



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)



Clean Energy *Green Enterprise*



2014

INTERIM REPORT

INFORMATION FOR OUR SHAREHOLDERS AND INVESTORS

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

- Ordinary Shares (Stock Code 2380)
- RMB1,140,000,000 USD Settled 2.75% Convertible Bonds Due 2017 (Stock Code 4564)
- RMB2,000,000,000 4.50% Corporate Bonds Due 2017 (Stock Code 85960)

INTERIM REPORT

The 2014 interim report will be sent to the shareholders of the Company who have selected to receive the printed version of corporate communication by 3 September 2014.

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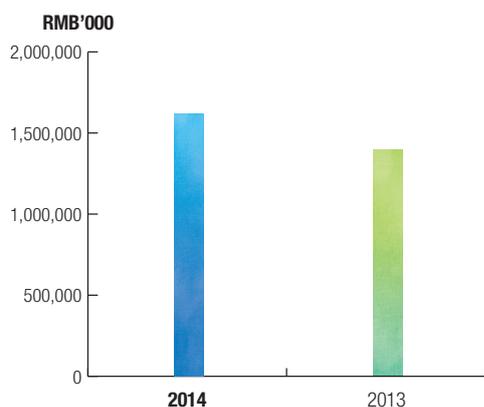


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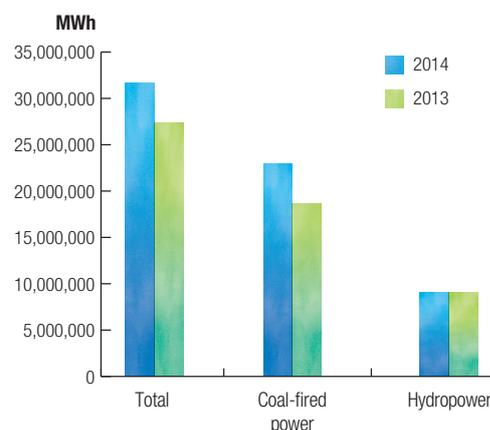
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INTERIM FINANCIAL HIGHLIGHTS

Profit attributable to owners of the Company
for the six months ended 30 June



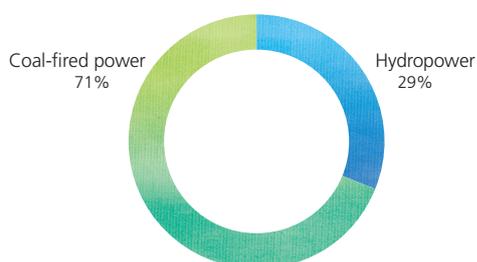
Electricity sold
for the six months ended 30 June



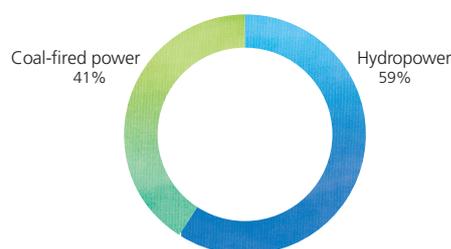
Unaudited
Six months ended 30 June

	2014 RMB'000	2013 RMB'000	Change %
Profit attributable to owners of the Company	1,618,138	1,401,196	15.48
	MWh	MWh	%
Total electricity sold	31,314,471	27,008,433	15.94
— Coal-fired power	22,627,789	18,281,302	23.78
— Hydropower (including minor wind power)	8,686,682	8,727,131	-0.46

Net profit
for the six months ended 30 June 2014



Net profit
for the six months ended 30 June 2013



Unaudited
Six months ended 30 June

	2014 RMB'000	Proportion %	2013 RMB'000	Proportion %
Net profit	2,114,216	100	2,083,437	100
— Coal-fired power*	1,503,579	71	849,301	41
— Hydropower	610,637	29	1,234,136	59

* It included other minor items, please refer to the details as set out in note 6 "Revenue and segment information" in the notes to the condensed consolidated interim financial information.

Interim Financial Highlights

	Unaudited		
	Six months ended 30 June		
	2014	2013	Change
	RMB	RMB	%
Earnings per share			
Basic	0.25	0.25	–
Diluted	0.23	0.21	9.52
	RMB'000	RMB'000	%
Revenue	10,863,799	9,642,440	12.67
Profit attributable to owners of the Company	1,618,138	1,401,196	15.48
	As at		Change
	30 June 2014	31 December 2013	%
	Unaudited	Audited	
Shareholders' equity, excluding non-controlling interests	19,361,968	18,421,656	5.10
Total assets	81,628,503	76,738,968	6.37
Cash and cash equivalents	3,875,312	1,641,368	136.10
Total borrowings	46,334,900	45,134,526	2.66
	Unaudited		
	Six months ended 30 June		
	2014	2013	Change
	MWh	MWh	%
Total power generation*	32,729,107	28,345,116	15.47
Total electricity sold*	31,314,471	27,008,433	15.94

* Excluding associates and joint ventures

MANAGEMENT'S DISCUSSION AND ANALYSIS

The principal activities of China Power International Development Limited (the "Company"), together with its subsidiaries (collectively, 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 2014

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 the number of 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 15.59%.
- 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 "Hong Kong Stock Exchange").
- 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 the 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 over 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) were 23,931,595MWh and 8,797,512MWh respectively. The aggregate total electricity sold 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) were 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 increased number of new commercially operative coal-fired power 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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.

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.

OPERATING RESULTS FOR THE FIRST HALF OF 2014

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 rise in electricity sold caused higher fuel consumption, the fuel 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 or 55.06% 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 or 38.17% 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.

ADDITIONAL POWER GENERATING UNITS AS COMPARED TO THE CORRESPONDING PERIOD

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)	Timeline for Production
CP Shentou Power Plant	Coal-fired power	600	80	480	September 2013
Wuhu Electric Power*	Coal-fired power	1,320	100	1,320	November 2013
Changshu Power Plant	Coal-fired power	1,000	50	500	December 2013
Suoluogou Power Plant	Hydropower	10	63	6.3	November 2013
Tuokou Power Plant	Hydropower	830	59.85	496.8	March 2014
Burqin Power Plant	Wind power	49.5	63	31.2	July 2013
Toksun Power Plant	Wind power	49.5	63	31.2	July 2013
Total		3,859		2,865.5	

* The Company completed the acquisition of Wuhu Electric Power on 25 November 2013. Its power generation and electricity sold were consolidated into the Group thereafter.

Note: Apart from the above additional power generating units, as compared to the corresponding period, the Group recorded a net increase in attributable installed capacity of approximately 2,020.3MW when we accounted for the disposal of Heimifeng Power Plant, the closure of Shentou I Power Plant as well as the changes in the installed capacity of Shanghai Power.

PROJECTS UNDER CONSTRUCTION

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	

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

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.

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 of 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.

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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).

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.

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.

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 2014

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. The competition in the power generation market in certain provinces in China still remains keen, but the Group's new power generating 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.

By order of the Board

China Power International Development Limited

Li Xiaolin

Chairman

Hong Kong, 14 August 2014

CORPORATE GOVERNANCE

China Power is committed to high 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 shareholders fairly and strive for the long-term, stable and growing return for the shareholders.

The Group's corporate governance has been fully disclosed in the "Corporate Governance Report" of 2013 annual report. During the six months ended 30 June 2014, save for the deviations from the code provisions of A.2.1, A.4.2 and E.1.2, the Company has strictly complied with code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in the Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The CG Code A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Ms. Li Xiaolin currently serves as chairman of the Board and chief executive officer. The Board believes that Ms. Li Xiaolin has served as the chief executive officer of the Company and accumulated extensive experience in the capital market and the industry. It will be more effective in developing the Company's long-term business strategies and in execution of the Company's business plans if Ms. Li Xiaolin continues to serve as the chief executive officer of the Company. The Board believes that by virtue of the extensive experience and expertise of the Board members (including three independent non-executive Directors and two non-executive Directors), a balance of power and authority in the operation of the Board has been adequately ensured. Coupled with the Company's Executive Committee, it is sufficient for ensuring the effective management and supervision of the Group's daily business operations.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The CG Code A.4.2 also stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, as provided in 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. The Board is of the view that the continuous leadership of the chief executive officer can ensure the operational efficiency of the Group and a more coherent implementation of business plans delegated by the Board. Such provisions of the Company's articles of association have reflected the importance of maintaining the stability of the position.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by the Directors (the "Code of Conduct"), the standard of which are no less than the requirements of Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to each of the Directors, they all confirmed that they have fully complied with the Code of Conduct during the six months ended 30 June 2014.

CHANGE IN DIRECTOR AND UPDATED DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in Director and updated information of Directors required to be disclosed since the 2013 annual report until the date of this report are as follows:

Mr. Gu Dake has reached the statutory retirement age in China and thus resigned as an executive Director and President of the Company, and Mr. Yu Bing has been appointed as an executive Director and President of the Company with effect from 20 June 2014.

Mr. Tsui Yiu Wa, Alec was appointed as an independent non-executive director of Kangda International Environmental Company Limited which was listed on the Main Board of the Hong Kong Stock Exchange on 4 July 2014.

INTERNAL CONTROL

The Board puts particular emphasis on risk management, and supervises management by continuous strengthening of the internal control system. Through the Audit Committee, the Board conducts regularly reviews on the effectiveness of internal controls.

The principles of the internal control framework of the Company are: to strengthen the Company's internal monitoring and control system in accordance with the requirements as set out in the Listing Rules with particular emphasis on continuous improvement of the Company's corporate governance structure, set up an effective top-down control system, build up the corporate culture of integrity, continuously assess the adaptability of the internal control system and effectiveness of management, review the identified risk factors and develop the measures for improvements to ensure the effective running of the internal control system.

In the first half of 2014, the Internal Audit Department conducted independent and objective assessment of the adequacy and effectiveness of the internal control system in operation. As review by the audits, it set rectification requirements for 27 issues, added 10 proposals to strengthen controls and followed up actively to ensure the situation was improved. It also carried out risk assessment work for the year 2014 in the area of information collection, various business management and its key business processes for risk identification and analysis. The risks faced by each business unit and its management and control system capabilities were reflected to the top management in a timely manner, in order to improve the Company's defense capability against risks.

In addition, for good governance practice, the Internal Audit Department has taken appropriate measures to review the Group's existing continuing connected transactions on quarterly basis. For the six months ended 30 June 2014, the relevant companies of the Group have strictly monitored continuing connected transactions pursuant to the agreed terms during the actual course of business, and have not exceeded the respective annual caps of connected transactions as disclosed.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec and is chaired by Mr. Kwong Che Keung, Gordon. The terms of reference of the committee has been published on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx"). The primary duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control system, review of the Group's financial information, review of the relationship with the external auditor of the Company and overseeing the governance and compliance matters.

The Audit Committee and PricewaterhouseCoopers have reviewed the Group's interim financial information for the six months ended 30 June 2014.

CORPORATE GOVERNANCE

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee comprises three independent non-executive Directors, namely Mr. Li Fang, Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and is chaired by Mr. Li Fang. The terms of reference of the committee has been published on the websites of the Company and the HKEx. Its major duties include making recommendations to the Board on the remuneration policy and structure for all Directors and senior management of the Company, and identifying individuals suitably qualified to become Board members based on a range of diverse perspectives and selecting or on the selection of individuals nominated for directorship. The Remuneration and Nomination Committee should review the structure, size and composition of the Board at least annually and make recommendations to the Board on changes to its Board members.

The Board diversity policy was approved by the Remuneration and Nomination Committee and the Board in August 2013 which came into effect on 1 September 2013 in accordance with the CG Code. Summary of the policy was disclosed in the “Corporate Governance Report” of the Company’s 2013 annual report.

EXECUTIVE COMMITTEE

The Executive Committee comprises all the executive Directors and the supporting members including the vice presidents and other senior management. The chairman of the committee is served by the Chairman of the Board. The Executive Committee conducts its works and reports to the Board according to the “Working Guidelines for the Executive Committee” which was approved by the Board. The Executive Committee has been authorized to manage the daily operations of the Group, advise the Board in formulating policies in relation to the Group’s business operations, monitor the performance and compliance of the daily business and supervise the management to implement various Board resolutions.

COMMUNICATION WITH SHAREHOLDERS

The Company always recognizes the importance of maintaining effective communication with shareholders and investors. The shareholders and investors are informed the latest business performance and development of the Group by means of various communication channels, including the Company’s website at www.chinapower.hk, the annual and interim reports, the quarterly power generation announcements and other announcements on the Group’s key business development, so that they can make the best investment decisions. Regular holding of shareholders’ meetings, press conferences as well as meetings with financial analysts and investors also provide our shareholders and investors the opportunities to directly communicate with the management of the Company. Furthermore, the Company’s website is updated constantly to provide investors and general public the latest information in all aspects of the Company. The “Shareholder Communications Policy” of the Company is posted on the Company’s website under the “Corporate Governance” section.

According to the CG Code 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 22 May 2014, she had arranged Mr. Gu Dake, the executive Director and President of the Company at that time, who is very familiar with the Group’s business and operations, to attend and chair the general meeting. Other Directors, including 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 shareholders and investors. All resolutions proposed were duly passed by shareholders’ voting at the meeting.

INVESTOR RELATIONS

For the first half of 2014, the Company organized the press conference right after the publication of its 2013 annual results, to give a detailed account of the annual results of the Company. The Chairman, the Directors and the senior management attended the conference and had direct communications with investors and securities analysts. We launched roadshows in Hong Kong to coordinate with the announcing of the 2013 annual results of the Company. The senior management and investor relations team participated in the roadshows to interview and communicate with investors, for expanding the investor base.

During the first half of 2014, the Company participated in three investment forums organized by internationally renowned investment banks in Hong Kong and Beijing to foster interactive communications with investors, among which, including: “dbAccess China Conference 2014”, “17th Credit Suisse Asian Investment Conference” and “19th CLSA China Forum”. The Company through participating in investment forums, roadshows and daily visits interviewed approximately 70 analysts and investors, thereby maintaining good communication with the investing public.

SHARE OPTION SCHEMES

The Company has two share option schemes, namely the Pre-IPO share option scheme (the “Pre-IPO Scheme”) and the share option scheme (the “Share Option Scheme”) as follows:

(A) Pre-IPO Scheme

The Company has conditionally approved and adopted the Pre-IPO Scheme on 24 August 2004.

The Pre-IPO Scheme ended on the date on which dealings in the shares of the Company commenced on the Hong Kong Stock Exchange (i.e. 15 October 2004). No further share options may be granted after that date but the provisions of the Pre-IPO Scheme shall remain in full force and effect. The main terms of the Pre-IPO Scheme are summarized in the 2013 annual report.

Movements of the share options granted under the Pre-IPO Scheme for the six months ended 30 June 2014 are as follows:

Grantee	Date of grant	Number of shares subject to share options					Outstanding as at 30 June 2014	Expiry date ⁽¹⁾	Exercise price per share (HK\$)
		Outstanding as at 1 January 2014	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2014			
Directors:									
LI Xiaolin	18 September 2004	1,661,500	–	–	–	1,661,500	17 September 2014	2.53	
WANG Zichao	18 September 2004	540,000	–	–	–	540,000	17 September 2014	2.53	
Other employees									
	18 September 2004	3,156,900	–	–	–	3,156,900	17 September 2014	2.53	
	11 October 2004	498,500	–	–	–	498,500	10 October 2014	2.53	

Note:

- (1) Each share option has a 10-year exercise period within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her share option (less any number of shares in respect of which the share option has been previously exercised).

As at 30 June 2014, a total of 5,856,900 shares (representing approximately 0.09% of the Company’s existing number of shares in issue) may be issued by the Company if all share options which had been granted under the Pre-IPO Scheme have been exercised.

CORPORATE GOVERNANCE

(B) Share Option Scheme

The Share Option Scheme was conditionally approved and adopted by a written resolution passed by the Company's shareholders on 24 August 2004. The purposes of the Share Option Scheme are to attract and retain high-caliber personnel to provide them with the opportunity to acquire equity of the Company and to motivate them to higher level of performance. The main terms of the Share Option Scheme are summarized in the 2013 annual report.

Movements of the share options granted under the Share Option Scheme for the six months ended 30 June 2014 are as follows:

Grantee	Date of grant	Number of shares subject to share options				Outstanding as at 30 June 2014	Expiry date ⁽¹⁾	Exercise price per share (HK\$)
		Outstanding as at 1 January 2014	Granted during the period	Lapsed or cancelled during the period	Exercised during the period			
Directors:								
LI Xiaolin	4 April 2007	1,905,000	–	–	–	1,905,000	3 April 2017	4.07
	2 July 2008	820,000	–	–	–	820,000	1 July 2018	2.326
GUAN Qihong	2 July 2008	400,000	–	–	–	400,000	1 July 2018	2.326
WANG Zichao	4 April 2007	804,000	–	–	–	804,000	3 April 2017	4.07
	2 July 2008	700,000	–	–	–	700,000	1 July 2018	2.326
Other employees								
	4 April 2007	7,335,000	–	–	–	7,335,000	3 April 2017	4.07
	2 July 2008	19,910,000	–	(220,000)	–	19,690,000	1 July 2018	2.326

Note:

- (1) Each share option has a 10-year exercise period within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her share option (less any number of shares in respect of which the share option has been previously exercised).

As at 30 June 2014, the total number of shares in respect of which share options may be granted under the Share Option Scheme was 31,654,000 shares, representing approximately 0.47% of the Company's existing number of shares in issue.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2014, save as disclosed below, none of the Directors or the chief executive has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO") which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Name of Directors	Capacity	Name of company in which interest are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives⁽¹⁾	Percentage of issued share capital of the Company (%)	Long/short position
LI Xiaolin	Beneficial owner	the Company	18 September 2004, 4 April 2007 and 2 July 2008	4,386,500	0.0653	Long
GUAN Qihong	Beneficial owner	the Company	2 July 2008	400,000	0.0060	Long
WANG Zichao	Beneficial owner	the Company	18 September 2004, 4 April 2007 and 2 July 2008	2,044,000	0.0304	Long

Notes:

- (1) The interests of the above Directors in the underlying shares of the Company represent the share options granted to them under the Pre-IPO Scheme and Share Option Scheme by the Company.
- (2) None of the above Directors has interests in any securities of the Company (except for interests held under equity derivatives disclosed above).

CORPORATE GOVERNANCE

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2014, to the best knowledge of the Directors, the following persons (other than the Directors and the chief executive of the Company) who had an interest or short position in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Capacity	Number of shares in which interested other than under equity derivatives ⁽³⁾	Percentage of issued share capital of the Company (%)	Long/short position
China Power Development Limited ("CPDL")	Beneficial owner	1,996,500,000	29.72	Long
CPI Holding ⁽¹⁾	Interest of a controlled corporation	1,996,500,000	29.72	Long
	Beneficial owner	2,074,538,546	30.89	Long
CPI Group ⁽²⁾	Interest of a controlled corporation	4,071,038,546	60.61	Long

Notes:

- (1) CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in the shares of the Company owned by CPDL for the purposes of the SFO.
- (2) CPI Group is the beneficial owner of CPI Holding and therefore CPI Group is deemed to be interested in the shares of the Company owned by CPI Holding for the purposes of the SFO.
- (3) CPI Group, CPI Holding and CPDL do not have any interest in the equity derivatives of the Company.

Save as disclosed above, as at 30 June 2014, no person, other than the Directors and the chief executive of the Company whose interests are set out in the section "Directors' Interests in Securities" above, had any interest or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE 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.

PUBLIC FLOAT

As at the date of this interim report, based on public information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, being no less than 25% of the Company's number of shares in issue as required under the Listing Rules.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION FROM INDEPENDENT AUDITOR



羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 64, which comprises the condensed consolidated interim statement of financial position of China Power International Development Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2014 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 14 August 2014

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2014

	Note	Unaudited Six months ended 30 June	
		2014 RMB'000	2013 RMB'000
Revenue	6	10,863,799	9,642,440
Other income	7	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	8	(7,458)	3,496
Other operating expenses		(632,570)	(606,019)
Operating profit	9	3,334,064	2,949,456
Finance income	10	29,198	47,632
Finance costs	10	(1,347,809)	(757,459)
Share of profits of associates		310,772	200,420
Share of profits of joint ventures		36,146	26,161
Profit before taxation		2,362,371	2,466,210
Taxation	11	(248,155)	(382,773)
Profit for the period		2,114,216	2,083,437
Attributable to:			
Owners of the Company		1,618,138	1,401,196
Non-controlling interests		496,078	682,241
		2,114,216	2,083,437
Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB per share)			
— Basic	12	0.25	0.25
— Diluted	12	0.23	0.21

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Note	Unaudited	
		Six months ended 30 June	
		2014 RMB'000	2013 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	19	(81,702)	(157,350)
Total comprehensive income for the period		2,032,514	1,926,087
Attributable to:			
Owners of the Company		1,536,436	1,243,846
Non-controlling interests		496,078	682,241
Total comprehensive income for the period		2,032,514	1,926,087

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	As at	
		30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	65,313,581	61,618,034
Prepayment for construction of power plants	14	209,271	1,152,350
Land use rights	14	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	15	1,917,857	2,026,793
Loan to a fellow subsidiary	27	–	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	16	2,846,147	2,493,682
Prepayments, deposits and other receivables		1,063,010	1,199,949
Amounts due from related parties	27	312,700	576,050
Tax recoverable		19,359	7,957
Pledged bank deposits	25	52,290	49,227
Cash and cash equivalents		3,875,312	1,641,368
		8,808,553	6,616,638
Assets held for sale	17	667,347	667,347
		9,475,900	7,283,985
Total assets		81,628,503	76,738,968
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	18	12,386,220	6,161,388
Share premium		–	5,773,347
		12,386,220	11,934,735
Share capital and share premium		12,386,220	11,934,735
Reserves	19	6,975,748	6,486,921
		19,361,968	18,421,656
Non-controlling interests		5,234,309	4,865,487
Total equity		24,596,277	23,287,143

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2014

	Note	As at	
		30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		24,198	50,636
Bank borrowings	21	26,978,066	26,914,155
Borrowings from related parties	27	2,485,216	3,815,911
Other borrowings	22	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	24	657,002	3,467
		36,360,017	36,067,303
Current liabilities			
Accounts and bills payables	20	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	27	1,160,088	437,441
Bank borrowings	21	9,776,639	8,660,220
Borrowings from related parties	27	1,627,295	1,407,000
Other borrowings	22	650,000	600,000
Current portion of obligations under finance leases		114,972	111,361
Taxation payable		254,272	536,153
		20,672,209	17,384,522
Total liabilities		57,032,226	53,451,825
Total equity and liabilities		81,628,503	76,738,968
Net current liabilities		11,196,309	10,100,537
Total assets less current liabilities		60,956,294	59,354,446

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Unaudited					
	Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Other reserves (Note 19) RMB'000	Retained earnings RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance as at 1 January 2014	6,161,388	5,773,347	3,745,902	2,741,019	4,865,487	23,287,143
Profit for the period	-	-	-	1,618,138	496,078	2,114,216
Other comprehensive (loss)/income:						
Fair value loss on available-for-sale financial assets	-	-	(108,936)	-	-	(108,936)
Deferred tax on fair value loss on available-for-sale financial assets	-	-	27,234	-	-	27,234
Total comprehensive (loss)/income for the period	-	-	(81,702)	1,618,138	496,078	2,032,514
Lapse of share options	-	-	(114)	114	-	-
Issue of new shares upon conversion of convertible bonds before 3 March 2014	27,434	28,566	(7,128)	-	-	48,872
Transition to no-par value regime on 3 March 2014	5,801,913	(5,801,913)	-	-	-	-
Issue of new shares upon conversion of convertible bonds after 3 March 2014	395,485	-	(52,849)	49,945	-	392,581
Dividend paid to non-controlling shareholders of subsidiaries	-	-	-	-	(127,256)	(127,256)
2013 final dividend	-	-	-	(1,037,577)	-	(1,037,577)
Total transactions with owners, recognised directly in equity	6,224,832	(5,773,347)	(60,091)	(987,518)	(127,256)	(723,380)
Balance as at 30 June 2014	12,386,220	-	3,604,109	3,371,639	5,234,309	24,596,277

Condensed Consolidated Interim Statement of Changes in Equity
For the six months ended 30 June 2014

	Unaudited						
	Attributable to owners of the Company					Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves (Note 19) RMB'000	Retained earnings RMB'000	Total		
Balance as at 1 January 2013	5,483,753	4,685,455	3,664,724	1,108,312	3,987,178	18,929,422	
Profit for the period	–	–	–	1,401,196	682,241	2,083,437	
Other comprehensive (loss)/income:							
Fair value loss on available-for-sale financial assets	–	–	(209,800)	–	–	(209,800)	
Deferred tax on fair value loss on available- for-sale financial assets	–	–	52,450	–	–	52,450	
Total comprehensive (loss)/income for the period	–	–	(157,350)	1,401,196	682,241	1,926,087	
Contribution from non-controlling shareholders of subsidiaries	–	–	–	–	81,077	81,077	
Dividend paid to a non-controlling shareholder of a subsidiary	–	–	–	–	(53,568)	(53,568)	
Issue of new shares upon conversion of convertible bonds	150,859	172,373	(39,777)	–	–	283,455	
2012 final dividend	–	–	–	(510,920)	–	(510,920)	
Total transactions with owners, recognised directly in equity	150,859	172,373	(39,777)	(510,920)	27,509	(199,956)	
Balance as at 30 June 2013	5,634,612	4,857,828	3,467,597	1,998,588	4,696,928	20,655,553	

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	5,061,850	4,450,831
Interest paid	(1,376,013)	(1,340,428)
PRC income tax paid	(574,539)	(277,792)
Net cash generated from operating activities	3,111,298	2,832,611
Cash flows from investing activities		
Payments for property, plant and equipment	(1,952,839)	(1,957,227)
Prepayments for construction of power plants	(613,451)	(136,706)
Proceeds from disposal of property, plant and equipment and land use rights	82,363	43,778
Proceeds from disposal of a joint venture	–	19,588
Proceeds from termination of derivative financial instruments	–	12,110
Increase in leasehold land prepayment	–	(676)
Repayment of loans from/(new loan to) related parties	450,000	(150,000)
Capital injection to an associate	(4,000)	(200,000)
Dividend received from a joint venture	60,000	–
Interest received	29,198	47,632
Net cash used in investing activities	(1,948,729)	(2,321,501)
Cash flows from financing activities		
New bank borrowings	6,511,732	6,374,797
New borrowings from related parties	190,000	850,000
New short-term other borrowings	50,000	570,000
Proceeds from issue of corporate bonds	2,000,000	500,000
Contributions from non-controlling shareholders of subsidiaries	–	81,077
Repayment of bank borrowings	(5,378,360)	(5,613,148)
Repayment of borrowings from related parties	(1,300,400)	(750,000)
Repayment of other borrowings	(500,000)	(1,187,141)
Payments for obligations under finance leases	(71,964)	(69,604)
Dividend paid (Note 13)	(386,211)	(510,920)
Dividend paid to non-controlling shareholders of subsidiaries	(41,200)	–
Increase in pledged bank deposit	(3,063)	(65,481)
Net cash generated from financing activities	1,070,534	179,580
Net increase in cash and cash equivalents	2,233,103	690,690
Cash and cash equivalents at the beginning of the period	1,641,368	2,016,418
Exchange gains/(losses), net	841	(636)
Cash and cash equivalents at the end of the period	3,875,312	2,706,472

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Power International Development Limited (the “Company”) was incorporated in Hong Kong on 24 March 2004 as a limited liability company under the Hong Kong Companies Ordinance. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together, the “Group”) are principally engaged in investment holdings, generation and sales of electricity and the development of power plants in The People’s Republic of China (the “PRC”).

The Group is controlled by China Power International Holding Limited (“CPIH”), an intermediate holding company which directly holds the Company’s shares and also indirectly through China Power Development Limited (“CPDL”). The directors of the Company (the “Directors”) regard China Power Investment Corporation (中國電力投資集團公司) (“CPI Group”), a state-owned enterprise established in the PRC which is the beneficial owner of CPIH, as the parent company.

This condensed consolidated interim financial information is presented in thousands of Renminbi (“RMB’000”), unless otherwise stated, and has been approved by the board of Directors on 14 August 2014.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

- (a) This 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”. This 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.
- (b) 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.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (CONTINUED)

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

The following new interpretation and amendments to standards are mandatory for accounting periods beginning on or after 1 January 2014:

HKFRS 10, 12 and HKAS 27(2011) (amendment)	Investment Entities
HKAS 32 (amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC)-Int 21	Levies

The adoption of the above new interpretation and amendments to standards does not have any significant impact to the results and financial position of the Group.

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

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted by the Group:

HKFRS 9	Financial Instruments ⁽⁴⁾
HKFRS 11 (amendment)	Accounting for Acquisitions of Interests in Joint Operations ⁽²⁾
HKFRS 14	Regulatory Deferral Accounts ⁽²⁾
HKFRS 15	Revenue from Contracts with Customers ⁽³⁾
HKAS 16 and HKAS 38 (amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁽²⁾
HKAS 19 (amendment)	Defined Benefit Plans: Employee Contributions ⁽¹⁾
HKFRSs (amendment)	Annual Improvements 2010–2012 Cycle ⁽¹⁾
HKFRSs (amendment)	Annual Improvements 2011–2013 Cycle ⁽¹⁾

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

⁽²⁾ Effective for the Group for annual period beginning on 1 January 2016

⁽³⁾ Effective for the Group for annual period beginning on 1 January 2017

⁽⁴⁾ Effective date to be determined

The Group will apply the above new standards and amendments to standards from 1 January 2015 or later periods and has already commenced an assessment of the related impact to the Group. The Group expects 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 and amendments to standards.

4 ESTIMATES

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.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

This condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management department or in any risk management policies since the year end.

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following tables present the Group's assets that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2014				
Assets				
Available-for-sale financial assets				
— equity securities	1,763,145	—	—	1,763,145
At 31 December 2013				
Assets				
Available-for-sale financial assets				
— equity securities	1,872,081	—	—	1,872,081

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise equity investments classified as trading securities or available-for-sale.

There were no changes in valuation techniques during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Fair values of financial assets and liabilities measured at amortised cost

The fair values of borrowings are as follows:

	As at	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Non-current	39,659,012	38,528,706
Current	6,825,599	6,787,789
	46,484,611	45,316,495

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Accounts receivable
- Prepayments, deposits and other receivables
- Pledged bank deposits
- Cash and cash equivalents
- Amounts due from/(to) related parties
- Accounts and bills payables
- Construction cost payable
- Other payables and accrued charges

6 REVENUE AND SEGMENT INFORMATION

Revenue, representing turnover, recognised during the period is 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
	10,863,799	9,642,440

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 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

	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
	8,379,651	2,484,148	10,863,799	–	10,863,799
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
Amortisation 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

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)**Segment information (Continued)**

	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
	37,410,879	39,767,125	77,178,004	297,365	77,475,369
Available-for-sale financial assets					1,917,857
Deferred income tax assets					59,866
Other unallocated assets					2,175,411
Total assets per consolidated statement of financial position					81,628,503
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)
	(25,245,199)	(28,995,272)	(54,240,471)	(682,250)	(54,922,721)
Taxation payable					(254,272)
Deferred income tax liabilities					(1,013,291)
Other unallocated liabilities					(841,942)
Total liabilities per consolidated statement of financial position					(57,032,226)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

	Unaudited				
	Six months ended 30 June 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	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
	6,966,447	2,675,993	9,642,440	–	9,642,440
Results of reportable segments					
Unallocated income	–	–	–	95,039	95,039
Unallocated expenses	–	–	–	(90,120)	(90,120)
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
Finance costs	(364,449)	(385,462)	(749,911)	(7,548)	(757,459)
Share of profits of associates	200,420	–	200,420	–	200,420
Share of profits/(losses) of joint ventures	32,681	–	32,681	(6,520)	26,161
Profit before taxation					
Taxation	1,005,510	1,445,319	2,450,829	15,381	2,466,210
	(169,026)	(211,183)	(380,209)	(2,564)	(382,773)
Profit for the period					
	836,484	1,234,136	2,070,620	12,817	2,083,437
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
Amortisation 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

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)**Segment information (Continued)**

	Audited				Total RMB'000
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	
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
	35,982,647	36,687,069	72,669,716	288,219	72,957,935
Available-for-sale financial assets					2,026,793
Loan to a fellow subsidiary					200,000
Deferred income tax assets					88,746
Other unallocated assets					1,465,494
Total assets per consolidated statement of financial position					76,738,968
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)
	(23,772,409)	(27,224,668)	(50,997,077)	(687,000)	(51,684,077)
Taxation payable					(536,153)
Deferred income tax liabilities					(1,102,506)
Other unallocated liabilities					(129,089)
Total liabilities per consolidated statement of financial position					(53,451,825)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 OTHER INCOME

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Rental income	32,418	32,333
Hotel operations income	15,346	17,970
Dividend income (Note 27(a))	84,403	60,520
Clean development mechanism income	—	8,815
Income from the provision of repair and maintenance services	16,844	6,061
Management fee income	13,462	13,166
	162,473	138,865

8 OTHER (LOSSES)/GAINS, NET

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Amortisation of deferred income	775	4,771
Government subsidies	—	150
Loss on termination of derivative financial instruments (Note 23)	—	(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)
	(7,458)	3,496

9 OPERATING PROFIT

Operating profit is stated after charging the following:

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Amortisation of land use rights (Note 14)	7,950	4,637
Depreciation of property, plant and equipment (Note 14)	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

10 FINANCE INCOME AND FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	15,256	27,722
Interest income from an associate (Note 27(a))	12,986	10,634
Interest income from a fellow subsidiary (Note 27(a))	956	9,276
	29,198	47,632
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 24)	29,285	—
	1,476,750	1,368,444
Less: amounts capitalised	(183,627)	(440,035)
	1,293,123	928,409
Net foreign exchange losses/(gains)	54,686	(170,950)
	1,347,809	757,459

The weighted average interest rate on capitalised borrowings is approximately 6.11% (2013: 6.15%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 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 represents:

	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
	248,155	382,773

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 are 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% 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 utilised 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 recognised as a reduction of current tax when they are realised. The portion of Tax credits that has not been utilised in the current period can be carried forward over a period of no more than five years.

12 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)	0.25	0.25

(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)	30,683	40,399
Profit used to determine diluted earnings per share (RMB'000)	1,648,821	1,441,595
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)	807,603	1,124,839
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	7,287,423	6,743,451
Diluted earnings per share (RMB)	0.23	0.21

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 DIVIDEND

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

Out of the 2013 final dividend of RMB1,037,577,000 approved during the six months ended 30 June 2014, RMB386,211,000 was settled in cash. The remaining balance of RMB651,366,000 attributable to immediate and intermediate holding companies was settled through current account with CPIH (Note 27(c)), which constitutes a non-cash transaction for the purpose of the condensed consolidated interim statement of cash flows.

14 CAPITAL EXPENDITURE

	Property, plant and equipment RMB'000	Unaudited Prepayment for construction of power plants RMB'000	Land use rights RMB'000
Opening net book value as at 1 January 2013	55,942,962	1,655,650	449,928
Additions	2,036,737	136,706	676
Disposals	(8,488)	–	(9,481)
Depreciation and amortisation	(1,091,503)	–	(4,637)
Transfer	1,584,450	(1,584,450)	–
Reclassification to assets held for sale (Note 17)	(2,773,471)	–	–
Closing net book value as at 30 June 2013	55,690,687	207,906	436,486
Opening net book value as at 1 January 2014	61,618,034	1,152,350	712,046
Additions (Note)	3,585,571	613,451	–
Disposals	(97,369)	–	–
Depreciation and amortisation	(1,349,185)	–	(7,950)
Transfer	1,556,530	(1,556,530)	–
Closing net book value as at 30 June 2014	65,313,581	209,271	704,096

Note:

Additions for property, plant and equipment 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 24).

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Unlisted equity investments outside Hong Kong — at cost (note (a))	154,712	154,712
Equity securities listed outside Hong Kong — at fair value (note (b))	1,763,145	1,872,081
	1,917,857	2,026,793
Market value of equity securities listed outside Hong Kong	1,763,145	1,872,081

Notes:

- (a) Unlisted equity investments principally represent interests in certain unlisted companies which do not have a quoted market price in an active market and for which the range of other methods of reasonably estimating fair value is significant and the probabilities of the various estimates cannot be reasonably assessed. Accordingly, these investments are carried at cost less accumulated impairment losses.
- (b) Details of the equity securities listed outside Hong Kong as at 30 June 2014 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
Shanghai Electric Power Co., Ltd ("Shanghai Power")	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 holding and the generation and sale of electricity

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 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
	2,494,483	2,303,994
Notes receivable (note (b))	351,664	189,688
	2,846,147	2,493,682

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:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
1 to 3 months	2,494,483	2,303,994

- (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 receivable approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivable are denominated in RMB.
- (d) As at 30 June 2014, certain bank borrowings (Note 21(d)) and long-term borrowings from CPI Financial Company Limited ("CPIF") (Note 27(c)(i)) 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: RMB1,515,666,000) (Note 25).

17 ASSETS HELD FOR SALE

In December 2013, the Group entered into several letters of intent with Hunan Provincial Power Company to sell certain hydroelectricity transmission assets amounted to approximately RMB893,992,000 for a total consideration of approximately RMB680,460,000. In accordance with HKFRS 5, these assets have been reclassified as held for sale and were written down to their fair values less costs to sell. Provision for impairment of RMB226,645,000 was recognised in the income statement during the year ended 31 December 2013. These disposals are expected to complete by 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 SHARE CAPITAL (CONTINUED)

(b) Share option schemes

Pursuant to the written resolutions passed by the shareholders of the Company on 24 August 2004, two share option schemes, namely, Share Option Scheme (the "Option Scheme"), and Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") were approved and adopted by the Company.

(i) Option Scheme

Details of the share options granted under the Option Scheme outstanding as at 30 June 2014 are as follows:

Date of grant	Expiry date	Exercise price	Number of shares subject to the share options	
			As at 30 June 2014 Unaudited	As at 31 December 2013 Audited
Directors [#]				
4 April 2007	3 April 2017	HK\$4.07	2,709,000	4,086,000
2 July 2008	1 July 2018	HK\$2.326	1,920,000	2,620,000
Senior management and other employees [#]				
4 April 2007	3 April 2017	HK\$4.07	7,335,000	5,958,000
2 July 2008	1 July 2018	HK\$2.326	19,690,000	19,210,000
			31,654,000	31,874,000

[#] Mr. Gu Dake resigned as an executive Director and President of the Company on 20 June 2014. A total of 2,077,000 share options granted to him were reclassified from the category of "Directors" to "Senior management and other employees" accordingly.

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	Unaudited Six months ended 30 June			
	2014		2013	
	Average exercise price per share	Number of share options	Average exercise price per share	Number of share options
As at 1 January	HK\$2.876	31,874,000	HK\$2.872	32,074,000
Lapsed	HK\$2.326	(220,000)	—	—
As at 30 June		31,654,000		32,074,000

As at 30 June 2014, all of the 31,654,000 (2013: 32,074,000) outstanding share options were vested and exercisable. During the period, no share options were exercised (2013: Nil) and 220,000 (2013: Nil) share options lapsed.

18 SHARE CAPITAL (CONTINUED)**(b) Share option schemes (Continued)****(i) Option Scheme (Continued)**

Share options granted are exercisable within a period of ten years within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her share option.

Consideration in connection with all share options granted were received. Save as mentioned above, no other share options granted under the Option Scheme were cancelled or exercised during the period. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

(ii) Pre-IPO Scheme

Details of the share options granted under the Pre-IPO Scheme outstanding as at 30 June 2014 are as follows:

	Date of grant	Expiry date	Exercise price	Number of shares subject to the share options	
				As at 30 June 2014 Unaudited	As at 31 December 2013 Audited
Directors*	18 September 2004	17 September 2014	HK\$2.53	2,201,500	3,073,800
Senior management and other employees*	18 September 2004	17 September 2014	HK\$2.53	3,156,900	2,284,600
Senior management and other employees	11 October 2004	10 October 2014	HK\$2.53	498,500	498,500
				5,856,900	5,856,900

* Mr. Gu Dake resigned as an executive Director and President of the Company on 20 June 2014. A total of 872,300 share options granted to him were reclassified from the category of "Directors" to "Senior management and other employees" accordingly.

As at 30 June 2014, all of the 5,856,900 (2013: 5,856,900) outstanding share options were vested and exercisable. During the period, no share options were exercised (2013: Nil).

Share options granted are exercisable within a period of ten years within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her share option.

Consideration in connection with all share options granted were received. Save as mentioned above, no other share options granted under the Pre-IPO Scheme were cancelled or exercised during the period. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 RESERVES

	Unaudited									
	Merger reserve RMB'000	Capital reserve RMB'000	Available-for-sale financial assets reserve RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Convertible option reserve RMB'000	Other reserves RMB'000	Sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2013	306,548	2,262,848	202,440	333,660	28,128	273,232	257,868	3,664,724	1,108,312	4,773,036
Fair value loss on available-for-sale financial assets	-	-	(209,800)	-	-	-	-	(209,800)	-	(209,800)
Deferred tax on fair value loss on available-for-sale financial assets	-	-	52,450	-	-	-	-	52,450	-	52,450
Issue of new shares upon conversion of convertible bonds	-	-	-	-	-	(39,777)	-	(39,777)	-	(39,777)
Profit for the period	-	-	-	-	-	-	-	-	1,401,196	1,401,196
2012 final dividend	-	-	-	-	-	-	-	-	(510,920)	(510,920)
As at 30 June 2013	306,548	2,262,848	45,090	333,660	28,128	233,455	257,868	3,467,597	1,998,588	5,466,185

	Unaudited									
	Merger reserve RMB'000	Capital reserve RMB'000	Available-for-sale financial assets reserve RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Convertible option reserve RMB'000	Other reserves RMB'000	Sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2014	306,548	2,262,848	202,440	480,039	28,010	208,149	257,868	3,745,902	2,741,019	6,486,921
Fair value loss on available-for-sale financial assets	-	-	(108,936)	-	-	-	-	(108,936)	-	(108,936)
Deferred tax on fair value loss on available-for-sale financial assets	-	-	27,234	-	-	-	-	27,234	-	27,234
Issue of new shares upon conversion of convertible bonds	-	-	-	-	-	(59,977)	-	(59,977)	49,945	(10,032)
Lapse of share options	-	-	-	-	(114)	-	-	(114)	114	-
Profit for the period	-	-	-	-	-	-	-	-	1,618,138	1,618,138
2013 final dividend	-	-	-	-	-	-	-	-	(1,037,577)	(1,037,577)
As at 30 June 2014	306,548	2,262,848	120,738	480,039	27,896	148,172	257,868	3,604,109	3,371,639	6,975,748

Notes to the Condensed Consolidated Interim Financial Information

20 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 is 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 (Note 25).
- (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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 BANK BORROWINGS

Bank borrowings are analysed as follows:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Non-current		
Long-term bank borrowings		
— secured (note (d))	18,404,466	19,081,582
— unsecured	11,934,640	10,815,004
	30,339,106	29,896,586
Less:		
— current portion of long-term bank borrowings	(3,361,040)	(2,982,431)
	26,978,066	26,914,155
Current		
Short-term bank borrowings		
— secured (note (d))	900,000	1,200,000
— unsecured	5,515,599	4,477,789
Current portion of long-term bank borrowings	3,361,040	2,982,431
	9,776,639	8,660,220
Total bank borrowings	36,754,705	35,574,375

21 BANK BORROWINGS (CONTINUED)

Notes:

- (a) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
RMB	35,424,035	34,543,225
JPY	835,446	831,025
USD	495,224	200,125
	36,754,705	35,574,375

- (b) The repayment terms of the long-term bank borrowings are analysed as follows:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Wholly repayable within five years	3,791,550	3,155,970
Not wholly repayable within five years	26,547,556	26,740,616
	30,339,106	29,896,586

The Group's long-term bank borrowings were repayable as follows:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Within one year	3,361,040	2,982,431
In the second year	3,782,750	3,956,582
In the third to fifth year	9,748,458	9,511,677
After the fifth year	13,446,858	13,445,896
	30,339,106	29,896,586

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 BANK BORROWINGS (CONTINUED)

Notes: (Continued)

(c) The effective interest rates of the Group's bank borrowings are as follows:

	As at	
	30 June 2014 Unaudited	31 December 2013 Audited
Current bank borrowings	5.27%	5.21%
Non-current bank borrowings	6.01%	6.11%

(d) As at 30 June 2014, the bank borrowings of the Group were secured as follows:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Secured against the rights on accounts receivable of certain subsidiaries of the Group (Note 16)	17,140,299	18,021,087
Secured against property, plant and equipment of subsidiaries of the Group	382,570	388,320
Guaranteed by Hunan Provincial Finance Bureau	432,687	419,417
Guaranteed by Hunan Provincial Power Company	946,150	1,041,150
Guaranteed by CPIF	402,760	411,608
	19,304,466	20,281,582

(e) As at 30 June 2014, the Group had the following available borrowing facilities:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Bank borrowings, at floating rates	11,658,677	13,644,041

22 OTHER BORROWINGS

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Non-current		
Corporate bonds issued by:		
— the Company (note (a))	2,800,000	800,000
— a subsidiary (note (b))	995,693	1,495,693
	3,795,693	2,295,693
Convertible bonds issued by the Company (note (c))	1,021,991	1,441,547
	4,817,684	3,737,240

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Current		
Short-term other borrowings:		
— corporate bonds issued by a subsidiary (note (b))	500,000	500,000
— others (note (d))	150,000	100,000
	650,000	600,000

Notes:

- (a) Unsecured RMB denominated corporate bonds of RMB800,000,000 (2013: RMB800,000,000) were issued by the Company in December 2010 for a term of 5 years at an interest rate of 3.20% (2013: 3.20%) per annum.

Unsecured RMB denominated corporate bonds of RMB2,000,000,000 (2013: Nil) were issued by the Company in May 2014 for a term of 3 years at an interest rate of 4.50% per annum.

- (b) Long-term corporate bonds issued by a subsidiary include certain bonds of RMB995,693,000 (2013: RMB995,693,000) issued by Wu Ling Power Corporation ("Wu Ling") and are bearing interest at 4.60% (2013: 4.60%) per annum for a term of 10 years from April 2009. These bonds are guaranteed by CPI Group.

In 2013, Wu Ling has issued corporate bonds of RMB500,000,000 which bear interest at 5.50% per annum for a term of 2 years from June 2013. The amount has been reclassified as current portion as at 30 June 2014.

As at 31 December 2013, short-term corporate bonds issued by a subsidiary represented unsecured bonds issued by Wu Ling and were bearing interest at 4.86% per annum for a term of one year. The amount was fully repaid during the six months ended 30 June 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(c) Convertible bonds

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
2011 Convertible Bonds (note (c)(i))	–	435,846
2012 Convertible Bonds (note (c)(ii))	1,021,991	1,005,701
	1,021,991	1,441,547

- (i) In May 2011, the Company issued RMB denominated US\$ settled 2.25% convertible bonds (the "2011 Convertible Bonds"), of an initial principal amount of RMB982,000,000 (equivalent to US\$150,000,000). The value of the liability component of RMB837,351,000 and the equity conversion component of RMB124,995,000 were determined at issuance of the 2011 Convertible Bonds, after netting off transaction cost of RMB19,654,000.

At the option of bond holders, the aggregate amount of RMB982,000,000 will be convertible into fully paid shares of the Company. The 2011 Convertible Bonds will, subject to other terms and conditions, mature in five years from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or after 27 June 2011 at an initial conversion price of HK\$2.15 per share (as adjusted to HK\$1.75 per share with effect from 5 June 2014 pursuant to the terms and conditions as stipulated in the offering memorandum of the 2011 Convertible Bonds) at a fixed exchange rate of RMB0.8414 to HK\$1.00.

The fair value of the liability component included in long-term other borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a convertible option reserve included in reserves.

The 2011 Convertible Bonds recognised in the statement of financial position was calculated as follows:

	RMB'000
Carrying amount as at 1 January 2013	880,138
Conversion	(283,455)
Accrued interest	12,797
Carrying amount as at 30 June 2013	609,480
Carrying amount as at 1 January 2014	435,846
Conversion	(441,453)
Accrued interest	5,607
Carrying amount as at 30 June 2014	–

Interest expense on the liability component of the 2011 Convertible Bonds were calculated using the effective interest method, applying the effective interest rate of 5.67% (2013: 5.67%) per annum to the liability component.

During the period ended 30 June 2014, all remaining 2011 Convertible Bonds were fully converted. The aggregate amount of RMB441,453,000 (2013: RMB283,455,000) was converted into 312,632,049 (2013: 188,488,507) new shares resulting in an increase in share capital of approximately RMB422,919,000 (2013: RMB150,859,000). These shares rank pari passu in all respects with the existing shares.

The 2011 Convertible Bonds were delisted from The Stock Exchange of Hong Kong Limited on 24 July 2014.

22 OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(c) Convertible bonds (Continued)

- (ii) In September 2012, the Company issued RMB denominated US\$ settled 2.75% convertible bonds (the "2012 Convertible Bonds"), of an initial principal amount of RMB1,140,000,000 (equivalent to US\$180,000,000). The value of the liability component of RMB966,279,000 and the equity conversion component of RMB148,237,000 were determined at issuance of the 2012 Convertible Bonds, after netting off transaction cost of RMB25,484,000.

At the option of bond holders, the aggregate amount of RMB1,140,000,000 will be convertible into fully paid shares of the Company. The 2012 Convertible Bonds will, subject to other terms and conditions, mature in five years from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or after 28 October 2012 at an initial conversion price of HK\$2.52 per share (as adjusted to HK\$2.214 per share with effect from 5 June 2014 pursuant to the terms and conditions as stipulated in the offering memorandum of the 2012 Convertible Bonds) at a fixed exchange rate of RMB0.8185 to HK\$1.00.

The 2012 Convertible Bonds are listed on The Stock Exchange of Hong Kong Limited.

The fair value of the liability component included in long-term other borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a convertible option reserve included in reserves.

The 2012 Convertible Bonds recognised in the statement of financial position is calculated as follows:

	RMB'000
Carrying amount as at 1 January 2013	975,047
Accrued interest	15,301
Carrying amount as at 30 June 2013	990,348
Carrying amount as at 1 January 2014	1,005,701
Accrued interest	16,290
Carrying amount as at 30 June 2014	1,021,991

Interest expense on the liability component of the 2012 Convertible Bonds are calculated using the effective interest method, applying the effective interest rate of 6.36% (2013: 6.36%) per annum to the liability component.

During the period ended 30 June 2014, there was no conversion or redemption of the 2012 Convertible Bonds (2013: Nil).

- (d) Short-term other borrowings represent loans from local financial institutions which are unsecured, bearing interest at 5.70% to 6.00% (2013: 5.70%) per annum and are repayable within one year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2014, the Group had no derivative financial instruments.

As at 31 December 2012, the derivative financial instruments represented certain net settled derivative financial instruments, with a contract period of 15 years, mainly to sell USD for JPY with an aggregate notional principal amount of JPY2,601,520,000. The derivative financial instruments were terminated during the period ended 30 June 2013.

The following table presents the changes in these derivative financial instruments for the six months ended 30 June 2013.

	Unaudited Six months ended 30 June 2013 RMB'000
Opening balance as at 1 January — Assets	38,744
Loss on termination of derivative financial instruments recognised in the condensed consolidated interim income statement (Note 8)	(26,634)
Proceeds from termination of derivative financial instruments	(12,110)
Closing balance as at 30 June — Assets	—

24 PROVISIONS FOR OTHER LONG-TERM LIABILITIES

During the period ended 30 June 2014, a provision was recognised 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 recognised as interest expense.

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

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited 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	—

24 PROVISIONS FOR OTHER LONG-TERM LIABILITIES (CONTINUED)

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	–	–
Recognised during the period (Note 14)	679,832	–
Interest expense (Note 10)	29,285	–
Closing balance as at 30 June	709,117	–

25 PLEDGE OF ASSETS

Certain of the Group's assets have been pledged as securities under bank and other borrowings and the carrying amounts of the pledged assets as at 30 June 2014 are as follows:

	As at	
	30 June 2014	31 December 2013
	Unaudited	Audited
	RMB'000	RMB'000
Property, plant and equipment secured against bank borrowings	647,731	661,965
Accounts receivable secured against bank borrowings and long-term borrowings from CPIF (Note 16)	1,572,864	1,515,666
Bank deposits secured against		
— bills payables (Note 20(b))	13,290	14,227
— finance lease	35,000	35,000
— short-term bank borrowings	4,000	–
	52,290	49,227

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 CAPITAL COMMITMENTS

(i) Capital commitments outstanding at the end of reporting period not provided for were as follows:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Authorised but not contracted for in respect of — property, plant and equipment	471,979	1,895,578
Contracted but not provided for in respect of		
— property, plant and equipment	2,933,157	5,338,646
— capital contribution to an associate	577,425	577,425
— capital contribution to joint ventures	10,584	10,584
	3,993,145	7,822,233

(ii) Share of capital commitments of joint ventures outstanding at the end of reporting period not provided for was as follows:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Contracted but not provided for in respect of property, plant and equipment	153,406	207,484

There are no contingent liabilities relating to the Group's interests in the joint ventures and the joint ventures did not have any material contingent liabilities as at 30 June 2014 (2013: Nil).

27 RELATED PARTY TRANSACTIONS

The Group is controlled by CPIH, an intermediate holding company which directly holds approximately 30.89% (31 December 2013: 32.39%) of the Company's shares, and indirectly holds approximately 29.72% (31 December 2013: 31.18%) of the Company's shares through CPDL. As at 30 June 2014, CPIH owned approximately 60.61% (31 December 2013: 63.57%) equity interest of the Company on aggregate and the remaining interests were widely held. The Directors regard CPI Group, a state-owned enterprise established in the PRC which is the beneficial owner of CPIH, as the parent company.

CPI Group is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include CPI Group, its subsidiaries, joint ventures and associates (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and CPI Group as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with CPI Group companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in this condensed consolidated interim financial information.

Major related parties that had transactions with the Group were as follows:

Related parties	Relationship with the Company
CPI Group (中國電力投資集團公司)	Parent company
CPIH (中國電力國際有限公司)	Intermediate holding company
CPDL (中國電力發展有限公司)	Immediate holding company
CPIF (中電投財務有限公司)	A company controlled by CPI Group
Shanxi Shentou Electric Power Industry Company Limited (山西神頭電力實業有限責任公司)	Fellow subsidiary
Shanxi Shentou Engineering Company Limited (山西神頭電力檢修有限責任公司)	Fellow subsidiary
Anhui Huainan Pingwei Electric Power Industry Company Limited (安徽淮南平圩電力實業有限責任公司)	Fellow subsidiary
Anhui Huainan Pingwei Power Engineering Maintenance Company Limited (安徽淮南平圩電力檢修工程有限責任公司)	Fellow subsidiary
Pingdingshan Yaomeng Power Engineering Co., Ltd. (平頂山姚孟電力工程有限責任公司)	Fellow subsidiary
Pingdingshan Yaomeng Power Industrial Co., Ltd. (平頂山姚孟電力實業有限責任公司)	Fellow subsidiary

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27 RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties	Relationship with the Company
Guizhou Qian Dong Power Corporation (貴州黔東電力有限公司)	Fellow subsidiary
Sichuan Yibin China Power Environmental Engineering Company Limited (四川宜賓中電環境工程有限公司)	Fellow subsidiary
China Power Maintenance Engineering Company Limited (中電電力檢修工程有限公司)	Fellow subsidiary
Beijing China Power Environmental Engineering Company Limited (北京中電環境工程有限公司)	Fellow subsidiary
CPI Yuanda Environmental-Protection Engineering Company Limited (中電投遠達環境工程有限公司)	Fellow subsidiary
Jiangsu Changshu Electric Power Generating Company Limited (江蘇常熟發電有限公司)	Associate
Henan Zhongping Coal & Electricity Co., Ltd. (河南中平煤電有限責任公司)	Joint venture
Hunan Xiangtuo International Investment Limited (湖南湘投國際投資有限公司)	A non-controlling shareholder of a subsidiary
Huainan Mining Industry (Group) Company Limited (淮南礦業(集團)有限責任公司)	A non-controlling shareholder of a subsidiary
China Coal Energy Company Limited (中國中煤能源股份有限公司)	A non-controlling shareholder of a subsidiary

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in this condensed consolidated interim financial information. Management of the Group are of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

27 RELATED PARTY TRANSACTIONS (CONTINUED)**(a) Income**

	Note	Unaudited	
		Six months ended 30 June	
		2014	2013
		RMB'000	RMB'000
Interest income from a fellow subsidiary	(i)	956	9,276
Interest income from an associate	(ii)	12,986	10,634
Rental income from a fellow subsidiary	(iii)	27,060	27,040
Management fee from CPIH	(iv)	4,444	9,402
Dividend income from Shanghai Power	(v)	80,693	60,520
Dividend income from CPIF	(v)	3,710	–
Income from provision of repairs and maintenance services to a fellow subsidiary	(vi)	1,028	1,125
Income from provision of IT services to:			
— CPIH	(vii)	214	19
— an associate	(vii)	292	594
— fellow subsidiaries	(vii)	8,512	3,151
Sales of coal to an associate	(viii)	41,474	27,424

Notes:

- (i) Interest income from a fellow subsidiary was charged at a fixed interest rate of 6.15% (2013: 6.15%) per annum.
- (ii) Interest income from an associate was charged at rates ranging from 5.40% to 6.30% (2013: 5.40% to 6.00%) per annum.
- (iii) Rental income from a fellow subsidiary was charged in accordance with the terms of the relevant agreements.
- (iv) Management fee from CPIH was charged for the Group's services rendered for the management of certain power plants on behalf of CPIH. This was charged in accordance with the terms of the relevant agreements.
- (v) Dividend income was received from Shanghai Power and CPIF based on the dividends declared by the respective board of directors in proportion to the Group's interest in the companies.
- (vi) Income from the provision of repairs and maintenance services to a fellow subsidiary was charged in accordance with the terms of the relevant agreements.
- (vii) Income from the provision of IT services to CPIH, an associate and fellow subsidiaries was charged in accordance with the terms of the relevant agreements.
- (viii) Sales of coal to an associate were charged in accordance with the terms of the relevant agreements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Expenses

	Note	Unaudited Six months ended 30 June	
		2014 RMB'000	2013 RMB'000
Purchases of fuel, raw materials and spare parts from:			
— a non-controlling shareholder of subsidiaries	(i)	3,511,309	3,073,939
— fellow subsidiaries	(i)	64,972	61,822
— a joint venture	(i)	37,902	136,088
Service fees to fellow subsidiaries	(ii)	107,056	172,458
Interest expenses to:			
— CPIF	(iii)	9,144	13,297
— CPI Group	(iii)	98,494	105,121
— CPIH	(iii)	3,084	—
— a fellow subsidiary	(iii)	3,539	—
Construction costs to fellow subsidiaries	(iv)	13,538	89,402
Labour costs charged by fellow subsidiaries	(v)	—	483
Operating lease rental expenses in respect of:			
— land to CPI Group	(vi)	11,170	8,533
— buildings to CPIH	(vi)	8,408	8,617

Notes:

- (i) Purchases of fuel, raw material and spare parts were charged in accordance with the terms of the relevant agreements.
- (ii) Service fees were largely related to repairs and maintenance services and transportation services which were charged based on mutually agreed prices.
- (iii) Interest expenses to CPIF, CPI Group, CPIH and a fellow subsidiary were charged based on outstanding loan balances at interest rates ranging from 5.60% to 6.00% (2013: 5.60% to 6.00%) per annum, from 3.90% to 6.40% (2013: 3.90% to 6.40%) per annum, at 5.40% (2013: Nil) per annum and at 5.60% (2013: Nil) per annum, respectively.
- (iv) Construction costs were charged in accordance with the terms of contracts.
- (v) Labour costs were charged on a cost reimbursement basis.
- (vi) Rental expenses in respect of certain land and buildings leased from CPI Group and CPIH were charged in accordance with the terms of the relevant agreements.

27 RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Period-end/year-end balances with related parties**

	Note	As at	
		30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Borrowings from CPIF	(i)	(118,400)	(478,800)
Borrowings from CPI Group	(ii)	(3,804,111)	(4,644,111)
Borrowings from CPIH	(iii)	–	(100,000)
Borrowings from a fellow subsidiary	(iv)	(190,000)	–
Loan to a fellow subsidiary	(v)	–	200,000
Amounts due from:			
— non-controlling shareholders	(vi)	346	24,303
— associates	(vii)	250,014	500,907
— joint ventures	(vi)	–	12,270
— fellow subsidiaries	(vi)	45,976	28,367
— CPIF	(vi)	15,117	8,894
— CPDL	(vi)	120	120
Amounts due to:			
— a non-controlling shareholder	(vi)	–	(10,510)
— an associate	(vi)	–	(22,001)
— fellow subsidiaries	(vi)	(83,289)	(100,649)
— CPI Group, net	(vi)	(177,185)	(156,436)
— CPIH, net	(vi)	(669,198)	(13,383)
— CPIF	(vi)	–	(550)
Dividend payable to:			
— non-controlling shareholders	(vi)	(229,289)	(143,233)

Notes:

- (i) Borrowings from CPIF are carrying interest at rates ranging from 5.60% to 6.00% (2013: 5.76% to 6.00%) per annum. Except for an amount of RMB11,400,000 (2013: RMB11,800,000) is secured, the remaining balances are unsecured.
- (ii) Borrowings from CPI Group are unsecured, carrying interest at rates ranging from 3.90% to 6.40% (2013: 3.90% to 6.40%) per annum and are repayable by year 2018.
- (iii) Borrowings from CPIH were unsecured, carrying interest at a fixed interest rate of 5.40% per annum and were repaid during the period.
- (iv) Borrowings from a fellow subsidiary are unsecured, carrying interest at a fixed interest rate of 5.60% per annum and repayable before the end of year 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Period-end/year-end balances with related parties (Continued)

Notes: (Continued)

- (v) Loan to a fellow subsidiary was unsecured, carrying interest at a fixed interest rate of 6.15% (2013: 6.15%) per annum and was recovered in 2014.
- (vi) The balances with these related parties are unsecured, interest free and repayable on demand.
- (vii) Except for an amount due from an associate of RMB250,000,000 (2013: RMB500,000,000) which carries interest at rates ranging from 5.70% to 6.30% (2013: 5.40% to 6.00%) and is repayable within twelve months, the remaining amount due from an associate is unsecured, interest free and repayable on demand.

(d) For the six months ended 30 June 2014 and 2013, the Group's significant transactions and balances with entities that are controlled, jointly-controlled or significantly influenced by the PRC government mainly include:

- (i) bank deposits in state-owned banks and the related interest income
- (ii) bank borrowings from the state-owned banks and the related interest expenses
- (iii) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables
- (iv) purchases of coal from state-owned enterprises and the related payables
- (v) reservoir maintenance and usage fees to the PRC government
- (vi) service fees to state-owned enterprises

The prices and terms of such transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

(e) Key management compensation

	Unaudited Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Basic salaries, housing allowance, other allowances, discretionary bonus and other benefits	5,934	4,583