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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)

Results Announcement for Year 2013

Financial Highlights

- Turnover amounted to approximately RMB18,826,728,000 representing an increase of approximately 7.60% over last year.
- Profit attributable to owners of the Company was approximately RMB2,289,888,000, representing an increase of approximately 93.87% over last year.
- Basic earnings per share was approximately RMB0.40.
- Final dividend of RMB0.16 per share was proposed.

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) is pleased to announce the audited financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the year ended 31 December 2013.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	Year ended 31 December	
		2013 RMB'000	2012 RMB'000
Revenue	2	18,826,728	17,497,128
Other income	3	228,145	179,467
Fuel costs		(9,006,559)	(9,470,027)
Depreciation		(2,208,793)	(2,081,650)
Staff costs		(1,238,237)	(983,603)
Repairs and maintenance		(571,236)	(549,488)
Consumables		(260,956)	(240,842)
Other gains, net	4	540,068	271,733
Other operating expenses		<u>(1,127,595)</u>	<u>(1,063,078)</u>
Operating profit	5	5,181,565	3,559,640
Finance income	6	64,480	115,694
Finance costs	6	(1,511,774)	(1,687,029)
Share of profits of associates		435,704	146,144
Share of profits/(losses) of joint ventures		<u>64,083</u>	<u>(5,774)</u>
Profit before taxation		4,234,058	2,128,675
Taxation	7	<u>(958,666)</u>	<u>(447,399)</u>
Profit for the year		<u><u>3,275,392</u></u>	<u><u>1,681,276</u></u>
Attributable to:			
Owners of the Company		2,289,888	1,181,125
Non-controlling interests		<u>985,504</u>	<u>500,151</u>
		<u><u>3,275,392</u></u>	<u><u>1,681,276</u></u>
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB per share)			
- Basic	8	<u><u>0.40</u></u>	<u><u>0.22</u></u>
- Diluted	8	<u><u>0.35</u></u>	<u><u>0.21</u></u>
Dividends		<u><u>1,030,240</u></u>	<u><u>504,587</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Profit for the year	3,275,392	1,681,276
Other comprehensive loss that may be subsequently reclassified to profit or loss		
- Fair value loss on available-for-sale financial assets, net of tax	-	(27,234)
Total comprehensive income for the year	<u>3,275,392</u>	<u>1,654,042</u>
Attributable to:		
Owners of the Company	2,289,888	1,153,891
Non-controlling interests	<u>985,504</u>	<u>500,151</u>
Total comprehensive income for the year	<u>3,275,392</u>	<u>1,654,042</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		As at 31 December	
	Note	2013	2012
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		61,618,034	55,942,962
Prepayments for construction of power plants		1,152,350	1,655,650
Land use rights		712,046	449,928
Goodwill		835,165	767,453
Interests in associates		2,225,483	1,529,410
Interests in joint ventures		596,366	553,177
Available-for-sale financial assets	9	2,026,793	2,026,793
Loan to a fellow subsidiary		200,000	300,000
Deferred income tax assets		88,746	73,965
		69,454,983	63,299,338
Current assets			
Inventories		648,405	662,883
Accounts receivable	10	2,493,682	2,170,030
Prepayments, deposits and other receivables		1,199,949	1,114,807
Derivative financial instruments		-	38,744
Amounts due from related parties		576,050	565,378
Tax recoverable		7,957	6,800
Pledged bank deposits		49,227	35,000
Cash and cash equivalents		1,641,368	2,016,418
		6,616,638	6,610,060
Assets held for sale		667,347	-
		7,283,985	6,610,060
Total assets		76,738,968	69,909,398

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital	6,161,388	5,483,753
Share premium	5,773,347	4,685,455
Reserves	6,486,921	4,773,036
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	18,421,656	14,942,244
Non-controlling interests	4,865,487	3,987,178
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Total equity	23,287,143	18,929,422
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LIABILITIES		
Non-current liabilities		
Deferred income	50,636	64,497
Bank borrowings	26,914,155	27,929,204
Borrowings from related parties	3,815,911	3,705,911
Other borrowings	3,737,240	3,650,021
Obligations under finance leases	443,388	555,085
Deferred income tax liabilities	1,102,506	824,201
Other long-term liabilities	3,467	5,815
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	36,067,303	36,734,734
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		As at 31 December	
	<i>Note</i>	2013	2012
		RMB'000	RMB'000
Current liabilities			
Accounts and bills payables	11	1,746,825	795,363
Construction costs payable		2,893,033	2,296,777
Other payables and accrued charges		992,489	993,462
Amounts due to related parties		437,441	151,799
Bank borrowings		8,660,220	6,981,198
Borrowings from related parties		1,407,000	620,000
Other borrowings		600,000	2,053,540
Current portion of obligations under finance leases		111,361	103,911
Taxation payable		536,153	249,192
		17,384,522	14,245,242
Total liabilities		53,451,825	50,979,976
Total equity and liabilities		76,738,968	69,909,398
Net current liabilities		10,100,537	7,635,182
Total assets less current liabilities		59,354,446	55,664,156

Auditor's work on the preliminary announcement

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

Notes to the Financial Statements

1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements have been prepared under the historical cost convention except that available-for-sale financial assets, and certain financial assets and financial liabilities (including derivative instruments) are measured at fair value, as appropriate.

As at 31 December 2013, the Group had net current liabilities of RMB10,100,537,000 (2012: RMB7,635,182,000). In preparing these financial statements, the directors have 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 31 December 2013, the Group had banking facilities available amounting to approximately RMB13,644 million (2012: RMB10,348 million) and will refinance and/or restructure certain short-term loans into long-term loans or to 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 financial statements on a going concern basis.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation, other than HKAS 36 (amendment) below, are mandatory for accounting periods beginning on or after 1 January 2013. The adoption of these new standards, amendments to standards and interpretation does not have any significant impact to the results and financial position of the Group.

HKFRS 1 (amendment)	Government Loans
HKFRS 7 (amendment)	Disclosures - Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, 11 and 12 (amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 (amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits

HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 36 (amendment)	Recoverable Amount Disclosures for Non-financial Assets#
HK(IFRIC) - Int 20 (amendment)	Stripping Costs in the Production Phase of a Surface Mine
HKFRSs (amendment)	Annual Improvements 2009-2011 Cycle

The amendment is not mandatory for the Group until 1 January 2014, however, the Group has decided to early adopt the amendment as of 1 January 2013. The adoption of HKAS 36 (amendment) does not have any significant impact to the results and financial position of the Group.

(b) New standards, amendments to standards and interpretation not yet adopted by the Group

The following new standards, amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group:

HKFRS 7 and 9 (amendment)	Mandatory Effective Date and Transition Disclosures ⁽²⁾
HKFRS 9	Financial Instruments ⁽²⁾
HKFRS 10, 12 and HKAS 27 (2011) (amendment)	Investment Entities ⁽¹⁾
HKFRS 14	Regulatory Deferral Accounts ⁽⁴⁾
HKAS 19 (amendment)	Defined Benefit Plans: Employee Contributions ⁽³⁾
HKAS 32 (amendment)	Offsetting Financial Assets and Financial Liabilities ⁽¹⁾
HK (IFRIC)-Int 21	Levies ⁽¹⁾
HKFRSs (amendment)	Annual Improvements 2010-2012 Cycle ⁽³⁾
HKFRSs (amendment)	Annual Improvements 2011-2013 Cycle ⁽³⁾

(1) Effective for the Group for annual period beginning on 1 January 2014

(2) Effective for the Group for annual period beginning on 1 January 2015

(3) Effective for the Group for annual period beginning on 1 July 2014

(4) Effective for the Group for annual period beginning on 1 January 2016

The Group will apply the above new standards, amendments to standards and interpretation from 1 January 2014 or later periods and has already commenced an assessment of their related impact to the Group. The Group expects that there will be no material changes to the Group's significant accounting policies and presentation of the financial information on adoption of the above new standards, amendments to standards and interpretation.

2 Turnover, revenue and segment information

Revenue, representing turnover, recognised during the year is as follows:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Sales of electricity to provincial power grid companies (note (a))	18,598,751	17,331,093
Provision for power generation and related services (notes (b) and (c))	<u>227,977</u>	<u>166,035</u>
	<u><u>18,826,728</u></u>	<u><u>17,497,128</u></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) Amount included power plant lease income of approximately RMB206,914,000 (2012: RMB103,457,000) from Heimifeng Power Plant ("Heimifeng") 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 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 financial statements.

Segment assets exclude deferred income tax assets, available-for-sale financial assets, loan to a fellow subsidiary, 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.

	Year ended 31 December 2013				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Revenue					
Sales of electricity	14,864,007	3,734,744	18,598,751	-	18,598,751
Provision for power generation and related services	21,063	206,914	227,977	-	227,977
	<u>14,885,070</u>	<u>3,941,658</u>	<u>18,826,728</u>	<u>-</u>	<u>18,826,728</u>
Results of reportable segments	2,367,512	2,871,686	5,239,198	-	5,239,198
Unallocated income	-	-	-	137,038	137,038
Unallocated expenses	-	-	-	(194,671)	(194,671)
Operating profit	2,367,512	2,871,686	5,239,198	(57,633)	5,181,565
Finance income	4,323	21,964	26,287	38,193	64,480
Finance costs	(775,656)	(715,639)	(1,491,295)	(20,479)	(1,511,774)
Share of profits of associates	435,704	-	435,704	-	435,704
Share of profits/(losses) of joint ventures	75,133	-	75,133	(11,050)	64,083
Profit before taxation	2,107,016	2,178,011	4,285,027	(50,969)	4,234,058
Taxation	(407,731)	(546,548)	(954,279)	(4,387)	(958,666)
Profit for the year	<u>1,699,285</u>	<u>1,631,463</u>	<u>3,330,748</u>	<u>(55,356)</u>	<u>3,275,392</u>
Other segment information:					
Capital expenditure					
- Property, plant and equipment, prepayments for construction of power plants and land use rights	3,190,604	3,852,594	7,043,198	6,592	7,049,790
- Business combination	4,811,806	-	4,811,806	-	4,811,806
Depreciation on property, plant and equipment	1,344,973	850,185	2,195,158	13,635	2,208,793
Amortisation of land use rights	5,016	5,690	10,706	-	10,706
Loss/(gain) on disposal of property, plant and equipment and land use rights, net	29,291	(797,558)	(768,267)	-	(768,267)
Provision for impairment of other receivables	-	7,366	7,366	-	7,366
Provision for impairment of property, plant and equipment	380,399	226,645	607,044	-	607,044
Provision for impairment of inventories	52,022	-	52,022	-	52,022
Write-off of accounts receivable	-	17,570	17,570	-	17,570

As at 31 December 2013

	Coal-fired electricity <i>RMB'000</i>	Hydropower electricity <i>RMB'000</i>	Reportable segments total <i>RMB'000</i>	Others <i>RMB'000</i>	Total <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
Derivative financial instruments					-
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>

	Year ended 31 December 2012				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Revenue					
Sales of electricity	13,982,946	3,348,147	17,331,093	-	17,331,093
Provision for power generation and related services	62,578	103,457	166,035	-	166,035
	<u>14,045,524</u>	<u>3,451,604</u>	<u>17,497,128</u>	<u>-</u>	<u>17,497,128</u>
Results of reportable segments	1,787,889	1,858,691	3,646,580	-	3,646,580
Unallocated income	-	-	-	79,871	79,871
Unallocated expenses	-	-	-	(166,811)	(166,811)
Operating profit	1,787,889	1,858,691	3,646,580	(86,940)	3,559,640
Finance income	6,165	78,038	84,203	31,491	115,694
Finance costs	(776,805)	(864,118)	(1,640,923)	(46,106)	(1,687,029)
Share of profits of associates	146,144	-	146,144	-	146,144
Share of profits/(losses) of joint ventures	9,247	-	9,247	(15,021)	(5,774)
Profit before taxation	1,172,640	1,072,611	2,245,251	(116,576)	2,128,675
Taxation	(145,812)	(303,325)	(449,137)	1,738	(447,399)
Profit for the year	<u>1,026,828</u>	<u>769,286</u>	<u>1,796,114</u>	<u>(114,838)</u>	<u>1,681,276</u>
Other segment information:					
Capital expenditure					
- Property, plant and equipment, prepayments for construction of power plants and land use rights	3,453,804	4,422,065	7,875,869	13,381	7,889,250
- Business combination	-	135,166	135,166	-	135,166
Depreciation on property, plant and equipment	1,201,034	872,090	2,073,124	8,526	2,081,650
Amortisation of land use rights	3,088	5,905	8,993	-	8,993
(Gain)/loss on disposal of property, plant and equipment and land use rights, net	(751)	7	(744)	-	(744)
Provision for impairment of other receivables	-	12,330	12,330	-	12,330
Provision for impairment of property, plant and equipment	71,796	-	71,796	-	71,796
Provision for impairment of inventories	-	-	-	-	-
Write-off of accounts receivable	-	-	-	-	-

As at 31 December 2012

	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	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
Assets held for sale	-	-	-	-	-
	<u>28,091,196</u>	<u>36,798,280</u>	<u>64,889,476</u>	<u>310,531</u>	<u>65,200,007</u>
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>
Total assets per consolidated statement of financial position					<u><u>69,909,398</u></u>
Segment liabilities					
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>	<u>(504,778)</u>	<u>(49,846,444)</u>
Taxation payable					(249,192)
Deferred income tax liabilities					(824,201)
Other unallocated liabilities					<u>(60,139)</u>
Total liabilities per consolidated statement of financial position					<u><u>(50,979,976)</u></u>

All revenues from external customers are generated from the PRC. Except that certain cash and bank balances equivalent to approximately RMB186 million were deposited in certain banks in Hong Kong at 31 December 2013 (31 December 2012: approximately RMB1,238 million), substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC.

The Group's major customers are regional and provincial power grid companies. During the year ended 31 December 2013, the Group's external revenue amounting to approximately RMB17,633 million (2012: RMB14,916 million) was generated from 6 (2012: 5) major customers, each of which account for 10% or more of the Group's external revenue.

3 Other income

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Rental income	68,261	65,667
Clean development mechanism income	7,868	-
Hotel operations income	38,008	45,228
Income from the provision of repairs and maintenance services	21,953	34,832
Dividend income	60,520	25,513
Management fee income	31,535	8,227
	<u>228,145</u>	<u>179,467</u>

4 Other gains, net

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Gain on disposal of electricity quota	326,310	141,450
Gain on disposal of emission quota	23,292	85,746
Gain on disposal of property, plant and equipment and land use rights, net (note)	768,267	744
Gain on disposal of a joint venture	8,326	-
Fair value gain on derivative financial instruments	-	71,709
Government subsidy	9,392	23,399
Amortisation of deferred income	26,941	13,201
Loss on termination of derivative financial instruments*	(26,634)	-
Provision for impairment of property, plant and equipment	(607,044)	(71,796)
Profits on trading of coal, coal by-products and spare parts	15,636	-
Others	(4,418)	7,280
	<u>540,068</u>	<u>271,733</u>

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

Note:

In July 2013, the Group entered into an agreement with State Grid Xinyuan Company Limited* and Hunan Heimifeng Pumped Storage Power Company Ltd.* (collectively, the “Purchaser”) pursuant to which the Group agreed to sell and the Purchaser agreed to purchase assets of RMB2,771,197,000 and assume liabilities of RMB2,437,922,000 of Heimifeng at a consideration of approximately RMB1,104,878,000. The disposal was completed in August 2013. As a result of the disposal, the Group recognised a gain on disposal of Heimifeng of RMB771,603,000.

5 Operating profit

Operating profit is stated after charging the following:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Amortisation of land use rights	10,706	8,993
Auditor's remuneration	7,827	6,843
Depreciation of property, plant and equipment		
- owned property, plant and equipment	2,165,811	2,038,668
- property, plant and equipment under finance leases	42,982	42,982
Operating lease rentals in respect of		
- equipment	6,936	2,214
- leasehold land and buildings	41,853	36,970
Provision for impairment of other receivables	7,366	12,330
Write-off of accounts receivable	17,570	-
Provision for impairment of inventories	52,022	-
Reservoir maintenance and usage fees	100,243	95,391
Staff costs including directors' emoluments	1,238,237	983,603
Write-off of pre-operating expenses	55,188	60,962

6 Finance income and costs

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Finance income		
Interest income from bank deposits	23,765	35,997
Interest income from an associate	24,178	11,608
Interest income from a fellow subsidiary	16,537	68,089
	<u>64,480</u>	<u>115,694</u>
Finance costs		
Interest expense on		
- bank borrowings wholly repayable within five years	262,878	386,155
- bank borrowings not wholly repayable within five years	1,729,494	1,793,053
- long-term borrowings from related parties wholly repayable within five years	184,900	103,143
- long-term borrowings from related parties not wholly repayable within five years	743	74,800
- short-term borrowings from related parties	33,134	67,724
- long-term other borrowings wholly repayable within five years	132,652	116,344
- long-term other borrowings not wholly repayable within five years	46,256	46,767
- short-term other borrowings	82,111	57,895
- obligations under finance leases	38,892	12,678
	<u>2,511,060</u>	<u>2,658,559</u>
Less: Amounts capitalised	<u>(757,969)</u>	<u>(870,556)</u>
	1,753,091	1,788,003
Net foreign exchange gains	<u>(241,317)</u>	<u>(100,974)</u>
	<u>1,511,774</u>	<u>1,687,029</u>

The weighted average interest rate on capitalised borrowings was approximately 6.10% (2012: 6.33%) per annum.

7 Taxation

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

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

The amount of taxation charged to the consolidated income statement represents:

	2013	2012
	RMB'000	RMB'000
PRC current income tax	853,848	386,828
Deferred income tax	104,818	60,571
	958,666	447,399

Certain subsidiaries of the Group, which started operations in the years 2007 and 2008, are entitled to a two-year exemption from income tax starting from the first profit-making year 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 which started operations in 2011 is currently enjoying a two-year exemption and subsequent three-year 50% rate reduction in income tax until 2016. It is also entitled to the preferential income tax rate of 15% until 2020.

8 Earnings per share

(a) Basic

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

	2013	2012
Profit attributable to owners of the Company (RMB'000)	2,289,888	1,181,125
Weighted average number of shares in issue (shares in thousands)	5,735,717	5,258,443
Basic earnings per share (RMB)	0.40	0.22

(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 year ended 31 December 2013, the Company has share options and convertible bonds (2012: convertible bonds) that had 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.

	2013	2012
Profit attributable to owners of the Company (RMB'000)	2,289,888	1,181,125
Adjustment for finance costs on convertible bonds (after tax) (RMB'000)	73,700	50,018
	<hr/>	<hr/>
Profit used to determine diluted earnings per share (RMB'000)	2,363,588	1,231,143
	<hr/>	<hr/>
Weighted average number of shares in issue (shares in thousands)	5,735,717	5,258,443
Adjustment for convertible bonds (shares in thousands)	1,000,681	681,973
Adjustment for share options (shares in thousands)	4,729	-
	<hr/>	<hr/>
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	6,741,127	5,940,416
	<hr/>	<hr/>
Diluted earnings per share (RMB)	0.35	0.21
	<hr/>	<hr/>

9 Available-for-sale financial assets

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Unlisted equity investments outside Hong Kong		
- at cost	154,712	154,712
Equity securities listed outside Hong Kong		
- at fair value (note)	<u>1,872,081</u>	<u>1,872,081</u>
	<u>2,026,793</u>	<u>2,026,793</u>
Market value of equity securities listed outside Hong Kong	<u>1,872,081</u>	<u>1,872,081</u>

Note:

Details of the equity securities listed outside Hong Kong as at 31 December 2013 are as follows:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activity
Interests held directly:					
Shanghai Electric Power Co., Ltd	The PRC	RMB2,139,739,000	18.86%	Joint stock company with limited liability with its A-shares listed on the Shanghai Stock Exchange	Investment holdings and the generation and sale of electricity

10 Accounts receivable

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Accounts receivable from provincial power grid companies (note (a))	2,290,004	1,984,628
Accounts receivable from other companies (note (a))	13,990	7,749
	2,303,994	1,992,377
Notes receivable (note (b))	189,688	177,653
	2,493,682	2,170,030

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 is as follows:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
1 to 3 months	2,303,994	1,992,377

The credit quality of accounts receivable that are neither past due nor impaired has been assessed by reference to the historical information about counterparty default rates. The existing counterparties did not have significant default in the past.

- (b) The notes receivable are normally with maturity period of 180 days (2012: 180 days).
- (c) As at 31 December 2013, 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 facilities as at 31 December 2013 amounted to RMB1,515,666,000 (2012: RMB1,575,920,000).
- (d) The carrying amounts of accounts and notes receivables approximate their fair values as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.

11 Accounts and bills payables

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Accounts payable (note (a))	1,362,877	739,455
Amounts due to a non-controlling shareholder (note (a))	10,510	3,417
	<hr/>	<hr/>
	1,373,387	742,872
Bills payable (note (b))	373,438	52,491
	<hr/>	<hr/>
	1,746,825	795,363
	<hr/> <hr/>	<hr/> <hr/>

Notes:

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
1 to 6 months	1,323,955	522,247
7 to 12 months	44,333	213,454
Over 1 year	5,099	7,171
	<hr/>	<hr/>
	1,373,387	742,872
	<hr/> <hr/>	<hr/> <hr/>

Amounts due to a non-controlling shareholder are mainly related to purchase of fuels made by the Group and are included under accounts payable. Balances are 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 3 to 6 months (2012: 3 to 6 months). At 31 December 2013, bank deposits of RMB14,227,000 (2012: Nil) were pledged against bills payable of RMB70,916,000 (2012: Nil) as security.
- (c) The carrying amounts of accounts and bills payables approximate their fair values as the impact of discounting is not significant. All accounts and bills payables are denominated in RMB.

Business Review

The Group is principally engaged in 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.

In 2013, the domestic economy in China maintained steady and moderate growth which drove up the growth rate for electricity demand. The total electricity consumption in China rose by 7.5% year on year, representing a two percentage points higher than the growth rate of 5.5% in the previous year. The overall electricity supply and demand in China remained in balance. During the year, the average utilization hours of power generation facilities in China was 4,511 hours, representing a year-on-year decrease of 68 hours. Of which, the average utilization hours of coal-fired power facilities was 5,012 hours, representing a year-on-year increase of 30 hours, while the average utilization hours of hydropower facilities was 3,318 hours, representing a year-on-year decrease of 273 hours. The performance of the Group's businesses was generally in line with the power industry in China last year.

Benefiting from the strategic structure of “balanced hydro and coal-fired power generation” and timely seizure of the market opportunities, the total electricity sold from coal-fired power and hydropower of the Group both recorded a considerable growth during the year under review. The continuing low coal prices and appropriate control over coal consumption caused a significant drop in the unit fuel cost of coal-fired power. The commencement of new power generating units into commercial operation, the increase in profit contribution from associates and the one-off gain on disposal of asset, all helped improving our results. The above favourable factors contributed to the excellent performance of the Group in 2013, with the consolidated net profits hitting a record high.

In 2013, the Group recorded revenue of approximately RMB18,826,728,000, representing an increase of approximately 7.60% as compared with the previous year, while the profit attributable to the owners of the Company amounted to approximately RMB2,289,888,000, representing an increase of approximately 93.87% as compared with the previous year. The basic earnings per share was approximately RMB0.40, representing an increase of approximately RMB0.18 from RMB0.22 of the previous year. Net asset per share, excluding interest of non-controlling shareholders, was RMB2.88, representing an increase of RMB0.19 as compared with the previous year.

Attributable Installed Capacity

As a result of new generating units commencing operation and an acquisition of a power plant, for the year ended 31 December 2013, the attributable installed capacity of the power plants of the Group reached 14,822MW, representing an increase of approximately 3,091MW or 26.35% as compared with the previous year, among which the attributable installed capacity of coal-fired power was 12,343MW, representing approximately 83% of the total attributable installed capacity, and the attributable installed capacity of hydropower (including wind power) was 2,479MW, representing approximately 17% of the total attributable installed capacity.

Power Generation, Electricity Sold and Utilization Hours

In 2013, the aggregate gross power generation of the Group reached 55,582,400MWh, representing an increase of 7.18% as compared with the previous year, among which the

generation from coal-fired power and hydropower reached 42,455,060MWh and 13,127,340MWh respectively. The aggregate total electricity sold also reached 52,795,155MWh, representing an increase of 7.30% as compared with the previous year, among which the electricity sold from coal-fired power and hydropower (including wind power) reached 39,852,279MWh and 12,942,876MWh respectively.

In 2013, the average utilization hours of coal-fired power generating units was 4,998 hours, representing an increase of 39 hours as compared with the previous year, which was mainly because of the prolonged high temperature during the summer in regions such as Eastern China as well as the decrease in average utilization hours of hydropower generation facilities in the local provinces as compared with the previous year, thus making room for significant increase in coal-fired power generation. The average utilization hours of hydropower generating units was 3,436 hours, representing a decrease of 46 hours as compared with the previous year.

On-Grid Tariff

In 2013, the average on-grid tariff of coal-fired power of the Group was RMB373.51/MWh, representing a decrease of RMB4.10/MWh as compared with the previous year, while the average on-grid tariff of hydropower of the Group was RMB288.56/MWh, representing an increase of RMB9.69/MWh as compared with the previous 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, raising the average on-grid tariff of hydropower in general.

Unit Fuel Cost

In 2013, the average unit fuel cost of the Group's coal-fired power generation business was approximately RMB226.00/MWh, representing a decrease of approximately 11.23% from that of RMB254.60/MWh of the previous year.

The decrease in the unit fuel cost was primarily due to the continuing decline in coal prices since the beginning of the year under review, and the new power generating units with large capacity commencing operation, driving down the coal consumption, 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, lowering coal consumption, 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 Investment

As at 31 December 2013, 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 31 December 2013, the fair value of the shareholding held by the Group was approximately RMB1,872,081,000, being no change as compared with the corresponding amount at 31 December 2012.

Material Acquisitions and Disposals

In July 2013, the Group entered into an agreement to dispose of its sole pumped storage hydropower generation unit, Heimifeng, to State Grid Corporation of China* at a consideration of RMB1,104,878,000. The transaction was completed during the year and the Group recorded a gain on disposal of RMB771,603,000.

In November 2013, the Company completed its acquisition of the entire interest in Wuhu Electric Power from CPI Holding at a consideration of RMB1,451,919,000, of which 85% was satisfied by the issuance of consideration shares and 15% was paid by cash. Wuhu Electric Power currently holds two 660MW ultra super-critical coal-fired generating units located in Wuhu City, Anhui Province in the PRC. Upon completion, Wuhu Electric Power has become a wholly-owned subsidiary of the Group.

Save as disclosed above, the Group did not make any material acquisition or disposal during the year under review.

Significant Financing Activities

A 63%-owned subsidiary of the Group, Wu Ling Power re-issued RMB1 billion short-term debentures in the PRC and completed the issuance of the first tranche at RMB500 million in January 2013.

In addition, Wu Ling Power also re-issued a non-public issuance of RMB1 billion debt financing instrument in the PRC and completed the issuance of the first tranche at RMB500 million in June 2013.

The Group intended to use the net proceeds from the above issuance of bonds for its future capital expenditure, repayment of existing borrowings and general working capital.

New Power Plants

In 2013, the Group's new power generating units which commenced commercial operation included:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest %	Attributable Installed Capacity (MW)
CP Shentou Power Plant	Coal-fired power	1,200	80	960
Changshu Power Plant	Coal-fired power	2,000	50	1,000
Baishi Power Plant	Hydropower	420	59.85	251.4
Suoluogou Power Plant	Hydropower	10	63	6.3
Burqin Power Plant	Wind power	49.5	63	31.2
Toksun Power Plant	Wind power	49.5	63	31.2
Total		3,729		2,280.1

As at 31 December 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
Pingwei Power Plant III	Coal-fired power	2,000	100	2,000	In 2015
Tuokou Power Plant	Hydropower	830	59.85	496.8	In 2014
Suoluogou Power Plant	Hydropower	21	63	13.2	In 2015
Jiesigou Power Plant	Hydropower	24	44.1	10.6	In 2014
Shanshan Power Plant	Wind power	49.5	63	31.2	In 2014
Total		2,924.5		2,551.8	

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 5,440MW.

Among which, the installed capacity for coal-fired power projects amounts to 4,640MW. 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 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 800MW 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.

Energy Saving and Emission Reduction

The Group has always committed to the full utilization of its clean energy generation. In 2013, the hydropower and the additional new wind power generation amounted to 23.62% (2012: 23.49%) of the total power generation of the Group. During the year under review, the electricity generated and sold from hydropower and wind power increased significantly by 7.78% and 7.80% respectively as compared with the previous year.

During the year 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 ratio reached 98.96% (2012: 98.86%), and the efficiency ratio of desulphurization reached 95.07% (2012: 94.95%).

During the implementation of national economic “Twelfth Five-Year Plan” period of China, the Group will also install denitration facilities for all of its coal-fired power generating units. To reduce the emission of nitrogen oxide (NO_x), the Group completed the denitration and renovation projects for the generating unit no. 2 of Dabieshan Power Plant, generating unit nos. 5 and 6 of Yaomeng Power Plant II, generating unit no. 1 of Wuhu Power Plant, generating unit nos. 1 and 2 of Pingwei Power Plant in 2013.

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

- the emission rate of sulphur dioxide (SO₂) at 0.345g/KWh, representing a decrease of 0.048g/KWh compared with the previous year;
- the emission rate of nitrogen oxide (NO_x) at 1.127g/KWh, representing a decrease of 0.33g/KWh compared with the previous year, and
- the emission rate of dusts at 0.189g/KWh, representing a decrease of 0.026g/KWh compared with the previous 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 power generating units and various other measures.

In 2013, the average coal consumption rate of the Group was 314.84g/KWh, representing a decrease of 1.86g/KWh as compared with the previous year, equivalent to approximately a saving of 70,000 tonnes of standard coal.

Operational Safety

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

Operating Results of 2013

In 2013, the revenue of the Group was approximately RMB18,826,728,000, representing an increase of approximately 7.60% as compared with the previous year. Profit attributable to owners of the Company was approximately RMB2,289,888,000, representing an increase of approximately RMB1,108,763,000 or 93.87% as compared with the previous year.

In 2013, the net profit of the Group amounted to approximately RMB3,275,392,000, representing an increase of approximately RMB1,594,116,000 as compared with the previous year. Among which, the net profit mainly from coal-fired power business amounted to approximately RMB1,643,929,000 while the net profit from hydropower business amounted to approximately RMB1,631,463,000, representing their respective ratio of contribution to the total net profit of 50%:50% (2012: 54%:46%).

The increase in net profit as compared to 2012 was mainly due to the following factors:

- the total electricity sold increased by 3,592,502MWh and the average on-grid tariff of hydropower increased as compared with the previous year, resulting in an overall increase in revenue of approximately RMB1,329,600,000;
- the fuel costs decreased as compared with the previous year, saving operating expenses of approximately RMB463,468,000; and

- an one-off gain on disposal of a pumped storage hydropower plant of approximately RMB771,603,000.

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

- the commencing operation of new power generating units during the year led to an increase in depreciation of property, plant and equipment for approximately RMB127,143,000 as compared with the previous year;
- the increase in staff number and scheduled maintenance work for increased number of generating units led to increase in the staff costs and the repairs and maintenance expenses for approximately RMB276,382,000 as compared with the previous year; and
- the provision for impairment of property, plant and equipment increased by approximately RMB535,248,000 in view of government policies for shutting down certain old coal-fired power generating units and impairment of certain other assets.

Revenue

The revenue of the Group was mainly derived from the sales of electricity. In 2013, the Group recorded a revenue of approximately RMB18,826,728,000, representing an increase of 7.60% as compared with approximately RMB17,497,128,000 of the previous year. The increase in revenue was mainly attributed to the increase in both the total electricity sold and the average on-grid tariff of hydropower as compared with the previous year.

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

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.

In 2013, the operating costs of the Group amounted to approximately RMB14,413,376,000, representing an increase of 0.17% as compared with approximately RMB14,388,688,000 of the previous year. The increase was mainly because of the increase in depreciation expenses, staff costs (due to increase in number of employees as a result of new power plants commencing operation and an acquisition of a power plant) and repairs and maintenance expenses. However, the increase was mostly offset by the substantial reduction in fuel costs by approximately RMB463,468,000 that caused by the declining coal prices.

Fuel costs were the Group's major operating costs. In 2013, the fuel costs of the Group was approximately RMB9,006,559,000, representing 62.49% of the total operating costs and a decrease of 4.89% as compared with approximately RMB9,470,027,000 of the previous year.

Operating Profit

In 2013, the Group's operating profit was approximately RMB5,181,565,000, representing an increase of 45.56% as compared with the operating profit of approximately RMB3,559,640,000 of the previous year.

Finance Costs

In 2013, the finance costs of the Group amounted to approximately RMB1,511,774,000, representing a decrease of 10.39% as compared with approximately RMB1,687,029,000 of the previous year. Such decrease in finance costs was mainly because of the repayment of corporate bonds, the conversion of convertible bonds by bondholders to shares of the Company during the year that reduced the liability level, and the exchange gain arising from the translation of foreign currencies denominated borrowings related to the hydropower business at the year end.

Share of Results of Associates

In 2013, the share of profits of associates was approximately RMB435,704,000, representing an increase in profits of approximately RMB289,560,000 as compared with the share of profits of approximately RMB146,144,000 of the previous year. The increase in profits was mainly because of the commencing commercial operation of the first 1,000MW new coal-fired power generating unit of Changshu Power Plant in January 2013 and was profit-generating.

Share of Results of Joint Ventures

In 2013, the share of profits of joint ventures was approximately RMB64,083,000, representing an increase in profits of approximately RMB69,857,000 as compared with the share of losses of approximately RMB5,774,000 of the previous year. The increase in profits was mainly because of the commencing commercial operation of the two 300MW co-generation units of Xintang Power Plant in August and October 2012 respectively and were profit-generating.

Taxation

In 2013, taxation charges of the Group were approximately RMB958,666,000, representing an increase of approximately RMB511,267,000 as compared with approximately RMB447,399,000 of the previous year. Such increase was in line with the profit growth during the year.

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 preference 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, CP Shentou Power Plant, Dabieshan Power Plant and Wuhu Power Plant were all subject to the applicable income tax rate of 25% for the year. All hydropower plants of the Group were subject to the applicable income tax rate of 25% for the year, except for some small hydropower plants in Sichuan, where the applicable tax rate is lower than 25%.

Profit Attributable to Owners of the Company

In 2013, profit attributable to owners of the Company was approximately RMB2,289,888,000, representing an increase of approximately RMB1,108,763,000 or 93.87% as compared with approximately RMB1,181,125,000 of the previous year.

Earnings per Share and Final Dividend

In 2013, the basic and diluted earnings per share attributable to owners of the Company were approximately RMB0.40 (2012: RMB0.22) and RMB0.35 (2012: RMB0.21) respectively.

At the Board meeting held on 19 March 2014, the Board recommended the payment of a final dividend for the year ended 31 December 2013 of RMB0.16 (equivalent to HK\$0.2025 at the exchange rate announced by the People's Bank of China today) per ordinary share (2012: RMB0.09 (equivalent to HK\$0.1113) per ordinary share), totaling RMB1,030,240,000 (equivalent to HK\$1,303,897,000) (2012: RMB504,587,000 (equivalent to HK\$624,006,000)), which is based on 6,438,999,357 shares (2012: 5,606,524,604 shares) in issue on 19 March 2014 (2012: 20 March 2013).

Liquidity and Financial Resources

As at 31 December 2013, cash and cash equivalents of the Group were approximately RMB1,641,368,000 (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 issue. Current assets amounted to approximately RMB7,283,985,000 (31 December 2012: RMB6,610,060,000) and current ratio was 0.42 (31 December 2012: 0.46).

Debts

As at 31 December 2013, total borrowings of the Group amounted to approximately RMB45,134,526,000 (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").

Set out below are details of the bank and other borrowings of the Group as at 31 December 2013 and 2012:

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings, secured	20,281,582	22,279,420
Bank borrowings, unsecured	15,292,793	12,630,982
Corporate bonds issued by the Company	800,000	800,000
Convertible bonds issued by the Company	1,441,547	1,855,185
Corporate bonds issued by Wu Ling Power	1,995,693	2,494,836
Borrowings from group companies	5,222,911	4,325,911
Other borrowings	100,000	553,540
	<u>45,134,526</u>	<u>44,939,874</u>

The above bank and other borrowings were repayable as follows:

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	10,667,220	9,654,738
In the second year	6,586,877	4,313,797
In the third to fifth year	13,427,040	14,735,703
After the fifth year	14,453,389	16,235,636
	<u>45,134,526</u>	<u>44,939,874</u>

Included in the above bank and other borrowings, about approximately RMB13,328,926,000 (31 December 2012: RMB13,242,839,000) are subject to fixed interest rates and the remaining bank borrowings are subject to adjustment based on the relevant rules of People's Bank of China and bearing interest at rates ranging from 5.40% to 7.21% (2012 : 5.53% to 7.22%) per annum.

In May 2011, the Company issued 5-year convertible bonds of RMB982,000,000 with carrying amount of RMB435,846,000 as at 31 December 2013. During the year under review, bondholders exercised conversion rights with corresponding carrying value amounted to RMB465,498,000 in total.

In September 2012, the Company issued 5-year convertible bonds of RMB1,140,000,000 with carrying amount of RMB1,005,701,000 as at 31 December 2013. During the year under review, bondholders exercised conversion rights with corresponding carrying value amounted to RMB527,000 in total.

The funds from the debts incurred by the Group 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 31 December 2013 and 2012 were approximately 65% and 69% respectively.

Capital Expenditure

In 2013, capital expenditure of the Group (excluding the acquisition of Wuhu Power Plant) was approximately RMB7,049,790,000, 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 31 December 2013, the balance of the Group's borrowings denominated in foreign currencies amounted to approximately RMB1,031,150,000 (31 December 2012: RMB1,268,740,000).

In 2008, Wu Ling Power entered into a derivative financial instrument contract with a view to managing the foreign exchange exposure of its JPY borrowings. However, to avoid risks from derivative financial instruments given the continuous depreciation of JPY since 2012, the Group had terminated the hedging contract in May 2013 and recognized a book loss of approximately RMB26,634,000 during the year under review. 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 31 December 2013, the Group pledged certain property, plant and equipment with a net book value of approximately RMB661,965,000 (31 December 2012: RMB534,547,000) to certain banks to secure bank borrowings in the amount of RMB388,320,000 (31 December 2012: RMB261,820,000). 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 31 December 2013 amounted to approximately RMB1,515,666,000 (31 December 2012: RMB1,575,920,000). As at 31 December 2013, bank deposits of certain subsidiaries of the Group amounting to RMB49,227,000 (31 December 2012: RMB35,000,000) were pledged as security for an obligation under finance lease in the amount of RMB406,800,000 (31 December 2012: RMB492,373,000) and bills payables in the amount of RMB70,916,000 (31 December 2012: Nil).

Contingent Liabilities

As at 31 December 2013, the Group had no material contingent liabilities.

Employees

As at 31 December 2013, the Group had a total of 9,456 full-time employees (31 December 2012: 7,669).

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 for 2014

The year 2014 will be the first year of deepening the comprehensive reforms in China after the Third Plenary Session. The economy of China is expected to maintain steady and moderate growth. The growth rate of electricity consumption is expected to remain stable while the electricity market shall maintain an overall balance in supply and demand though competition in certain power generation market remains keen. Affected by a combination of factors, the coal prices are estimated to stay at a low level. Coal-fired power business will be facing the pressures on environmental protection commitment and financing in general.

In 2014, the Group will continue to realize its advantages from the strategy of balanced hydro- and coal-fired power generation, optimize and upgrade asset structure, speed up the pace and raise the quality of its development, and maintain stable position in safety and environmental protection in order to enhance operation efficiency continuously.

In 2014, the Group will take proactive steps as follows:

- promote the progress of preparatory works for large power projects;
- strengthen the effort to develop the clean energy projects;
- 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;
- strengthen asset management to minimize finance costs; and
- comply strictly with the environmental standards, while securing to obtain all financial grants, environmental protection tariffs and subsidies.

As the Group reaches its 10th anniversary of listing in 2014, we will leverage on this opportunity to have a complete review on our corporate strategy. In response to Chinese economic reforms and increasingly strict ecological requirements for smog relief, the Company intends to achieve two key changes: (1) continuing expand the proportion of clean energy, with a goal of doubling our current attributable installed capacity of the power generation by 2020, of which the clean energy should weigh over 50% for additional capacity, and all additional coal-fired power will be large capacity generating units that are energy-saving and environmental friendly; (2) adapting to the even more market driven competitive environment, we will leverage our own advantages on clean and green energy to seize opportunities for future development.

Audit Committee and Review of Financial Statements

The audit committee of the Company (the “Audit Committee”), which comprises three independent non-executive Directors, has discussed and reviewed with management the annual results and the consolidated financial statements for the year ended 31 December 2013.

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 year ended 31 December 2013.

Corporate Governance

The Company always strives to raise the standard of its corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and management on abiding by the standards of corporate governance, as well as our willingness to maintain transparency and accountability to maximise the value of our shareholders as a whole.

Except for the deviation from the code provisions of A.2.1, A.4.2 and E.1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the “Code”) (as stated below), the Company has strictly complied with the code provisions of the Code in 2013.

The Code provision A.2.1 requires that the roles of the chairman and the chief executive officer should be separate and not be performed by the same individual. Currently, Ms. Li Xiaolin assumes both positions concurrently. The Board believes that Ms. Li Xiaolin shall concurrently act as the chief executive officer with a view to ensuring the effective development of long-term business strategies of the Company and implementation of business plans of the Company. Meanwhile, the Company has established an executive committee, which comprises all executive Directors and senior management. The meetings are convened regularly to make decisions on matters concerning the ordinary management and business of the Company.

The Code provision A.4.2 requires that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the articles of association of the Company, the executive Director who is also the chief executive officer of the Company shall not be subject to retirement by rotation which reflects the importance of this position and ensures that the impact of the change of personnel on the operation of the Company is kept minimal. All the other Directors will be subject to retirement at all the subsequent annual general meetings after the annual general meeting in year 2007.

The Company will also ensure that all Directors (with the exception of the executive Director who is also the chief executive officer of the Company) are subject to retirement by rotation and re-election at least once every three years to comply with the provisions of the Code.

According to the Code provision 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 Company's annual general meeting held on 28 May 2013, she 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 general meeting. All 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 to ensure effective communication with shareholders of the Company.

Securities Transactions by Directors

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors ("Code of Conduct"), the terms of which are no less than 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 all Directors, they confirmed that they have complied with the Code of Conduct throughout the annual period of 2013.

Publication of Results Announcement on the Websites of The Stock Exchange of Hong Kong Limited and the Company

This 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 2013 annual 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 annual report will also be made available for review on the above websites in due course.

* *English or Chinese translation, as the case may be, is for identification only*

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

Hong Kong, 19 March 2014

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.