sales of electricity to regional and provincial power grid companies (note (a))	9,425,320	9,014,592
Provision of power generation and related services (notes (b) and (c))	217,120	86,785
	<u>9,642,440</u>	<u>9,101,377</u>

Notes:

- (a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities.
- (b) Provision of power generation and related services represents income from provision of power generation and related services to other power plants and power grid companies which are calculated based on mutually agreed terms.
- (c) Amount included power plant lease income of approximately RMB206,914,000 (2012: RMB51,729,000) from Heimifeng Power Plant for the year 2012 that was agreed with the provincial power grid company in February 2013.

#### Segment information

The chief operating decision maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. Currently, it is determined that the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity" in the PRC are the reportable segments of the Group.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from available-for-sale financial assets, if any, and effects on items of a non-recurring nature, such as impairments when the impairment is the result of an isolated and non-recurring event. Other information provided to the CODM is measured in a manner consistent with that in the condensed consolidated interim financial information.

Segment assets exclude deferred income tax assets, available-for-sale financial assets, derivative financial instruments and corporate assets which are managed on a central basis.

Segment liabilities exclude taxation payable, deferred income tax liabilities and corporate liabilities which are managed on a central basis.

	<b>Unaudited</b>				
	<b>Six months ended 30 June 2013</b>				
	<b>Coal-fired electricity RMB'000</b>	<b>Hydropower electricity RMB'000</b>	<b>Reportable segments total RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue</b>					
Sales of electricity	6,956,241	2,469,079	9,425,320	-	9,425,320
Provision of power generation and related services	10,206	206,914	217,120	-	217,120
	<u>6,966,447</u>	<u>2,675,993</u>	<u>9,642,440</u>	<u>-</u>	<u>9,642,440</u>
<b>Results of reportable segments</b>	1,135,222	1,809,315	2,944,537	-	2,944,537
Unallocated income	-	-	-	95,039	95,039
Unallocated expenses	-	-	-	(90,120)	(90,120)
<b>Operating profit</b>	1,135,222	1,809,315	2,944,537	4,919	2,949,456
Finance income	1,636	21,466	23,102	24,530	47,632
Finance costs	(364,449)	(385,462)	(749,911)	(7,548)	(757,459)
Share of profits of associates	200,420	-	200,420	-	200,420
Share of profits/(losses) of joint ventures	32,681	-	32,681	(6,520)	26,161
<b>Profit before taxation</b>	1,005,510	1,445,319	2,450,829	15,381	2,466,210
Taxation	(169,026)	(211,183)	(380,209)	(2,564)	(382,773)
<b>Profit for the period</b>	<u>836,484</u>	<u>1,234,136</u>	<u>2,070,620</u>	<u>12,817</u>	<u>2,083,437</u>
<b>Other segment information:</b>					
Capital expenditure	803,679	1,367,675	2,171,354	2,765	2,174,119
Depreciation on property, plant and equipment	622,636	461,983	1,084,619	6,884	1,091,503
Amortization of land use rights	1,685	2,952	4,637	-	4,637

**Unaudited**  
**As at 30 June 2013**

	<b>Coal-fired electricity RMB'000</b>	<b>Hydropower electricity RMB'000</b>	<b>Reportable segments total RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
<b>Segment assets</b>					
Other segment assets	26,344,421	35,246,294	61,590,715	-	61,590,715
Goodwill	-	767,453	767,453	-	767,453
Interests in associates	1,773,722	72,920	1,846,642	83,187	1,929,829
Interests in joint ventures	308,515	-	308,515	259,561	568,076
Assets held for sale	-	2,775,781	2,775,781	-	2,775,781
	<u>28,426,658</u>	<u>38,862,448</u>	<u>67,289,106</u>	<u>342,748</u>	<u>67,631,854</u>
Available-for-sale financial assets					1,816,993
Loan to a fellow subsidiary					300,000
Deferred income tax assets					72,066
Other unallocated assets					<u>2,489,814</u>
<b>Total assets per consolidated balance sheet</b>					<u><u>72,310,727</u></u>
<b>Segment liabilities</b>					
Other segment liabilities	(3,410,525)	(1,586,760)	(4,997,285)	-	(4,997,285)
Borrowings	(16,313,331)	(26,028,913)	(42,342,244)	(691,250)	(43,033,494)
Liabilities directly associated with assets held for sale	-	(2,395,175)	(2,395,175)	-	(2,395,175)
	<u>(19,723,856)</u>	<u>(30,010,848)</u>	<u>(49,734,704)</u>	<u>(691,250)</u>	<u>(50,425,954)</u>
Taxation payable					(277,472)
Deferred income tax liabilities					(846,553)
Other unallocated liabilities					<u>(105,195)</u>
<b>Total liabilities per consolidated balance sheet</b>					<u><u>(51,655,174)</u></u>

	<b>Unaudited</b>				
	<b>Six months ended 30 June 2012</b>				
	<b>Coal-fired electricity</b>	<b>Hydropower electricity</b>	<b>Reportable segments total</b>	<b>Others</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>					
Sales of electricity	7,371,060	1,643,532	9,014,592	-	9,014,592
Provision of power generation and related services	35,056	51,729	86,785	-	86,785
	<u>7,406,116</u>	<u>1,695,261</u>	<u>9,101,377</u>	<u>-</u>	<u>9,101,377</u>
<b>Results of reportable segments</b>					
Unallocated income	801,615	1,032,006	1,833,621	-	1,833,621
Unallocated expenses	-	-	-	47,552	47,552
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,528)</u>	<u>(74,528)</u>
<b>Operating profit/(loss)</b>					
Finance income	801,615	1,032,006	1,833,621	(26,976)	1,806,645
Finance costs	2,423	43,331	45,754	12,406	58,160
Share of profits of associates	(368,471)	(482,394)	(850,865)	(10,834)	(861,699)
Share of losses of joint ventures	32,014	-	32,014	-	32,014
	<u>(3,610)</u>	<u>-</u>	<u>(3,610)</u>	<u>(3,983)</u>	<u>(7,593)</u>
<b>Profit/(loss) before taxation</b>					
Taxation	463,971	592,943	1,056,914	(29,387)	1,027,527
	<u>(95,476)</u>	<u>(151,209)</u>	<u>(246,685)</u>	<u>(474)</u>	<u>(247,159)</u>
<b>Profit/(loss) for the period</b>					
	<u>368,495</u>	<u>441,734</u>	<u>810,229</u>	<u>(29,861)</u>	<u>780,368</u>
<b>Other segment information:</b>					
Capital expenditure	1,633,159	1,669,346	3,302,505	10,342	3,312,847
Depreciation on property, plant and equipment	565,362	437,506	1,002,868	4,075	1,006,943
Amortization of land use rights	1,285	2,952	4,237	-	4,237

**Audited**  
**As at 31 December 2012**

	<b>Coal-fired electricity</b>	<b>Hydropower electricity</b>	<b>Reportable segments total</b>	<b>Others</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment assets</b>					
Other segment assets	26,342,991	36,006,976	62,349,967	-	62,349,967
Goodwill	-	767,453	767,453	-	767,453
Interests in associates	1,472,371	23,851	1,496,222	33,188	1,529,410
Interests in joint ventures	275,834	-	275,834	277,343	553,177
	<u>28,091,196</u>	<u>36,798,280</u>	<u>64,889,476</u>	310,531	65,200,007
Available-for-sale financial assets					2,026,793
Loan to a fellow subsidiary					300,000
Deferred income tax assets					73,965
Derivative financial instruments					38,744
Other unallocated assets					<u>2,269,889</u>
<b>Total assets per consolidated balance sheet</b>					<u><u>69,909,398</u></u>
<b>Segment liabilities</b>					
Other segment liabilities	(3,277,365)	(1,629,205)	(4,906,570)	-	(4,906,570)
Borrowings	(16,733,093)	(27,702,003)	(44,435,096)	(504,778)	(44,939,874)
	<u>(20,010,458)</u>	<u>(29,331,208)</u>	<u>(49,341,666)</u>	(504,778)	(49,846,444)
Taxation payable					(249,192)
Deferred income tax liabilities					(824,201)
Other unallocated liabilities					<u>(60,139)</u>
<b>Total liabilities per consolidated balance sheet</b>					<u><u>(50,979,976)</u></u>

#### 4 Other income

	Unaudited	
	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Rental income	32,333	33,136
Hotel operations income	17,970	20,890
Dividend income	60,520	20,173
Clean development mechanism income	8,815	16,126
Income from the provision of repairs and maintenance services	6,061	14,173
Management fee income	13,166	2,487
	<u>138,865</u>	<u>106,985</u>

#### 5 Other gains, net

	Unaudited	
	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Amortization of deferred income	4,771	5,337
Fair value gain on derivative financial instruments	-	47,237
Government subsidies	150	7,479
Desulphurization tariff deduction	(10,148)	-
Loss on termination of derivative financial instruments*	(26,634)	-
Gain on disposal of property, plant and equipment and land use rights	25,810	-
Gain on disposal of a joint venture	8,326	-
Others	1,221	1,076
	<u>3,496</u>	<u>61,129</u>

\* Please refer to the details as set out in the “FOREIGN EXCHANGE RATE RISKS” section of this announcement.

## 6 Operating profit

Operating profit was stated after charging the following:

	Unaudited	
	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Amortization of land use rights	4,637	4,237
Depreciation of property, plant and equipment	1,091,503	1,006,943
Operating lease rentals in respect of		
- equipment	2,202	1,767
- leasehold land and buildings	20,439	16,796
Staff costs including directors' emoluments	481,880	414,353
Write-off of pre-operating expenses	22,445	8,048
Impairment of inventories	23,537	-
Write-off of accounts receivable	17,570	-

## 7 Finance income and finance costs

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Finance income</b>		
Interest income from bank deposits	27,722	12,333
Interest income from an associate	10,634	4,877
Interest income from a fellow subsidiary	9,276	40,950
	<u>47,632</u>	<u>58,160</u>
<b>Finance costs</b>		
Interest expense on		
- bank borrowings wholly repayable within five years	138,347	201,048
- bank borrowings not wholly repayable within five years	943,674	904,168
- long-term borrowings from related parties not wholly repayable within five years	39,035	38,368
- long-term borrowings from related parties wholly repayable within five years	57,116	40,434
- short-term borrowings from related parties	22,267	53,452
- long-term other borrowings wholly repayable within five years	73,415	49,267
- long-term other borrowings not wholly repayable within five years	23,128	22,862
- short-term other borrowings	53,176	18,453
- obligations under finance leases	18,286	4,927
	<u>1,368,444</u>	<u>1,332,979</u>
Less: amounts capitalized	<u>(440,035)</u>	<u>(425,585)</u>
	928,409	907,394
Net foreign exchange gains	<u>(170,950)</u>	<u>(45,695)</u>
	<u>757,459</u>	<u>861,699</u>

The weighted average interest rate on capitalized borrowings was approximately 6.15% (2012: 6.5%) per annum.

## 8 Taxation

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the period (2012: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2012: 25%) on the estimated assessable income for the period except as disclosed below.

The amount of taxation charged to the condensed consolidated interim income statement represented:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
PRC current income tax	<b>306,072</b>	179,286
Deferred income tax charge	<b>76,701</b>	67,873
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	<b>382,773</b>	247,159
	<hr/> <hr/>	<hr/> <hr/>

Share of taxation charge attributable to associates and joint ventures for the period in the amount of RMB36,756,000 (2012: RMB11,662,000) and RMB8,778,000 (2012: share of taxation credit of RMB2,274,000) respectively were included in the Group's share of results of associates/joint ventures for the period.

Certain subsidiaries of the Group, which started operations in the years 2007 and 2008, have been entitled to a two year exemption from income tax starting from the year in operation followed by a 50% reduction in income tax rate in the ensuing three years. These companies completed their tax holiday in 2012 and are subject to a tax rate of 25% for the year 2013 (2012: 12.5%). A subsidiary of the Group started operations in 2011 is entitled to a two-year exemption and three-year 50% reduction in income tax commencing from year 2012. It is also entitled to the preferential income tax rate of 15% until 2020.

## 9 Earnings per share

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of shares in issue during the period.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
Profit attributable to owners of the Company (RMB'000)	<b>1,401,196</b>	547,796
Weighted average number of shares in issue (shares in thousands)	<b>5,614,680</b>	5,107,061
Basic earnings per share (RMB)	<b>0.25</b>	0.11

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares arising from the Company's share options and convertible bonds. For the six months ended 30 June 2013, the Company has share options and convertible bonds (2012: convertible bonds) that have dilutive potential ordinary shares. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
Profit attributable to owners of the Company (RMB'000)	<b>1,401,196</b>	547,796
Adjustment for finance costs on convertible bonds (after tax) (RMB'000)	<b>40,399</b>	18,161
Profit used to determine diluted earnings per share (RMB'000)	<b>1,441,595</b>	565,957
Weighted average number of shares in issue (shares in thousands)	<b>5,614,680</b>	5,107,061
Adjustment for convertible bonds and share options (shares in thousands)	<b>1,128,771</b>	583,551
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	<b>6,743,451</b>	5,690,612
Diluted earnings per share (RMB)	<b>0.21</b>	0.10

## 10 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

## 11 Property, plant and equipment

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Opening net book amount as at 1 January	55,942,962	49,350,730
Acquisition of subsidiaries	-	135,166
Additions	2,036,737	2,549,422
Disposals	(8,488)	(55)
Depreciation	(1,091,503)	(1,006,943)
Transfer from prepayment for construction of power plants	1,584,450	1,445,375
Reclassification to assets held for sale (note 15)	(2,773,471)	-
	<hr/>	<hr/>
Closing net book amount as at 30 June	<b>55,690,687</b>	52,473,695

## 12 Prepayment for construction of power plants

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Opening net book amount as at 1 January	1,655,650	2,385,556
Additions	136,706	750,961
Transfer to property, plant and equipment	(1,584,450)	(1,445,375)
	<hr/>	<hr/>
Closing net book amount as at 30 June	<b>207,906</b>	1,691,142

### 13 Accounts receivable

	As at	
	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Accounts receivable from regional and provincial power grid companies (note (a))	2,208,365	1,984,628
Accounts receivable from other companies (note (a))	71,730	7,749
	<u>2,280,095</u>	<u>1,992,377</u>
Notes receivable (note (b))	260,860	177,653
	<u>2,540,955</u>	<u>2,170,030</u>

The carrying amounts of accounts and notes receivables approximate their fair values due to their short maturity. All accounts and notes receivables are denominated in RMB.

As at 30 June 2013, certain bank borrowings were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these facilities as at 30 June 2013 amounted to RMB1,874,273,000 (2012: RMB1,575,920,000).

Notes:

- (a) The Group normally grants 15 to 60 days credit period to customers from the end of the month in which the sales are made. The ageing analysis of the accounts receivable was as follows:

	As at	
	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
1 to 3 months	2,273,345	1,992,377
4 to 6 months	5,668	-
7 to 9 months	1,082	-
	<u>2,280,095</u>	<u>1,992,377</u>

- (b) The notes receivable are normally with maturity period of 180 days (2012: 180 days).

## 14 Accounts and bills payables

	As at	
	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Accounts payable (note (a))	918,942	739,455
Amount due to a non-controlling shareholder (note (a))	78,910	3,417
	<u>997,852</u>	<u>742,872</u>
Bills payable (note (b))	105,761	52,491
	<u>1,103,613</u>	<u>795,363</u>

The carrying amounts of accounts and bills payables approximate their fair values due to their short maturity. All accounts and bills payables are denominated in RMB.

Notes:

- (a) The normal credit period for accounts payable generally ranges from 60 to 180 days. Ageing analysis of the accounts payable was as follows:

	As at	
	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
1 to 6 months	985,209	522,247
7 to 12 months	7,389	213,454
Over 1 year	5,254	7,171
	<u>997,852</u>	<u>742,872</u>

Amount due to a non-controlling shareholder is mainly related to purchase of fuels made by the Group and is included under accounts payable. The balance is unsecured, interest free and shall be settled in accordance with the respective trading terms.

- (b) Bills payable are bills of exchange with average maturity period of 6 months (2012: 3 to 6 months). As at 30 June 2013, bank deposits of RMB59,481,000 (2012: Nil) were pledged against these bills payable as security.

## 15 Assets held for sale/liabilities directly associated with assets held for sale

In June 2013, the assets and liabilities related to Heimifeng Power Plant have been classified as held for sale upon the approval of the disposal by the Board.

	<b>As at 30 June 2013 Unaudited RMB'000</b>
<b>Non-current assets</b>	
Property, plant and equipment	2,773,471
	-----
<b>Current assets</b>	
Inventories	1,876
Prepayments, deposits and other receivables	434
	-----
	2,310
	-----
<b>Total assets held for sale</b>	<b>2,775,781</b>
	=====
<b>Non-current liabilities</b>	
Bank borrowings	2,120,000
	-----
<b>Current liabilities</b>	
Construction cost payable	164,649
Other payables and accrued charges	526
Bank borrowings	110,000
	-----
	275,175
	-----
<b>Liabilities directly associated with assets held for sale</b>	<b>2,395,175</b>
	=====

Please refer to the details as set out in the “POST BALANCE SHEET DATE EVENT” section of this announcement.

## Management's Discussion and Analysis

The principal activities of the Group are investment, development, operation and management of coal-fired power and hydropower plants in Mainland China. Its power generation businesses are mainly located in the power grid regions of Eastern, Southern, Central and Northern China.

## **BUSINESS OVERVIEW FOR THE FIRST HALF OF THE YEAR**

For the first half of 2013, the domestic economy maintained a steady growth in China. Electricity consumption in China increased by 5.1%, representing a slight drop of 0.4% in the growth rate, as compared with the corresponding period last year. The overall electricity supply and demand in China remained in balance. During the period, the average utilization hours of power generation facilities in China was 2,173 hours, representing a decrease of 64 hours as compared with the corresponding period last year. In particular, the average utilization hours of hydropower facilities was 1,532 hours, representing an increase of 76 hours as compared with the corresponding period last year; the average utilization hours of coal-fired power facilities was 2,412 hours, representing a decrease of 83 hours as compared with the corresponding period last year. The performance of the Group's businesses was generally in line with the power industry in China.

Benefiting from the Group's strategic structure of "balanced hydro and coal-fired power generation", both businesses of hydropower and coal-fired power performed satisfactorily in the first half of this year. The substantial improvement in the Group's consolidated net profit was mainly attributable to the significant increase in electricity sold from hydropower business and the decrease in the fuel cost for coal-fired power generation as a result of the declining average coal prices during the period under review.

For the first half of 2013, the Group recorded revenue of approximately RMB9,642,440,000, representing an increase of approximately 5.94% as compared with the corresponding period last year, while the profit attributable to the owners of the Company amounted to approximately RMB1,401,196,000, representing an increase of approximately 155.79% as compared with the corresponding period last year. The basic earnings per share was approximately RMB0.25, representing an increase of approximately RMB0.14 from RMB0.11 of the corresponding period last year. Net asset per share, excluding interest of non-controlling shareholders, was RMB2.78, representing an increase of RMB0.09 as compared with the corresponding amount at 31 December 2012.

### **INSTALLED CAPACITY**

As at 30 June 2013, the attributable installed capacity of the power plants of the Group reached 12,963MW, among which the attributable installed capacity of coal-fired power was 9,797MW, representing approximately 76% of the total attributable installed capacity, and the attributable installed capacity of hydropower was 3,166MW, representing approximately 24% of the total attributable installed capacity.

### **POWER GENERATION, ELECTRICITY SOLD AND UTILIZATION HOURS**

For the first half of 2013, the aggregate gross power generation of the Group reached 28,345,116MWh, representing an increase of 4.93% as compared with the corresponding period last year, among which the generation from coal-fired power and hydropower reached 19,503,496MWh and 8,841,620MWh respectively. The aggregate total electricity sold also reached 27,008,433MWh, representing an increase of 5.44% as compared with the corresponding period last year. In particular, the electricity sold from coal-fired power and hydropower reached 18,281,302MWh and 8,727,131MWh respectively.

For the first half of 2013, the average utilization hours of coal-fired power generating units was 2,459 hours, representing a decrease of 220 hours as compared with the corresponding period last year, which was mainly because of the significant increase in hydropower generation in certain provinces that relatively reduced the output from local coal-fired power generation. The average utilization hours of hydropower generating units was 2,414 hours, representing an increase of 699 hours as compared with the corresponding period last year, which was mainly due to the rich rain flows in the areas where our hydropower plants are located as well as the vigorous promotion for the use of clean energy by the State, which raised the sales of hydropower during the period.

## **ON-GRID TARIFF**

For the first half of 2013, the average on-grid tariff of coal-fired power of the Group was RMB381.07/MWh, representing an increase of RMB4.72/MWh as compared with the corresponding period last year, while the average on-grid tariff of hydropower of the Group was RMB280.91/MWh, representing an increase of RMB4.09/MWh as compared with the corresponding period last year.

## **UNIT FUEL COST**

For the first half of 2013, the average unit fuel cost of the Group's coal-fired power generation business was approximately RMB231.90/MWh, representing a decrease of approximately 12.76% from that of RMB265.81/MWh of the corresponding period last year.

The decrease in the unit fuel cost was primarily due to the continuing decline in coal prices since the beginning of this year. As a result, the Group's profit margin from coal-fired power generation business rose up and gross profit improved.

The Group continued to implement measures to control the overall fuel costs, such as optimizing coal sourcing structure, improving calorific value, controlling monthly procurement plan, strengthening stock inspection, and minimizing the difference in calorific value between coal mines and power plants.

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2013, the Group had interest in 18.86% of the issued share capital of Shanghai Electric Power Co., Ltd. ("**Shanghai Power**"), whose A shares are listed on the Shanghai Stock Exchange.

The Group recognizes its shareholding in Shanghai Power as "Available-for-sale financial assets". As at 30 June 2013, the fair value of the shareholding held by the Group was approximately RMB1,662,281,000, representing a decrease of 11.21% as compared with the corresponding amount at 31 December 2012.

## NEW POWER PLANTS

The Group's new power generating units which commenced commercial operation during the first half of 2013 included:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest %	Attributable Installed Capacity (MW)
CP Shentou Power Plant	Coal-fired power	600	80	480
Changshu Power Plant	Coal-fired power	1,000	50	500
Baishi Power Plant	Hydropower	420	59.85	251.4
<b>Total</b>		<b>2,020</b>		<b>1,231.4</b>

As at 30 June 2013, the Group's projects under construction were as follows:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest %	Attributable Installed Capacity (MW)	Expected Timeline for Production
CP Shentou Power Plant	Coal-fired power	600	80	480	Q3 2013
Changshu Power Plant	Coal-fired power	1,000	50	500	Q4 2013
Pingwei Power Plant III	Coal-fired power	2,000	100	2,000	Q3 2015
Tuokou Power Plant	Hydropower	830	59.85	496.8	Q4 2013
Small hydropower projects in Sichuan	Hydropower	58	~44.1-63	32	Q3 2013
<b>Total</b>		<b>4,488</b>		<b>3,508.8</b>	

## NEW DEVELOPMENT PROJECTS

The Group has been actively seeking development opportunities for energy saving and environment-friendly coal-fired power and hydropower projects with large capacities and high parameters in areas with rich resources as well as regional and market advantages. Currently, the total installed capacity of new projects in a preliminary development stage (including projects which the PRC government approvals have been applied for) is over 5,450MW.

Among which, the installed capacity for coal-fired power projects amounts to 5,200MW. These projects include:

- The expansion project of the two 1,000MW ultra super-critical coal-fired generating units of CP Shentou Power Plant;
- The project of the two 600MW super-critical coal-fired generating units of Guizhou Pu'an Power Plant; and
- The expansion project of the two 1,000MW ultra super-critical coal-fired generating units of Yaomeng Power Plant.

In addition, the Group will continue to seek opportunities in developed regions such as the coastal areas of Guangdong Province to further expand coal-fired power projects.

As for hydropower generation, the total installed capacity of the hydropower projects under preliminary development and anticipated acquisition is approximately 250MW which mainly includes certain small to medium-sized hydropower projects located in areas with rich water resources such as Sichuan and Hunan.

## **ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION**

The Board well understands the importance of environmental protection to the sustained and steady development of the Group. Therefore, it strives for the best balance among the safety and reliability of power supply, cost control and environmental protection. Ms. Li Xiaolin, the Chairman of the Board, enthusiastically promotes the message of “light and power to the world, leave clear water and blue skies to our children”, which is also one of the fundamental corporate development missions of our Group. The Company established the Department of Safety and Environmental Protection with a view to further strengthen the efforts of environmental protection by actively implementing energy saving and fuel consumption reduction measures and enforcing environmental protection steps to promote reduction of pollutants emission.

### **ENERGY SAVING AND EMISSION REDUCTION**

The Group has always committed to the full utilization of its hydropower clean energy generation. For the first half of 2013, the hydropower generation amounted to 31.19% (2012: 22.21%) of the total power generation of the Group. During the period under review, the electricity generated and sold from hydropower business increased significantly by 47.35% and 46.99% respectively as compared with the corresponding period last year.

During the first half of 2013, in positive response to the national environmental protection policy, the Group continued to strengthen the environmental protection measures to its coal-fired power generating units. The Group installed desulphurization facilities for all its coal-fired power generating units with the relevant operational rate reached 99.54%, representing an increase of 0.62% as compared with the corresponding period last year. The efficiency ratio of desulphurization reached 95.40%, representing an increase of 0.15% as compared with the corresponding period last year. During the implementation of national economic “Twelfth Five-Year Plan” period of China, the Group will also install denitrification facilities for all of its coal-fired power generating units. To reduce the

emission of nitrogen oxide (NO<sub>x</sub>), the Group completed the denitrification and renovation projects for the generating unit no. 2 of Dabieshan Power Plant, generating unit no. 5 of Yaomeng Power Plant II, generating units no. 1 and no. 2 of Changshu Power Plant in the first half of 2013.

During the period under review, environmental protection indicators for coal-fired power generating units were further improved:

- The emission rate of dusts at 0.19g/KWh, representing a decrease of 0.04g/KWh compared with the corresponding period last year;
- The emission rate of sulphur dioxide (SO<sub>2</sub>) at 0.37g/KWh, representing a decrease of 0.05g/KWh compared with the corresponding period last year; and
- The emission rate of nitrogen oxide (NO<sub>x</sub>) at 1.23g/KWh, representing a decrease of 0.30g/KWh compared with the corresponding period last year.

### **COAL CONSUMPTION**

The Group is committed to improve equipment efficiency and reduce fuel consumption through the construction of new coal-fired power generating units with large capacity, upgrading of old units and various other measures.

For the first half of 2013, the average coal consumption rate of the Group was 315.08g/KWh, representing a decrease of 1.99g/KWh as compared with the corresponding period last year, equivalent to approximately a saving of 40,000 tons of standard coal.

### **OPERATIONAL SAFETY**

For the first half of 2013, no material safety accident in the aspects of employees, facilities and environmental protection occurred in the Group.

### **OPERATING RESULTS FOR THE FIRST HALF OF 2013**

For the first half of 2013, the revenue of the Group was approximately RMB9,642,440,000, representing an increase of approximately 5.94% as compared with the corresponding period last year. Profit attributable to owners of the Company was approximately RMB1,401,196,000, representing an increase of 155.79% at approximately RMB853,400,000 as compared with the corresponding period last year.

For the first half of 2013, the net profit of the Group amounted to approximately RMB2,083,437,000, representing an increase of approximately RMB1,303,069,000 as compared with the corresponding period last year. Among which, the net profit from hydropower business amounted to approximately RMB1,234,136,000 while the net profit mainly from coal-fired power business amounted to approximately RMB849,301,000, representing their respective ratio of contribution to the total net profit of 59%:41% (2012: 57%:43%).

The net profit increased as compared to the first half of 2012 was mainly due to the following factors:

- the total electricity sold increased by 1,392,293MWh and the average on-grid tariff of both coal-fired power and hydropower increased as compared with the corresponding period last year, contributing to an aggregate increase in revenue of approximately RMB541,063,000; and
- fuel costs decreased as compared with the corresponding period last year, saving operating expenses of approximately RMB991,309,000.

However, part of the profit increase for the period under review was offset by the following factors:

- commencing operation of the new power generating units during the period led to an increase in depreciation of fixed assets for approximately RMB84,560,000 as compared with the corresponding period last year; and
- commencing operation of the new power generating units during the period also resulted in repairs and maintenance expenses increased for approximately RMB77,698,000 as compared with the corresponding period last year, due to the corresponding increase in scheduled maintenance work required for the relevant large-capacity generating units.

## **REVENUE**

The revenue of the Group was mainly derived from the sales of electricity. For the first half of 2013, the Group recorded a revenue of approximately RMB9,642,440,000, representing an increase of 5.94% as compared with approximately RMB9,101,377,000 of the corresponding period last year. The increase in revenue was mainly attributed to the increase in the total electricity sold and the increase of the average on-grid tariff as compared with the corresponding period last year.

Revenue from the hydropower segment included part of the 2012 power plant lease income of approximately RMB207 million from Heimifeng Power Plant (a 63%-owned subsidiary of the Group), such revenue was recognized during this period because it took time to execute the lease charges of that power plant as approved by the National Reform and Development Commission last year.

## **SEGMENT INFORMATION**

The reporting segments identified by the Group currently are “Generation and sales of coal-fired electricity” and “Generation and sales of hydropower electricity”.

## **OPERATING COSTS**

Operating costs of the Group mainly consist of coal and fuel costs for coal-fired power generation, repairs and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, consumables and other operating expenses.

For the first half of 2013, operating costs of the Group amounted to approximately RMB6,835,345,000, representing a decrease of 8.41% as compared with approximately RMB7,462,846,000 of the corresponding period last year. The decrease was mainly because of the substantial reduction in fuel costs by RMB991,000,000 that caused by the declining coal prices. However, it was partly offset by the increases in both depreciation expense and repairs and maintenance expenses.

Fuel costs were the Group's major operating costs. For the first half of 2013, the fuel costs of the Group were approximately RMB4,239,510,000, representing 62.02% of the total operating costs and a decrease of 18.95% as compared with approximately RMB5,230,819,000 of the corresponding period last year.

## **OPERATING PROFIT**

For the first half of 2013, the Group's operating profit was approximately RMB2,949,456,000, representing an increase of 63.26% as compared with the operating profit of approximately RMB1,806,645,000 of the corresponding period last year.

## **FINANCE COSTS**

For the first half of 2013, finance costs of the Group amounted to approximately RMB757,459,000, representing a decrease of 12.10% as compared with approximately RMB861,699,000 of the corresponding period last year. Such decrease in finance costs was mainly because of the exchange gain arising from the translation of foreign currencies denominated borrowings related to the hydropower business at the period end.

## **SHARE OF RESULTS OF ASSOCIATES**

For the first half of 2013, the share of profits of associates was approximately RMB200,420,000, representing an increase in profits of approximately RMB168,406,000 as compared with the share of profits of approximately RMB32,014,000 of the corresponding period last year. The increase in profit was mainly because the first 1,000MW new coal-fired power generating unit of Changshu Power Plant commenced operation in January 2013.

## **SHARE OF RESULTS OF JOINT VENTURES**

For the first half of 2013, the share of profits of joint ventures was approximately RMB26,161,000, representing an increase of approximately RMB33,754,000 as compared to the share of losses of approximately RMB7,593,000 of the corresponding period last

year. The increase in profit was mainly because the two 300MW co-operation generating units of Xintang Power Plant commenced operation in August and October last year respectively.

## **TAXATION**

For the first half of 2013, taxation charges of the Group were approximately RMB382,773,000, representing an increase of approximately RMB135,614,000 as compared with approximately RMB247,159,000 of the corresponding period last year. Such increase was mainly because a number of power plants recorded satisfactory profit growth during the period.

Among the coal-fired power plants of the Group, Fuxi Power Plant currently enjoys the preferential tax treatment of “exemption in first two years and 50% reduction in subsequent three years”, which will end in 2016, and is also entitled to a preferential income tax rate of 15% until 2020. Pingwei Power Plant, Pingwei Power Plant II, Yaomeng Power Plant, Yaomeng Power Plant II, Shentou I Power Plant, Dabieshan Power Plant and Changshu Power Plant were all subject to the applicable income tax rate at 25% for the year. All hydropower plants of the Group were also subject to the applicable income tax rate of 25% for the year (the applicable tax rate of small hydropower plants in Sichuan is lower than 25%).

## **PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**

For the first half of 2013, profit attributable to owners of the Company was approximately RMB1,401,196,000, representing an increase of 155.79% at approximately RMB853,400,000 as compared with approximately RMB547,796,000 of the corresponding period last year.

## **EARNINGS PER SHARE AND INTERIM DIVIDEND**

For the first half of 2013, the basic and diluted earnings per share attributable to owners of the Company was approximately RMB0.25 (2012: RMB0.11) and RMB0.21 (2012: RMB0.10) respectively. The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2013.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2013, cash and cash equivalents of the Group were approximately RMB2,706,472,000 (31 December 2012: RMB2,016,418,000). The financial resources of the Group were mainly derived from cash inflow from operating activities, bank borrowings, project financing and bonds issuance. Current assets amounted to approximately RMB10,521,231,000 (31 December 2012: RMB6,610,060,000) and current ratio was 0.59 (31 December 2012: 0.46).

## **DEBTS**

As at 30 June 2013, total borrowings of the Group amounted to approximately RMB43,033,494,000 (31 December 2012: RMB44,939,874,000). All of the Group's bank and other borrowings are denominated in Renminbi, Japanese Yen ("JPY") and United States Dollars ("USD").

In May 2011, the Company issued 5-year convertible bonds of RMB982,000,000 with carrying amount of RMB609,480,000 as at 30 June 2013. During the period under review, bondholders exercised conversion rights with corresponding principal value amounted to RMB312,500,000 in total and with a carrying value of RMB 283,455,000.

In September 2012, the Company issued 5-year convertible bonds of RMB1,140,000,000 with carrying amount of RMB990,348,000 as at 30 June 2013. During the period under review, no bondholders exercised the conversion rights yet.

The debts incurred by the Group were used for general corporate purposes, including capital expenditure and working capital requirements.

The Group's debt to equity ratios (total borrowings/shareholders' equity) as at 30 June 2013 and 31 December 2012 were approximately 269.66% and 300.76% respectively.

## **CAPITAL EXPENDITURE**

For the first half of 2013, capital expenditure of the Group was approximately RMB2,174,119,000, which was mainly used for construction of new power generating units and technical upgrade for existing power generating units. Sources of funds were mainly project financing, bonds issuance and self-generated funds.

## **RISK MANAGEMENT**

The investment and business operation of the Group are exposed to risks from exchange rates, interest rates, commodity prices and liquidity. Amid global financial uncertainties, the financial risks and operational risks the Group encountered have increased accordingly.

To effectively control its risk exposure, the Group has implemented all-round risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has a designated risk management department in place for execution and implementation of risk management measures and taking measures to control the scales of assets and liabilities so as to maintain a reasonable level of gearing ratio.

## **FOREIGN EXCHANGE RATE RISKS**

The Group is principally operating in Mainland China, with most transactions denominated in Renminbi. Apart from certain cash and bank balances and bank borrowings, most of the Group's assets and liabilities were denominated in Renminbi. Wu Ling Power, the principal subsidiary of the Group, held borrowings denominated in JPY and USD. Increased fluctuation on Renminbi exchange rate and JPY exchange rate resulted in the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results. As at 30 June 2013, the balance of the Group's borrowings denominated in foreign currencies amounted to approximately RMB1,152,590,000 (31 December 2012: RMB1,268,740,000).

In 2008, Wu Ling Power entered into a derivative financial instrument contract with a view to manage the foreign exchange exposure of its JPY borrowings. However, to avoid risks from derivative financial instruments given the continuous depreciation of JPY last year, the Group had terminated the hedging contract in this May and recognized a book loss of approximately RMB26,634,000 during the current period. However, the cumulative savings of principal and interests from this hedging contract of Wu Ling Power amounted to approximately RMB73,000,000 since the Group acquired Wu Ling Power in October 2009.

## **PLEDGE OF ASSETS**

As at 30 June 2013, the Group pledged certain property, plant and equipment with a net book value of approximately RMB672,862,000 (31 December 2012: RMB534,547,000) to certain banks to secure bank borrowings in the amount of RMB355,570,000 (31 December 2012: RMB261,820,000). In addition, certain bank borrowings were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 30 June 2013 amounted to approximately RMB1,874,273,000 (31 December 2012: RMB1,575,920,000). As at 30 June 2013, bank deposits of certain subsidiaries of the Group amounting to RMB100,481,000 (31 December 2012: RMB35,000,000) were pledged as security for an obligation under finance lease in the amount of RMB450,269,000 (31 December 2012: RMB492,373,000), bills payables in the amount of RMB105,761,000 (31 December 2012: Nil) and bank borrowings in the amount of RMB150,000,000 (31 December 2012: Nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2013, the Group had no material contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2013, the Group had a total of 7,768 full-time employees (31 December 2012: 7,669).

The Group puts great emphasis on the development of performance evaluation as well as the rewarding and punishment mechanism. The Group determines the emoluments of its directors and employees based on their respective performance, working experiences, duties and the prevailing market rates. The Group has also implemented incentive policy linking emoluments with performance.

The Group also focuses on the training of and communication between employees of different levels. It continues to improve the professional and technical skills and overall competence of its employees to satisfy the needs of its expanding business.

## **POST BALANCE SHEET DATE EVENT**

In accordance with the relevant provisions of the national power system and market-oriented electricity pricing mechanism reform issued by the National Energy Administration of the PRC, which require that all pumped storage power plants should be developed, owned and operated solely by the State's grid enterprises, Wu Ling Power signed an agreement with State Grid Corporation of China on 26 July 2013 to dispose of Heimifeng Power Plant, the only pumped storage power generation plant it owned. Completion of the disposal is expected to be on or before 31 December 2013 or on such other date as agreed by the vendor and the purchaser of the agreement. It is expected that as a result of the disposal, the Group will recognize an estimated and unaudited pre-tax gain of approximately RMB771 million (equivalent to approximately HK\$976 million) based on the consideration and the net asset value of Heimifeng Power Plant as at 31 December 2012. The net proceeds generated from the disposal will be applied as general working capital of the Group. Please refer to the announcement of the Company dated 26 July 2013 for details of the transaction.

## **OUTLOOK OF THE SECOND HALF OF THE YEAR**

For the second half of 2013, with the central government's efforts to strive for macroeconomic stability, the economy of China is expected to maintain steady and moderate growth, and the electricity market is expected to maintain an overall balance in supply and demand. Although competition in the domestic power generation market remains keen, the Group will maintain its strategic structure of "balanced hydro and coal-fired power generation", the hydro and coal-fired power businesses will continue to play a complementary role for each other.

Affected by a combination of factors, the coal prices are estimated to stay at a low level. Hence, the fuel costs of coal-fired power generation of the Group are expected to remain relatively low. However, the Group will closely monitor the relevant national policies which require tariff adjustments following changes in coal prices, actively strengthen operational risk management and strive for improving the annual results.

For the second half of 2013, with more new power generating units commencing production, it is expected to bring profit contribution and continuous improvement to the Group's financial position. In the second half of this year, the Group will take proactive steps as follows:

- assure the operational policy of “focus on two prices and one volume”, which means monitoring on-grid tariffs, controlling coal prices and ensuring sales volume of power generation;
- optimize coal sourcing structure, exercise strict cost control and improve the standard of fuels management; and
- strengthen fund management to improve capital efficiency.

## **Purchase, Sale or Redemption of Listed Securities of the Company**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2013.

## **Corporate Governance**

The Company is committed to high standard of corporate governance. The Board recognizes good corporate governance is vital to the healthy and sustainable development of the Group. Through continuing exploration and practice, the Company has formed a standardized governance structure and established an effective internal control system. The Board and the management always follow good governance principles to manage the Group's business effectively, treat all the shareholders fairly and strive for the long-term and stable growth return for the shareholders.

The Group's corporate governance has been fully disclosed in the “Corporate Governance Report” of the Company's 2012 annual report. Save for the deviations from the code provisions of A.2.1, A.4.2 (as disclosed in the 2012 Annual Report) and E.1.2, the Company has complied with all the code provisions of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the six months ended 30 June 2013.

According to the code provision of E.1.2, chairman of the Board should attend the annual general meeting. Due to another business engagement, Ms. Li Xiaolin, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 28 May 2013. Ms. Li had arranged Mr. Gu Dake, the Executive Director and President of the Company, who is very familiar with the Group's business and operations, to attend and chair the meeting. All the other directors, including the Company's three independent

non-executive Directors, being the chairman/members of the Audit Committee and the Remuneration and Nomination Committee, together with the external independent auditor attended the annual general meeting and answered questions from the attending shareholders and investors.

### **Securities Transactions by Directors**

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (“Code of Conduct”), the standard of which is no less than the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to each of the directors, they confirmed that they have complied with the Code of Conduct for the six months ended 30 June 2013.

### **Audit Committee and Review of Condensed Consolidated Interim Financial Information**

The Audit Committee, which comprises the three independent non-executive directors, has discussed and reviewed with the management and the auditor of the Company the condensed consolidated interim financial information for the six months ended 30 June 2013.

### **Publication of Interim Results Announcement and Interim Report on the Websites of the Stock Exchange of Hong Kong Limited and the Company**

This interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> and on the Company’s websites at <http://www.chinapower.hk> and <http://www.irasia.com/listco/hk/chinapower/index.htm> respectively.

The printed copy of the 2013 interim report will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the interim report will also be made available for review on the above websites in due course.

By order of the Board  
**China Power International Development Limited**  
**Li Xiaolin**  
*Chairman and Chief Executive Officer*

Hong Kong, 16 August 2013

*As at the date of this announcement, the directors of the Company are: executive directors Li Xiaolin and Gu Dake, non-executive directors Guan Qihong and Wang Zichao, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.*