

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

Announcement of Interim Results 2014

Financial Highlights

- Revenue amounted to approximately RMB10,863,799,000, representing an increase of approximately RMB1,221,359,000 or by 12.67% as compared with the revenue for the corresponding period last year.
- Profit attributable to owners of the Company was approximately RMB1,618,138,000, representing an increase of approximately RMB216,942,000 or by 15.48% as compared with the profit for the corresponding period last year.
- Basic earnings per share was approximately RMB0.25, remaining the same as compared with the basic earnings per share of RMB0.25 for the corresponding period last year. The basic earnings per share remaining unchanged despite the growth in earnings was because of the increase in the weighted average number of shares of the Company as a result of the conversion of convertible bonds into the shares of the Company and the issue of new shares for acquisition of a subsidiary when comparing to 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 2014. 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 2014

| | <i>Note</i> | Unaudited | |
|--------------------------------------------------------------------------------------------------------------------|-------------|---------------------------------|----------------|
| | | Six months ended 30 June | |
| | | 2014 | 2013 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | 3 | 10,863,799 | 9,642,440 |
| Other income | 4 | 162,473 | 138,865 |
| Fuel costs | | (4,473,644) | (4,239,510) |
| Depreciation | | (1,349,185) | (1,091,503) |
| Staff costs | | (747,040) | (481,880) |
| Repairs and maintenance | | (330,509) | (302,948) |
| Consumables | | (151,802) | (113,485) |
| Other (losses)/gains, net | 5 | (7,458) | 3,496 |
| Other operating expenses | | (632,570) | (606,019) |
| | | <hr/> | <hr/> |
| Operating profit | 6 | 3,334,064 | 2,949,456 |
| Finance income | 7 | 29,198 | 47,632 |
| Finance costs | 7 | (1,347,809) | (757,459) |
| Share of profits of associates | | 310,772 | 200,420 |
| Share of profits of joint ventures | | 36,146 | 26,161 |
| | | <hr/> | <hr/> |
| Profit before taxation | | 2,362,371 | 2,466,210 |
| Taxation | 8 | (248,155) | (382,773) |
| | | <hr/> | <hr/> |
| Profit for the period | | 2,114,216 | 2,083,437 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Attributable to: | | | |
| Owners of the Company | | 1,618,138 | 1,401,196 |
| Non-controlling interests | | 496,078 | 682,241 |
| | | <hr/> | <hr/> |
| | | 2,114,216 | 2,083,437 |
| | | <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 | 0.25 | 0.25 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| - Diluted | 9 | 0.23 | 0.21 |
| | | <hr/> <hr/> | <hr/> <hr/> |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

| | Unaudited | |
|-----------------------------------------------------------------------------------|--------------------------|------------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Profit for the period | 2,114,216 | 2,083,437 |
| Other comprehensive loss that may be subsequently reclassified to profit or loss: | | |
| - Fair value loss on available-for-sale financial assets, net of tax | (81,702) | (157,350) |
| Total comprehensive income for the period | <u>2,032,514</u> | <u>1,926,087</u> |
| Attributable to: | | |
| Owners of the Company | 1,536,436 | 1,243,846 |
| Non-controlling interests | <u>496,078</u> | <u>682,241</u> |
| Total comprehensive income for the period | <u>2,032,514</u> | <u>1,926,087</u> |

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

| | | As at 30 June 2014 Unaudited RMB'000 | 31 December 2013 Audited RMB'000 |
|---------------------------------------------|----|--------------------------------------------------|-------------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 65,313,581 | 61,618,034 |
| Prepayment for construction of power plants | 12 | 209,271 | 1,152,350 |
| Land use rights | | 704,096 | 712,046 |
| Goodwill | | 835,165 | 835,165 |
| Interests in associates | | 2,540,255 | 2,225,483 |
| Interests in joint ventures | | 572,512 | 596,366 |
| Available-for-sale financial assets | | 1,917,857 | 2,026,793 |
| Loan to a fellow subsidiary | | - | 200,000 |
| Deferred income tax assets | | 59,866 | 88,746 |
| | | 72,152,603 | 69,454,983 |
| Current assets | | | |
| Inventories | | 639,735 | 648,405 |
| Accounts receivable | 13 | 2,846,147 | 2,493,682 |
| Prepayments, deposits and other receivables | | 1,063,010 | 1,199,949 |
| Amounts due from related parties | | 312,700 | 576,050 |
| Tax recoverable | | 19,359 | 7,957 |
| Pledged bank deposits | | 52,290 | 49,227 |
| Cash and cash equivalents | | 3,875,312 | 1,641,368 |
| | | 8,808,553 | 6,616,638 |
| Assets held for sale | | 667,347 | 667,347 |
| | | 9,475,900 | 7,283,985 |
| Total assets | | 81,628,503 | 76,738,968 |

| | | As at | |
|-------------------------------------------------------------------|-------------|---------------------------------------------------|---------------------------------------------|
| | <i>Note</i> | 30 June 2014 Unaudited RMB'000 | 31 December 2013 Audited RMB'000 |
| EQUITY | | | |
| Capital and reserves attributable to owners of the Company | | | |
| Share capital | | 12,386,220 | 6,161,388 |
| Share premium | | - | 5,773,347 |
| | | <hr/> | <hr/> |
| Share capital and share premium | | 12,386,220 | 11,934,735 |
| Reserves | | 6,975,748 | 6,486,921 |
| | | <hr/> | <hr/> |
| | | 19,361,968 | 18,421,656 |
| Non-controlling interests | | 5,234,309 | 4,865,487 |
| | | <hr/> | <hr/> |
| Total equity | | 24,596,277 | 23,287,143 |
| | | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred income | | 24,198 | 50,636 |
| Bank borrowings | | 26,978,066 | 26,914,155 |
| Borrowings from related parties | | 2,485,216 | 3,815,911 |
| Other borrowings | | 4,817,684 | 3,737,240 |
| Obligations under finance leases | | 384,560 | 443,388 |
| Deferred income tax liabilities | | 1,013,291 | 1,102,506 |
| Provisions for other long-term liabilities | 14 | 657,002 | 3,467 |
| | | <hr/> | <hr/> |
| | | 36,360,017 | 36,067,303 |
| | | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |

| | | As at | |
|--------------------------------------------------------|-------------|---------------------------------------------------|-------------------------------------------|
| | <i>Note</i> | 30 June 2014 Unaudited RMB'000 | 31 December 2013 Audited RMB'000 |
| Current liabilities | | | |
| Accounts and bills payables | 15 | 2,001,239 | 1,746,825 |
| Construction cost payable | | 3,445,813 | 2,893,033 |
| Other payables and accrued charges | | 1,641,891 | 992,489 |
| Amounts due to related parties | | 1,160,088 | 437,441 |
| Bank borrowings | | 9,776,639 | 8,660,220 |
| Borrowings from related parties | | 1,627,295 | 1,407,000 |
| Other borrowings | | 650,000 | 600,000 |
| Current portion of obligations under finance leases | | 114,972 | 111,361 |
| Taxation payable | | 254,272 | 536,153 |
| | | <u>20,672,209</u> | <u>17,384,522</u> |
| Total liabilities | | <u>57,032,226</u> | <u>53,451,825</u> |
| Total equity and liabilities | | <u>81,628,503</u> | <u>76,738,968</u> |
| Net current liabilities | | <u>11,196,309</u> | <u>10,100,537</u> |
| Total assets less current liabilities | | <u>60,956,294</u> | <u>59,354,446</u> |

Notes

1 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2014 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 2013, 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 this 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 2013.

As at 30 June 2014, the Group had net current liabilities of RMB11,196,309,000 (31 December 2013: RMB10,100,537,000). In preparing this 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 2014, the Group had banking facilities available amounting to approximately RMB11,659 million (31 December 2013: RMB13,644 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 this condensed consolidated interim financial information on a going concern basis.

2 Accounting policies

The accounting policies applied 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 2013, except for 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 2014. 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.

3 Revenue and segment information

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

| | Unaudited | |
|---------------------------------------------------------------------------------|--------------------------|------------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Sales of electricity to regional and provincial power grid companies (note (a)) | 10,854,313 | 9,425,320 |
| Provision of power generation and related services (notes (b) and (c)) | 9,486 | 217,120 |
| | <u>10,863,799</u> | <u>9,642,440</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 the provision of power generation and related services to other power plants and power grid companies which are calculated based on mutually agreed terms.
- (c) During the period ended 30 June 2013, the amount included power plant lease income of approximately RMB206,914,000 from Heimifeng Power Plant ("Heimifeng") for the year 2012 that was agreed with the provincial power grid company in February 2013. Heimifeng was disposed of in August 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 People's Republic of China (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. 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, loan to a fellow subsidiary 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.

| | Unaudited | | | | |
|-----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------------------------------------|---------------------------|--------------------------|
| | Six months ended 30 June 2014 | | | | |
| | Coal-fired electricity RMB'000 | Hydropower electricity RMB'000 | Reportable segments total RMB'000 | Others RMB'000 | Total RMB'000 |
| Revenue | | | | | |
| Sales of electricity | 8,370,165 | 2,484,148 | 10,854,313 | - | 10,854,313 |
| Provision of power generation and related services | 9,486 | - | 9,486 | - | 9,486 |
| | <u>8,379,651</u> | <u>2,484,148</u> | <u>10,863,799</u> | <u>-</u> | <u>10,863,799</u> |
| Results of reportable segments | 1,800,365 | 1,528,199 | 3,328,564 | - | 3,328,564 |
| Unallocated income | - | - | - | 112,845 | 112,845 |
| Unallocated expenses | - | - | - | (107,345) | (107,345) |
| Operating profit | 1,800,365 | 1,528,199 | 3,328,564 | 5,500 | 3,334,064 |
| Finance income | 3,394 | 8,400 | 11,794 | 17,404 | 29,198 |
| Finance costs | (499,662) | (824,685) | (1,324,347) | (23,462) | (1,347,809) |
| Share of profits of associates | 301,339 | - | 301,339 | 9,433 | 310,772 |
| Share of profits/(losses) of joint ventures | 40,433 | - | 40,433 | (4,287) | 36,146 |
| Profit before taxation | 1,645,869 | 711,914 | 2,357,783 | 4,588 | 2,362,371 |
| Taxation | (146,738) | (101,277) | (248,015) | (140) | (248,155) |
| Profit for the period | 1,499,131 | 610,637 | 2,109,768 | 4,448 | 2,114,216 |
| Other segment information: | | | | | |
| Capital expenditure | 1,407,216 | 2,791,243 | 4,198,459 | 563 | 4,199,022 |
| Depreciation on property, plant and equipment | 802,049 | 540,326 | 1,342,375 | 6,810 | 1,349,185 |
| Amortization of land use rights | 5,199 | 2,751 | 7,950 | - | 7,950 |
| Loss on disposal of property, plant and equipment and land use rights | 13,382 | 1,624 | 15,006 | - | 15,006 |

Unaudited
As at 30 June 2014

| | Coal-fired electricity RMB'000 | Hydropower electricity RMB'000 | Reportable segments total RMB'000 | Others RMB'000 | Total RMB'000 |
|---------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|------------------------------------------------------|---------------------------|-----------------------------------|
| Segment assets | | | | | |
| Other segment assets | 34,593,918 | 38,266,172 | 72,860,090 | - | 72,860,090 |
| Goodwill | 67,712 | 767,453 | 835,165 | - | 835,165 |
| Interests in associates | 2,427,482 | 66,153 | 2,493,635 | 46,620 | 2,540,255 |
| Interests in joint ventures | 321,767 | - | 321,767 | 250,745 | 572,512 |
| Assets held for sale | - | 667,347 | 667,347 | - | 667,347 |
| | <u>37,410,879</u> | <u>39,767,125</u> | <u>77,178,004</u> | <u>297,365</u> | <u>77,475,369</u> |
| Available-for-sale financial assets | | | | | 1,917,857 |
| Deferred income tax assets | | | | | 59,866 |
| Other unallocated assets | | | | | <u>2,175,411</u> |
| Total assets per consolidated statement of financial position | | | | | <u><u>81,628,503</u></u> |
| Segment liabilities | | | | | |
| Other segment liabilities | (4,661,904) | (3,925,917) | (8,587,821) | - | (8,587,821) |
| Borrowings | (20,583,295) | (25,069,355) | (45,652,650) | (682,250) | (46,334,900) |
| | <u>(25,245,199)</u> | <u>(28,995,272)</u> | <u>(54,240,471)</u> | <u>(682,250)</u> | <u>(54,922,721)</u> |
| Taxation payable | | | | | (254,272) |
| Deferred income tax liabilities | | | | | (1,013,291) |
| Other unallocated liabilities | | | | | <u>(841,942)</u> |
| Total liabilities per consolidated statement of financial position | | | | | <u><u>(57,032,226)</u></u> |

| | Unaudited | | | | |
|-----------------------------------------------------------------------|--------------------------------------|-----------------------------------|------------------------------------------|-----------------|------------------|
| | Six months ended 30 June 2013 | | | | |
| | Coal-fired electricity | Hydropower electricity | Reportable segments total | Others | Total |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Revenue | | | | | |
| 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> |
| Results of reportable segments | | | | | |
| Unallocated income | 1,135,222 | 1,809,315 | 2,944,537 | - | 2,944,537 |
| Unallocated expenses | - | - | - | 95,039 | 95,039 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(90,120)</u> | <u>(90,120)</u> |
| Operating profit | | | | | |
| Finance income | 1,135,222 | 1,809,315 | 2,944,537 | 4,919 | 2,949,456 |
| Finance costs | 1,636 | 21,466 | 23,102 | 24,530 | 47,632 |
| Share of profits of associates | (364,449) | (385,462) | (749,911) | (7,548) | (757,459) |
| Share of profits/(losses) of joint ventures | 200,420 | - | 200,420 | - | 200,420 |
| | <u>32,681</u> | <u>-</u> | <u>32,681</u> | <u>(6,520)</u> | <u>26,161</u> |
| Profit before taxation | | | | | |
| Taxation | 1,005,510 | 1,445,319 | 2,450,829 | 15,381 | 2,466,210 |
| | <u>(169,026)</u> | <u>(211,183)</u> | <u>(380,209)</u> | <u>(2,564)</u> | <u>(382,773)</u> |
| Profit for the period | | | | | |
| | <u>836,484</u> | <u>1,234,136</u> | <u>2,070,620</u> | <u>12,817</u> | <u>2,083,437</u> |
| Other segment information: | | | | | |
| 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 |
| Gain on disposal of property, plant and equipment and land use rights | - | (25,810) | (25,810) | - | (25,810) |
| Impairment loss of inventories | 23,537 | - | 23,537 | - | 23,537 |
| Write-off of accounts receivable | - | 17,570 | 17,570 | - | 17,570 |

Audited
As at 31 December 2013

| | Coal-fired electricity | Hydropower electricity | Reportable segments total | Others | Total |
|---------------------------------------------------------------------------|-----------------------------------|-----------------------------------|------------------------------------------|------------------|----------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Segment assets | | | | | |
| Other segment assets | 33,405,156 | 35,228,418 | 68,633,574 | - | 68,633,574 |
| Goodwill | 67,712 | 767,453 | 835,165 | - | 835,165 |
| Interests in associates | 2,168,444 | 23,851 | 2,192,295 | 33,188 | 2,225,483 |
| Interests in joint ventures | 341,335 | - | 341,335 | 255,031 | 596,366 |
| Assets held for sale | - | 667,347 | 667,347 | - | 667,347 |
| | <u>35,982,647</u> | <u>36,687,069</u> | <u>72,669,716</u> | <u>288,219</u> | <u>72,957,935</u> |
| Available-for-sale financial assets | | | | | 2,026,793 |
| Loan to a fellow subsidiary | | | | | 200,000 |
| Deferred income tax assets | | | | | 88,746 |
| Other unallocated assets | | | | | <u>1,465,494</u> |
| Total assets per consolidated statement of financial position | | | | | <u><u>76,738,968</u></u> |
| Segment liabilities | | | | | |
| Other segment liabilities | (4,383,403) | (2,166,148) | (6,549,551) | - | (6,549,551) |
| Borrowings | (19,389,006) | (25,058,520) | (44,447,526) | (687,000) | (45,134,526) |
| | <u>(23,772,409)</u> | <u>(27,224,668)</u> | <u>(50,997,077)</u> | <u>(687,000)</u> | <u>(51,684,077)</u> |
| Taxation payable | | | | | (536,153) |
| Deferred income tax liabilities | | | | | (1,102,506) |
| Other unallocated liabilities | | | | | <u>(129,089)</u> |
| Total liabilities per consolidated statement of financial position | | | | | <u><u>(53,451,825)</u></u> |

4 Other income

| | Unaudited | |
|---------------------------------------------------------------|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Rental income | 32,418 | 32,333 |
| Hotel operations income | 15,346 | 17,970 |
| Dividend income | 84,403 | 60,520 |
| Clean development mechanism income | - | 8,815 |
| Income from the provision of repairs and maintenance services | 16,844 | 6,061 |
| Management fee income | 13,462 | 13,166 |
| | <u>162,473</u> | <u>138,865</u> |

5 Other (losses)/gains, net

| | Unaudited | |
|------------------------------------------------------------------------------|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Amortization of deferred income | 775 | 4,771 |
| Government subsidies | - | 150 |
| Loss on termination of derivative financial instruments | - | (26,634) |
| (Loss)/gain on disposal of property, plant and equipment and land use rights | (15,006) | 25,810 |
| Sales of unused electricity quota | 5,897 | - |
| Others | 876 | (601) |
| | <u>(7,458)</u> | <u>3,496</u> |

6 Operating profit

Operating profit was stated after charging the following:

| | Unaudited | |
|-----------------------------------------------|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Amortization of land use rights | 7,950 | 4,637 |
| Depreciation of property, plant and equipment | 1,349,185 | 1,091,503 |
| Operating lease rentals in respect of | | |
| - equipment | 1,839 | 2,202 |
| - leasehold land and buildings | 23,490 | 20,439 |
| Staff costs including directors' emoluments | 747,040 | 481,880 |
| Write-off of pre-operating expenses | 1,879 | 22,445 |
| Impairment loss of inventories | - | 23,537 |
| Write-off of accounts receivable | - | 17,570 |

7 Finance income and finance costs

| | Unaudited | |
|------------------------------------------------------------------------------------|--------------------------|------------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Finance income | | |
| Interest income from bank deposits | 15,256 | 27,722 |
| Interest income from an associate | 12,986 | 10,634 |
| Interest income from a fellow subsidiary | 956 | 9,276 |
| | <u>29,198</u> | <u>47,632</u> |
| Finance costs | | |
| Interest expense on | | |
| - bank borrowings wholly repayable within five years | 190,487 | 138,347 |
| - bank borrowings not wholly repayable within five years | 1,013,920 | 943,674 |
| - long-term borrowings from related parties wholly repayable within five years | 96,412 | 57,116 |
| - long-term borrowings from related parties not wholly repayable within five years | 343 | 39,035 |
| - short-term borrowings from related parties | 17,506 | 22,267 |
| - long-term other borrowings wholly repayable within five years | 66,674 | 73,415 |
| - long-term other borrowings not wholly repayable within five years | 27,089 | 23,128 |
| - short-term other borrowings | 18,287 | 53,176 |
| - obligations under finance leases | 16,747 | 18,286 |
| - provisions for other long-term liabilities (Note 14) | 29,285 | - |
| | <u>1,476,750</u> | <u>1,368,444</u> |
| Less: amounts capitalized | <u>(183,627)</u> | <u>(440,035)</u> |
| | 1,293,123 | 928,409 |
| Net foreign exchange losses/(gains) | <u>54,686</u> | <u>(170,950)</u> |
| | <u>1,347,809</u> | <u>757,459</u> |

The weighted average interest rate on capitalized borrowings was approximately 6.11% (2013: 6.15%) 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 (2013: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2013: 25%) on the estimated assessable income for the period except as disclosed below.

The amount of taxation (credited)/charged to the condensed consolidated interim income statement represented:

| | Unaudited | |
|-------------------------------------|---------------------------------|-------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| PRC current income tax charge | 281,258 | 306,072 |
| Deferred income tax (credit)/charge | (33,103) | 76,701 |
| | <hr/> | <hr/> |
| | 248,155 | 382,773 |
| | <hr/> <hr/> | <hr/> <hr/> |

Share of taxation charge attributable to associates and joint ventures for the period of RMB92,941,000 (2013: RMB36,756,000) and RMB11,860,000 (2013: RMB8,778,000) respectively were included in the Group's share of results of associates/joint ventures for the period.

A subsidiary of the Group which started operations in 2011, is entitled to a two-year exemption and subsequent three-year 50% rate reduction (i.e. 7.5%) in income tax until 2016. It is also entitled to the preferential income tax rate of 15% until 2020.

During the six months ended 30 June 2014, two subsidiaries of the Group are granted investment tax credits ("Tax credits") of RMB177,892,000 (2013: Nil) of which RMB61,833,000 (2013: Nil) are utilized against their taxation charges. The Tax credits are calculated based on 10% of the purchase price of specific environmental friendly, water and energy-saving, safety enhanced facilities used in the Group's coal-fired electricity business. The Tax credits are recognized as a reduction of current tax when they are realized. The portion of Tax credits that has not been utilized in the current period can be carried forward over a period of no more than five years.

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.

| | Unaudited | |
|------------------------------------------------------------------|--------------------------|-------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| Profit attributable to owners of the Company (RMB'000) | 1,618,138 | 1,401,196 |
| Weighted average number of shares in issue (shares in thousands) | 6,476,003 | 5,614,680 |
| Basic earnings per share (RMB) | <u>0.25</u> | <u>0.25</u> |

(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 2014 and 2013, the Company has share options and 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. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

| | Unaudited | |
|-------------------------------------------------------------------------------------------------------------------|--------------------------|------------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| Profit attributable to owners of the Company (RMB'000) | 1,618,138 | 1,401,196 |
| Adjustment for finance costs on convertible bonds (after tax) (RMB'000) | <u>30,683</u> | <u>40,399</u> |
| Profit used to determine diluted earnings per share (RMB'000) | <u>1,648,821</u> | <u>1,441,595</u> |
| Weighted average number of shares in issue (shares in thousands) | 6,476,003 | 5,614,680 |
| Adjustment for share options (shares in thousands) | 3,817 | 3,932 |
| Adjustment for convertible bonds (shares in thousands) | <u>807,603</u> | <u>1,124,839</u> |
| Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands) | <u>7,287,423</u> | <u>6,743,451</u> |
| Diluted earnings per share (RMB) | <u>0.23</u> | <u>0.21</u> |

10 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

11 Property, plant and equipment

| | Unaudited | |
|---------------------------------------------------------------------|--------------------------|-------------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Opening net book amount as at 1 January | 61,618,034 | 55,942,962 |
| Additions (Note) | 3,585,571 | 2,036,737 |
| Disposals | (97,369) | (8,488) |
| Depreciation | (1,349,185) | (1,091,503) |
| Transfer from prepayment for construction of power plants (Note 12) | 1,556,530 | 1,584,450 |
| Reclassification to assets held for sale | - | (2,773,471) |
| | <u>65,313,581</u> | <u>55,690,687</u> |
| Closing net book amount as at 30 June | <u>65,313,581</u> | <u>55,690,687</u> |

Note:

Additions for the period include a provision of RMB679,832,000 in relation to compensations for inundation caused by the construction of a hydropower plant of the Group (Note 14).

12 Prepayment for construction of power plants

| | Unaudited | |
|-----------------------------------------------------|--------------------------|----------------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Opening net book amount as at 1 January | 1,152,350 | 1,655,650 |
| Additions | 613,451 | 136,706 |
| Transfer to property, plant and equipment (Note 11) | (1,556,530) | (1,584,450) |
| | <u>209,271</u> | <u>207,906</u> |
| Closing net book amount as at 30 June | <u>209,271</u> | <u>207,906</u> |

13 Accounts receivable

| | As at | |
|----------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------|
| | 30 June 2014 Unaudited RMB'000 | 31 December 2013 Audited RMB'000 |
| Accounts receivable from regional and provincial power grid companies (note (a)) | 2,407,129 | 2,290,004 |
| Accounts receivable from other companies (note (a)) | 87,354 | 13,990 |
| | <u>2,494,483</u> | <u>2,303,994</u> |
| Notes receivable (note (b)) | 351,664 | 189,688 |
| | <u>2,846,147</u> | <u>2,493,682</u> |

Notes:

- (a) The Group normally grants 15 to 90 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 2014 Unaudited RMB'000 | 31 December 2013 Audited RMB'000 |
| 1 to 3 months | <u>2,494,483</u> | <u>2,303,994</u> |

- (b) The notes receivable are normally with maturity period of 90 to 180 days (2013: 180 days).
- (c) The fair values of accounts and notes receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.
- (d) As at 30 June 2014, certain bank borrowings and long-term borrowings from CPI Financial Company Limited 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 2014 amounted to RMB1,572,864,000 (2013: RMB1,515,660,000).

14 Provisions for other long-term liabilities

During the period ended 30 June 2014, a provision was recognized in relation to compensations for inundation caused by the construction of a hydropower plant of the Group. The provision is measured at the present value of the expenditures expected to be required to settle the compensations using a pre-tax rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provision due to the passage of time is recognized as interest expense.

Analysis of the above provision as at 30 June 2014 is as follows:

| | As at | |
|----------------------------------------------------------------------------------|------------------|-------------|
| | 30 June | 31 December |
| | 2014 | 2013 |
| | Unaudited | Audited |
| | RMB'000 | RMB'000 |
| Non-current liabilities (included in provisions for other long-term liabilities) | 654,467 | - |
| Current liabilities (included in other payables and accrued charges) | 54,650 | - |
| | 709,117 | - |

The movement of this provision during the six months ended 30 June 2014 is as follows:

| | Unaudited | |
|----------------------------------------|--------------------------|---------|
| | Six months ended 30 June | |
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| Opening balance as at 1 January | - | - |
| Recognized during the period (Note 11) | 679,832 | - |
| Interest expense (Note 7) | 29,285 | - |
| Closing balance as at 30 June | 709,117 | - |

15 Accounts and bills payables

| | As at | |
|--------------------------------------------------------|-----------------------------------------|-------------------------------------------|
| | 30 June 2014 Unaudited RMB'000 | 31 December 2013 Audited RMB'000 |
| Accounts payable (note (a)) | 1,440,377 | 1,362,877 |
| Amount due to a non-controlling shareholder (note (a)) | - | 10,510 |
| | 1,440,377 | 1,373,387 |
| Bills payable (note (b)) | 560,862 | 373,438 |
| | 2,001,239 | 1,746,825 |

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 2014 Unaudited RMB'000 | 31 December 2013 Audited RMB'000 |
| 1 to 6 months | 1,371,507 | 1,323,955 |
| 7 to 12 months | 64,762 | 44,333 |
| Over 1 year | 4,108 | 5,099 |
| | 1,440,377 | 1,373,387 |

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

- (b) Bills payable are bills of exchange with average maturity period of 6 to 12 months (2013: 3 to 6 months). As at 30 June 2014, bank deposits of RMB13,290,000 (2013: RMB14,227,000) were pledged against bills payable of RMB66,132,000 (2013: RMB70,916,000) as security.
- (c) The fair values of accounts and bills payables approximate their carrying amounts as the impact of discounting is not significant. All accounts and bills payables are denominated in RMB.

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 2014, the domestic economy in China maintained steady and moderate growth which drove up the growth rate for electricity demand gently. The total electricity consumption in China rose by 5.30% 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 2,087 hours, representing a decrease of 79 hours as compared with the corresponding period last year. Of which, the average utilization hours of coal-fired power facilities was 2,375 hours, representing a decrease of 26 hours as compared with the corresponding period last year, while the average utilization hours of hydropower facilities was 1,430 hours, representing a decrease of 101 hours as compared with the corresponding period last year. The increase in new commercially operative power generation facilities during the period caused a slight reduction in the average utilization hours of facilities. The performance of the Group's businesses was generally in line with the power industry in China.

The total electricity sold of the Group recorded a considerable growth during the period under review. The acquisition of a new company, the new power generating units commencing commercial operation and the increase in profit contribution from associates, all helped sustaining earnings growth. The above favourable factors contributed to the strong business performance of the Group and maintained the consolidated net profit at a high level for the first half of 2014.

For the first half of 2014, the Group recorded revenue of approximately RMB10,863,799,000, representing an increase of approximately 12.67% as compared with the corresponding period last year, while the profit attributable to the owners of the Company amounted to approximately RMB1,618,138,000, representing an increase of approximately 15.48% as compared with the corresponding period last year. The basic earnings per share was approximately RMB0.25. Net asset value per share, excluding non-controlling interests, was approximately RMB2.88.

MAJOR CHANGES AS COMPARED TO THE CORRESPONDING PERIOD

- New power generating units commencing commercial operation and the acquisition of a new company led to the increase in attributable installed capacity by 2,020.3MW or 15.6%.
- The increase in number of power generating units led to the increase in the number of employees for 1,648.
- In May this year, the Company issued a 3-year corporate bond of RMB2,000,000,000. The bond is listed on The Stock Exchange of Hong Kong Limited.

- The number of shares of the Company increased by 977,988,187 shares as a result of the conversion of convertible bonds into the shares of the Company and the issue of new shares for an acquisition of a subsidiary.
- Under the new Hong Kong Companies Ordinance which came into effect on 3 March 2014, the Company's share premium of approximately RMB5.8 billion was entirely incorporated into share capital as a result of the abolition of par or nominal value concept.

ATTRIBUTABLE INSTALLED CAPACITY

As a result of new power generating units commencing operation, for the period ended 30 June 2014, the attributable installed capacity of the power plants of the Group reached 14,983.3MW, representing an increase of approximately 2,020.3MW as compared with the corresponding amount at 30 June 2013, among which the attributable installed capacity of coal-fired power was 12,008.4MW, representing approximately 80.15% of the total attributable installed capacity, and the attributable installed capacity of hydropower (including minor wind power) was 2,974.9MW, representing approximately 19.85% of the total attributable installed capacity.

POWER GENERATION, ELECTRICITY SOLD AND UTILIZATION HOURS

For the first half of 2014, the aggregate gross power generation of the Group reached 32,729,107MWh, representing an increase of 15.47% as compared with the corresponding period last year, among which the generation from coal-fired power and hydropower (including minor wind power) reached 23,931,595MWh and 8,797,512MWh respectively. The aggregate total electricity sold also reached 31,314,471MWh, representing an increase of 15.94% as compared with the corresponding period last year, among which the electricity sold from coal-fired power and hydropower (including minor wind power) reached 22,627,789MWh and 8,686,682MWh respectively.

For the first half of 2014, the average utilization hours of coal-fired power generating units was 2,391 hours, representing a decrease of 68 hours as compared with the corresponding period last year. The average utilization hours of hydropower generating units was 1,970 hours, representing a decrease of 444 hours as compared with the corresponding period last year. The increase in new commercially operative coal-fired and hydropower generation facilities during the period caused a slight reduction in the average utilization hours of facilities. The larger reduction of the average utilization hours for hydropower generating units was mainly because of the decline in rainfalls during the period in Yuanshui River, located between Guizhou and Hunan, as compared with the corresponding period last year.

ON-GRID TARIFF

For the first half of 2014, the average on-grid tariff of coal-fired power of the Group was RMB370.33/MWh, representing a decrease of RMB10.74/MWh as compared with the corresponding period last year, while the average on-grid tariff of hydropower of the Group was RMB285.97/MWh, representing an increase of RMB5.06/MWh as compared with the corresponding period last year.

The decrease in the average on-grid tariff of coal-fired power was mainly attributable to the adjustments of on-grid tariffs for power generation enterprises made by the National Development and Reform Commission in September 2013, lowering the benchmark on-grid tariffs for coal-fired power generation enterprises. As a result, the on-grid tariffs for the Group's coal-fired power plants (except Fuxi Power Plant) were adjusted downward.

The increase in the average on-grid tariff of hydropower was mainly due to the greater volume of power generated by those hydropower plants with higher on-grid tariffs per unit, thus raising the average on-grid tariff of hydropower in general.

UNIT FUEL COST

For the first half of 2014, the average unit fuel cost of the Group's coal-fired power generation business was approximately RMB197.71/MWh, representing a decrease of approximately 14.74% from that of RMB231.90/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, and the increase of power generating units with large capacity, driving down the coal consumption, offsetting the adverse effects of the downward adjustments on tariffs for coal-fired power, and thus raising the Group's profit margin from coal-fired power generation business as well as improving the overall gross profit margin.

The Group continues to implement measures to control the overall fuel costs, such as enhancing the facility to lower the coal consumption; seizing market opportunities to adjust the procurement and inventory structure; strengthening internal management to enhance the calorific value and optimize the operation.

SIGNIFICANT INVESTMENTS

As at 30 June 2014, the Group had interest in 18.86% of the issued share capital of Shanghai Electric Power Co., Ltd. ("**Shanghai Power**"), whose A-shares were listed on the Shanghai Stock Exchange.

The Group recognizes its shareholding in Shanghai Power as "Available-for-sale financial assets". As at 30 June 2014, the fair value of the shareholding held by the Group was approximately RMB1,763,145,000, representing a decrease of 5.82% as compared with the corresponding amount at 31 December 2013.

SIGNIFICANT FINANCING ACTIVITIES

In May 2014, the Company issued a 3-year corporate bond of RMB2,000,000,000 with an interest rate of 4.5% per annum. The bond is listed on The Stock Exchange of Hong Kong Limited. The Company intended to use the net proceeds from the issue of the bond for its future capital expenditure, repayment of existing borrowings and general working capital.

NEW POWER PLANTS

The Group's new power generating units which commenced commercial operation during the first half of 2014 included:

| Power Plant | Type of Power Plant | Installed Capacity (MW) | Interest (%) | Attributable Installed Capacity (MW) |
|--------------------|---------------------|-------------------------|--------------|--------------------------------------|
| Tuokou Power Plant | Hydropower | 830 | 59.85 | 496.8 |
| Total | | 830 | | 496.8 |

As at 30 June 2014, 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 |
|-------------------------|---------------------|-------------------------|--------------|--------------------------------------|----------------------------------|
| Pingwei Power Plant III | Coal-fired power | 2,000 | 100 | 2,000 | 2015 |
| Suoluogou Power Plant | Hydropower | 24 | 63 | 15.1 | 2014 |
| Jiesigou Power Plant | Hydropower | 24 | 44.1 | 10.6 | 2015 |
| Shanshan Power Plant | Wind power | 49.5 | 63 | 31.2 | 2014 |
| Yaoposhan Power Plant | Wind power | 50 | 63 | 31.5 | 2014 |
| Total | | 2,147.5 | | 2,088.4 | |

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 5,830MW.

Among which, the installed capacity for coal-fired power projects amounts to 4,640MW. These projects include:

- the phase two expansion project of the two 1,000MW ultra super-critical coal-fired generating units of CP Shentou Power Plant;

- the project of the two 660MW super-critical coal-fired generating units of Guizhou Pu'an Power Plant; and
- the expansion project of the two 660MW ultra super-critical coal-fired generating units of Dabieshan Power Plant.

In addition, the Group will continue to seek opportunities in the southeastern coastal economically developed regions, the coal-rich areas and cross-regional coal and power transmission channels to further expand coal-fired power projects.

As for hydropower generation, the total installed capacity of the hydropower projects currently under preliminary development and anticipated acquisition is approximately 1,190MW 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, has always prioritized the environmental protection and energy saving and fuel consumption reduction work to actively fulfill its social responsibility. Therefore, it strives for the best balance among the safety and reliability of power supply, cost control and environmental protection.

ENERGY SAVING AND EMISSION REDUCTION

The Group has always committed to the full utilization of its clean energy generation. For the first half of 2014, the hydropower (including minor wind power) generation amounted to 26.88% (2013: 31.19%) of the total power generation of the Group. The decline in the proportion of clean energy was mainly due to the acquisition of a large coal-fired power plant, Wuhu Electric Power, at the end of last year that raised the proportion of coal-fired power generation. The electricity generated and sold from hydropower (including minor wind power) were broadly at the same level as the corresponding period last year.

During the first half of 2014, 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 flue gas dedusting facilities and desulphurization facilities for all its coal-fired power generating units with the relevant operational ratio reaching 99.97% (2013: 99.54%), and the efficiency ratio of desulphurization reached 95.80% (2013: 95.40%).

For the first half of 2014, the Group completed the denitration and renovation projects for generating unit no. 3 of Pingwei Power Plant II, generating unit no. 1 of Dabieshan Power Plant, generating unit nos. 3 and 4 of Yaomeng Power Plant II. So far, except generating unit nos. 1 and 2 of Yaomeng Power Plant II, all other coal-fired power generating units have been installed denitration facilities to reduce the emission of nitrogen oxide (NO_x). The efficiency ratio of denitration reached 75.70% and the relevant operational ratio reached 98.24% in the first half year.

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

- the emission rate of sulphur dioxide (SO₂) at 0.32g/KWh, representing a decrease of 0.05g/KWh compared with the corresponding period last year;
- the emission rate of nitrogen oxide (NO_x) at 0.53g/KWh, representing a decrease of 0.70g/KWh compared with the corresponding period last year; and
- the emission rate of dusts at 0.15g/KWh, representing a decrease of 0.04g/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 and acquisition of new coal-fired power generating units with large capacity, upgrading of old power generating units and various other measures.

For the first half of 2014, the average coal consumption rate of the Group was 309.97g/KWh, representing a decrease of 5.11g/KWh as compared with the corresponding period last year, equivalent to approximately a saving of 120,000 tonnes of standard coal.

OPERATIONAL SAFETY

For the first half of 2014, no material safety accident in the aspects of employees, facilities and environmental protection occurred in the Group.

OPERATING RESULTS FOR THE FIRST HALF OF 2014

For the first half of 2014, the revenue of the Group was approximately RMB10,863,799,000, representing an increase of approximately 12.67% as compared with the corresponding period last year. The profit attributable to owners of the Company was approximately RMB1,618,138,000, representing an increase of approximately RMB216,942,000 or 15.48% as compared with the corresponding period last year.

For the first half of 2014, the net profit of the Group amounted to approximately RMB2,114,216,000, representing an increase of approximately RMB30,779,000 as compared with the corresponding period last year. Among which, the net profit mainly from coal-fired power business amounted to approximately RMB1,503,579,000 while the net profit mainly from hydropower business amounted to approximately RMB610,637,000, representing their respective ratio of contribution to the total net profit of 71%:29% (2013: 41%:59%).

The increase in net profit as compared to the first half of 2013 was mainly due to the following factors:

- the total electricity sold increased by 4,306,038MWh and the average on-grid tariff of hydropower increased as compared with the corresponding period last year, resulting in an overall increase in revenue of approximately RMB1,221,359,000; and

- the commencing operation of a new power generating unit of an associate led to the increase in the share of profits of associates for approximately RMB110,352,000 as compared with the corresponding period last year.

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

- the increase in coal consumption was due to the rise in electricity sold, the coal costs increased by approximately RMB234,134,000 as compared with the corresponding period last year;
- the commencing operation of new power generating units and an acquisition of a power plant since the second half of last year led to the increase in depreciation of property, plant and equipment for approximately RMB257,682,000 as compared with the corresponding period last year;
- the increased number of power generating units led to the increase in staff number and therefore increased the staff costs for approximately RMB265,160,000 as compared with the corresponding period last year; and
- the increase in finance costs for approximately RMB590,350,000 was mainly due to the commencing operation of new power generating units since the second half of last year (the relevant interest incurred would no longer be capitalized but expensed to the income statement as finance costs after commencing operation), the exchange loss arising from the translation of certain foreign currencies denominated borrowings, and an acquisition of a power plant at the end of 2013 that also raised the total borrowing level.

REVENUE

The revenue of the Group was mainly derived from the sales of electricity. For the first half of 2014, the Group recorded a revenue of approximately RMB10,863,799,000, representing an increase of 12.67% as compared with approximately RMB9,642,440,000 of the corresponding period last year. The increase in revenue was mainly attributed to the commencing operation of new power generating units and an acquisition of a power plant since the second half of last year leading to an increase in the total electricity sold during the period as well as the increase in the average on-grid tariff of hydropower as compared with the corresponding period last year.

SEGMENT INFORMATION

The reportable segments identified by the Group are now the “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 2014, the operating costs of the Group amounted to approximately RMB7,684,750,000, representing an increase of 12.43% as compared with approximately RMB6,835,345,000 of the corresponding period last year. The increase was mainly because of the increase in fuel consumption as a result of increased coal-fired electricity sold, and the increase in depreciation expenses and staff costs due to increasing number of new power generating units.

Fuel costs were the Group's major operating costs. For the first half of 2014, the fuel costs of the Group was approximately RMB4,473,644,000, representing 58.21% of the total operating costs and an increase of 5.52% as compared with approximately RMB4,239,510,000 of the corresponding period last year.

OPERATING PROFIT

For the first half of 2014, the Group's operating profit was approximately RMB3,334,064,000, representing an increase of 13.04% as compared with the operating profit of approximately RMB2,949,456,000 of the corresponding period last year.

FINANCE COSTS

For the first half of 2014, the finance costs of the Group amounted to approximately RMB1,347,809,000, representing an increase of 77.94% as compared with approximately RMB757,459,000 of the corresponding period last year. The increase in finance costs was mainly due to (i) the commencing operation of new power generating units since the second half of last year (the relevant interest incurred would no longer be capitalized but expensed to the income statement as finance costs after commencing operation), (ii) the exchange loss arising from the translation of certain foreign currencies denominated borrowings, and (iii) an acquisition of a power plant at the end of 2013 that raised the total borrowing level.

SHARE OF RESULTS OF ASSOCIATES

For the first half of 2014, the share of profits of associates was approximately RMB310,772,000, representing an increase in profits of approximately RMB110,352,000 as compared with the share of profits of approximately RMB200,420,000 of the corresponding period last year. The increase in profits was mainly because of the commencing commercial operation of the second 1,000MW new coal-fired power generating unit of Changshu Power Plant at the end of last year.

SHARE OF RESULTS OF JOINT VENTURES

For the first half of 2014, the share of profits of joint ventures was approximately RMB36,146,000, representing an increase in profits of approximately RMB9,985,000 as compared with the share of profits of approximately RMB26,161,000 of the corresponding period last year. The increase in profits was mainly because of the increased contribution from the joint venture, Xintang Power Plant.

TAXATION

For the first half of 2014, the taxation charges of the Group were approximately RMB248,155,000, representing a decrease of approximately RMB134,618,000 as compared with approximately RMB382,773,000 of the corresponding period last year. Such reduction was mainly caused by the investment tax credits obtained by certain subsidiaries of the Group during the period.

A subsidiary of the Group, which started operations in 2011, is entitled to a two-year exemption and subsequent three-year 50% reduction (i.e. 7.5%) in income tax rate until 2016. It is also entitled to the preferential income tax rate of 15% until 2020.

During the six months ended 30 June 2014, two subsidiaries of the Group are granted investment tax credits (“Tax credits”) of RMB177,892,000 (2013: Nil) of which RMB61,833,000 (2013: Nil) are utilized against their taxation charges. The Tax credits are calculated based on 10% of the purchase price of specific environmental friendly, water and energy-saving, safety enhanced facilities used in the Group’s coal-fired electricity business. The Tax credits are recognized as a reduction of current tax when they are realized. The portion of Tax credits that has not been utilized in the current period can be carried forward over a period of no more than five years.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the first half of 2014, the profit attributable to owners of the Company was approximately RMB1,618,138,000, representing an increase of approximately RMB216,942,000 or 15.48% as compared with approximately RMB1,401,196,000 of the corresponding period last year.

EARNINGS PER SHARE AND INTERIM DIVIDEND

For the first half of 2014, the basic and diluted earnings per share attributable to owners of the Company were approximately RMB0.25 (2013: RMB0.25) and RMB0.23 (2013: RMB0.21) respectively. The basic earnings per share remaining unchanged despite the growth in earnings was because of the increase in the weighted average number of shares of the Company as a result of the conversion of convertible bonds into the shares of the Company and the issue of new shares for acquisition of a subsidiary when comparing to the corresponding period last year.

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2014.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2014, cash and cash equivalents of the Group were approximately RMB3,875,312,000 (31 December 2013: RMB1,641,368,000). The financial resources of the Group were mainly derived from cash inflow from operating activities, borrowings from banks and related parties, project financing and bonds issue. Current assets amounted to approximately RMB9,475,900,000 (31 December 2013: RMB7,283,985,000) and current ratio was 0.46 (31 December 2013: 0.42).

DEBTS

As at 30 June 2014, total borrowings of the Group amounted to approximately RMB46,334,900,000 (31 December 2013: RMB45,134,526,000). 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. During the period under review, all outstanding bonds have been fully converted into the shares of the Company.

In September 2012, the Company issued 5-year convertible bonds of RMB1,140,000,000 with carrying amount of RMB1,021,991,000 as at 30 June 2014. During the period under review, no bondholders exercised the conversion rights.

In May 2014, the Company issued in Hong Kong RMB denominated bonds amounted to RMB2,000,000,000 which bear interest at 4.50% per annum with 3-year maturity. The funds were used for general corporate purpose, including capital expenditure and working capital requirements.

The Group's gearing ratios, calculated as net debt (being total borrowings less cash and cash equivalents) divided by total capital (being total equity plus net debt), as at 30 June 2014 and 31 December 2013 were approximately 63% and 65% respectively.

CAPITAL EXPENDITURE

For the first half of 2014, capital expenditure of the Group was approximately RMB4,199,022,000, which was mainly used for construction of new power generating units and technical upgrade for the existing power generating units. Sources of funds were mainly from project financing, bonds issue 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 had 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 the Mainland China, with most transactions denominating in Renminbi. Apart from certain cash, 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 2014, the balance of the Group's borrowings denominated in foreign currencies amounted to approximately RMB1,330,670,000 (31 December 2013: RMB1,031,150,000).

PLEDGE OF ASSETS

As at 30 June 2014, the Group pledged certain property, plant and equipment with a net book value of approximately RMB647,731,000 (31 December 2013: RMB661,965,000) to certain banks to secure bank borrowings in the amount of RMB382,570,000 (31 December 2013: RMB388,320,000). In addition, certain bank borrowings and borrowings from a related party 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 2014 amounted to approximately RMB1,572,864,000 (31 December 2013: RMB1,515,666,000). As at 30 June 2014, bank deposits of certain subsidiaries of the Group amounting to RMB52,290,000 (31 December 2013: RMB49,227,000) were pledged as security for an obligation under finance lease in the amount of RMB361,296,000 (31 December 2013: RMB406,800,000) and bills payables in the amount of RMB66,132,000 (31 December 2013: RMB70,916,000).

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had a total of 9,416 (30 June 2013: 7,768) full-time employees.

The Group put great emphasis on the establishment of performance evaluation as well as rewarding and punishment mechanism. The Group determined the emoluments of its directors and employees based on their respective performance, working experience, duties and the prevailing market rates. The Group also implemented incentive policy linking emoluments with performance.

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

OUTLOOK OF THE SECOND HALF OF THE YEAR

In view of the present stable and favourable economic trend in China, the electricity consumption is expected to maintain moderate growth in the second half of 2014. Affected by a combination of factors, the coal prices are estimated to stay at a low level. Coal-fired power business will still be facing the pressures on environmental protection commitment and financing in general, and competition in the power generation market in certain provinces in China remains keen, but the Group's new power generation units which are large in capacity, environment-friendly and energy-saving, will continue to contribute profits to the Group.

For the second half of 2014, the Group will actively increase marketing efforts in order to boost electricity sale; strive for obtaining green electricity subsidies for all the new or upgraded power generating units; strengthen fuel procurement cost control; accelerate the development of new competitive projects, especially by promoting the construction and expansion of high-capacity and high-parameter coal-fired power projects in the regions that contribute high profitability; continue investment in clean energy projects; establish a technology research center for promoting ultra-low emissions and other environmentally safe power technology innovation; and focus on training of power-engineering technicians to enhance long-term development strength.

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 2014.

Corporate Governance

The Company strives to raise the standard of corporate governance. The Board recognizes that 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 2013 annual report. Save for the deviations from the code provisions of A.2.1, A.4.2 (as disclosed in the 2013 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 2014.

According to the code provision of E.1.2, chairman of the Board should attend the annual general meeting. The chairman of the Board, Ms. Li Xiaolin, was unable to attend the annual general meeting of the Company held on 22 May 2014. Ms. Li had arranged Mr. Gu Dake, the Executive Director and President of the Company during that time, who is very familiar with the Group's business and operations, to attend and chair the meeting. Other directors, including the Company's two independent non-executive Directors, being the chairman/members of the Audit Committee and the members of 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. All resolutions proposed in the meeting were duly passed by shareholders' voting.

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 2014.

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 2014.

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 2014 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, 14 August 2014

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