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China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

Announcement of Interim Results 2015

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the six months ended 30 June 2015. These financial statements prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and Deloitte Touche Tohmatsu, the auditor.

Financial Highlights

	Six months ended 30 June		
	2015	2014	Change
	RMB'000	RMB'000	%
Revenue	9,622,288	10,863,799	-11.43
Profit for the period	3,187,652	2,114,216	50.77
Profit attributable to owners of the Company	2,728,260	1,618,138	68.60
	RMB	RMB	%
Basic earnings per share	0.39	0.25	56.00
	MWh	MWh	%
Total power generation	29,419,054	32,729,107	-10.11
Total electricity sold	28,219,065	31,314,471	-9.88

- The reduction in revenue was mainly due to the decrease in electricity sales and the average on-grid tariff of coal-fired power as compared with the corresponding period last year.
- The increase in profit for the period and profit attributable to owners were mainly due to an one-off gain on disposal of part of the Company’s interest in Shanghai Power for a net profit of approximately RMB827,207,000 and the substantial decline in fuel costs for coal-fired power generation.
- During the period under review, hydropower and wind power electricity sales recorded a steady growth. Save for the one-off gain on disposal of partial interest in Shanghai Power, the profit attributable to owners for the first half of this year increased by 17.50% as compared to the corresponding period last year.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2015	2014
		RMB'000	RMB'000
Revenue	3	9,622,288	10,863,799
Other income	4	193,029	162,473
Fuel costs		(3,054,845)	(4,473,644)
Depreciation		(1,443,131)	(1,349,185)
Staff costs		(826,206)	(747,040)
Repairs and maintenance		(279,367)	(330,509)
Consumables		(111,922)	(151,802)
Other gains/(losses), net	5	1,242,219	(7,458)
Other operating expenses		(763,787)	(632,570)
		<hr/>	<hr/>
Operating profit	6	4,578,278	3,334,064
Finance income	7	35,113	29,198
Finance costs	7	(1,230,892)	(1,347,809)
Share of profits of associates		433,382	310,772
Share of profits of joint ventures		50,319	36,146
		<hr/>	<hr/>
Profit before taxation		3,866,200	2,362,371
Income tax expense	8	(678,548)	(248,155)
		<hr/>	<hr/>
Profit for the period		3,187,652	2,114,216
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		2,728,260	1,618,138
Non-controlling interests		459,392	496,078
		<hr/>	<hr/>
		3,187,652	2,114,216
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB per share)			
- Basic	9	0.39	0.25
		<hr/>	<hr/>
- Diluted	9	0.37	0.23
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit for the period	3,187,652	2,114,216
Other comprehensive income/(expense) that may be subsequently reclassified to profit or loss:		
- Fair value gain/(loss) on available-for-sale financial assets, net of tax	4,386,840	(81,702)
- Release on disposal of available-for-sale financial assets, net of tax	(881,395)	-
Total comprehensive income for the period	<u>6,693,097</u>	<u>2,032,514</u>
Attributable to:		
Owners of the Company	6,233,705	1,536,436
Non-controlling interests	<u>459,392</u>	<u>496,078</u>
Total comprehensive income for the period	<u>6,693,097</u>	<u>2,032,514</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		As at	
	Note	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		65,500,510	66,741,330
Prepayments for construction of power plants		1,413,471	432,289
Prepaid lease payments		890,387	709,677
Goodwill		835,165	835,165
Interests in associates		2,552,401	2,718,235
Interests in joint ventures		615,879	632,636
Available-for-sale financial assets	11	7,820,177	3,305,780
Other non-current assets		458,388	382,773
Deferred income tax assets		104,976	106,442
Pledged bank deposits		300,000	300,000
Derivative financial instruments	12	99,768	-
		80,591,122	76,164,327
Current assets			
Inventories		399,353	493,598
Prepaid lease payments		10,326	6,567
Accounts receivable	13	2,596,365	2,239,128
Prepayments, deposits and other receivables		948,351	790,723
Amounts due from related parties		730,593	335,580
Tax recoverable		7,200	8,053
Pledged bank deposits		-	41,353
Cash and cash equivalents		4,025,273	1,126,917
		8,717,461	5,041,919
Assets held for sale		589,545	589,545
		9,307,006	5,631,464
Total assets		89,898,128	81,795,791

	<i>Note</i>	As at 30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		13,452,645	12,730,145
Retained earning		5,974,120	4,412,781
Reserves		8,136,085	4,720,843
		<hr/>	<hr/>
		27,562,850	21,863,769
Non-controlling interests		6,031,831	5,385,992
		<hr/>	<hr/>
Total equity		33,594,681	27,249,761
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
LIABILITIES			
Non-current liabilities			
Deferred income		32,369	31,423
Bank borrowings		28,536,062	25,584,998
Borrowings from related parties		2,753,911	2,484,816
Other borrowings	14	3,071,467	3,729,444
Obligations under finance leases		1,264,180	1,158,171
Deferred income tax liabilities		2,530,371	1,354,453
Provisions for other long-term liabilities	15	930,770	936,257
		<hr/>	<hr/>
		39,119,130	35,279,562
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

		As at	
	<i>Note</i>	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Current liabilities			
Accounts and bills payables	16	1,120,248	1,101,550
Construction costs payable		3,141,544	3,409,235
Other payables and accrued charges		2,045,294	1,261,230
Amounts due to related parties		1,089,691	453,501
Bank borrowings		6,024,276	7,966,279
Borrowings from related parties		365,800	1,370,295
Other borrowings	14	2,634,080	3,135,700
Current portion of obligations under finance leases		122,679	118,950
Taxation payable		640,705	449,728
		<u>17,184,317</u>	<u>19,266,468</u>
Total liabilities		<u>56,303,447</u>	<u>54,546,030</u>
Total equity and liabilities		<u>89,898,128</u>	<u>81,795,791</u>
Net current liabilities		<u>7,877,311</u>	<u>13,635,004</u>
Total assets less current liabilities		<u>72,713,811</u>	<u>62,529,323</u>

Notes to the Financial Statements

1 Basis of preparation

These condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014 as well as with the applicable disclosure requirements of the Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at 30 June 2015, the Group had net current liabilities of RMB7,877,311,000 (31 December 2014: RMB13,635,004,000). In preparing these condensed consolidated financial statements, the directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As of 30 June 2015, the Group had banking facilities available amounting to approximately RMB14,487,793,000 (31 December 2014: RMB13,517,300,000) 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 these condensed consolidated financial statements on a going concern basis.

2 Accounting policies

The accounting policies applied in the preparation of the condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014, except for the adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants which are effective to the Group for accounting periods beginning on or after 1 January 2015. The adoption of the new and revised HKFRS had no material impact on the Group’s results and financial position for the current or prior periods.

3 Revenue and segment information

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Sales of electricity to regional and provincial power grid companies (note (a))	9,599,556	10,854,313
Provision of power generation and related services (note (b))	22,732	9,486
	9,622,288	10,863,799

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.

Segment information

The chief operating decision maker has been identified as the executive directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Currently, it is determined that the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity" in the People's Republic of China (the "PRC") are the reportable segments of the Group meeting the quantitative thresholds required by HKFRS 8. Although the "Generation and sales of wind power electricity" does not meet such quantitative thresholds required for reportable segments, management has concluded since the year ended 31 December 2014 that this segment should also be reported, as it is closely monitored by the CODM as a potential growth business and is expected to gradually increase its contribution to the Group's results in the future. The comparatives have been restated to reflect such change.

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 financial statements.

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

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

	Unaudited				
	Six months ended 30 June 2015				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Others RMB'000	Total RMB'000
Revenue					
Sales of electricity	6,811,710	2,713,361	74,485	-	9,599,556
Provision of power generation and related services	22,732	-	-	-	22,732
	6,834,442	2,713,361	74,485	-	9,622,288
Segment results	1,781,296	1,677,572	25,418	-	3,484,286
Unallocated income	-	-	-	1,304,942	1,304,942
Unallocated expenses	-	-	-	(210,950)	(210,950)
Operating profit	1,781,296	1,677,572	25,418	1,093,992	4,578,278
Finance income	3,639	11,420	231	19,823	35,113
Finance costs	(377,948)	(828,241)	(8,318)	(16,385)	(1,230,892)
Share of profits of associates	427,464	-	-	5,918	433,382
Share of profits/(losses) of joint ventures	53,965	-	-	(3,646)	50,319
Profit before taxation	1,888,416	860,751	17,331	1,099,702	3,866,200
Taxation charge	(267,731)	(136,596)	(1,197)	(273,024)	(678,548)
Profit for the period	1,620,685	724,155	16,134	826,678	3,187,652
Other segment information:					
Capital expenditure					
- Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	1,265,960	221,794	273,353	129	1,761,236
Depreciation on property, plant and equipment	780,362	631,329	27,160	4,280	1,443,131
Amortization of prepaid lease payments	4,577	2,282	-	408	7,267
Loss on disposal of property, plant and equipment	9,304	6,891	-	-	16,195

Unaudited
As at 30 June 2015

	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Others RMB'000	Total RMB'000
Segment assets					
Other segment assets	34,408,583	37,012,939	1,789,409	-	73,210,931
Goodwill	67,712	767,453	-	-	835,165
Interests in associates	2,457,798	49,851	-	44,752	2,552,401
Interests in joint ventures	376,171	-	-	239,708	615,879
Assets held for sale	-	589,545	-	-	589,545
	<u>37,310,264</u>	<u>38,419,788</u>	<u>1,789,409</u>	<u>284,460</u>	<u>77,803,921</u>
Available-for-sale financial assets					7,820,177
Derivative financial instruments					99,768
Deferred income tax assets					104,976
Other unallocated assets					<u>4,069,286</u>
Total assets per consolidated statement of financial position					<u><u>89,898,128</u></u>
Segment liabilities					
Other segment liabilities	(5,600,796)	(3,468,002)	(135,239)	-	(9,204,037)
Borrowings	<u>(17,461,026)</u>	<u>(23,284,820)</u>	<u>(582,500)</u>	<u>(2,057,250)</u>	<u>(43,385,596)</u>
	<u>(23,061,822)</u>	<u>(26,752,822)</u>	<u>(717,739)</u>	<u>(2,057,250)</u>	<u>(52,589,633)</u>
Taxation payable					(640,705)
Deferred income tax liabilities					(2,530,371)
Other unallocated liabilities					<u>(542,738)</u>
Total liabilities per consolidated statement of financial position					<u><u>(56,303,447)</u></u>

	Unaudited				
	Six months ended 30 June 2014 (Restated)				
	Coal-fired electricity	Hydropower electricity	Wind power electricity	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue					
Sales of electricity	8,370,165	2,435,841	48,307	-	10,854,313
Provision of power generation and related services	9,486	-	-	-	9,486
	<u>8,379,651</u>	<u>2,435,841</u>	<u>48,307</u>	<u>-</u>	<u>10,863,799</u>
Segment results	1,800,365	1,500,092	28,107	-	3,328,564
Unallocated income	-	-	-	112,845	112,845
Unallocated expenses	-	-	-	(107,345)	(107,345)
Operating profit	1,800,365	1,500,092	28,107	5,500	3,334,064
Finance income	3,394	8,390	10	17,404	29,198
Finance costs	(499,662)	(810,099)	(14,586)	(23,462)	(1,347,809)
Share of profits of associates	301,339	-	-	9,433	310,772
Share of profits/(losses) of joint ventures	40,433	-	-	(4,287)	36,146
Profit before taxation	1,645,869	698,383	13,531	4,588	2,362,371
Taxation charge	(146,738)	(101,277)	-	(140)	(248,155)
Profit for the period	<u>1,499,131</u>	<u>597,106</u>	<u>13,531</u>	<u>4,448</u>	<u>2,114,216</u>
Other segment information:					
Capital expenditure					
- Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments	1,407,216	2,193,905	597,338	563	4,199,022
Depreciation on property, plant and equipment	802,049	525,861	14,465	6,810	1,349,185
Amortization of prepaid lease payments	5,199	2,751	-	-	7,950
Loss on disposal of property, plant and equipment and prepaid lease payments	13,382	1,624	-	-	15,006

Audited
As at 31 December 2014

	Coal-fired electricity	Hydropower electricity	Wind power electricity	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets					
Other segment assets	34,203,413	37,143,924	1,049,309	-	72,396,646
Goodwill	67,712	767,453	-	-	835,165
Interests in associates	2,650,417	23,851	-	43,967	2,718,235
Interests in joint ventures	389,684	-	-	242,952	632,636
Assets held for sale	-	589,545	-	-	589,545
	<u>37,311,226</u>	<u>38,524,773</u>	<u>1,049,309</u>	<u>286,919</u>	<u>77,172,227</u>
Available-for-sale financial assets					3,305,780
Deferred income tax assets					106,442
Other unallocated assets					<u>1,211,342</u>
Total assets per consolidated statement of financial position					<u><u>81,795,791</u></u>
Segment liabilities					
Other segment liabilities	(4,477,015)	(3,512,016)	(162,471)	-	(8,151,502)
Borrowings	(18,168,870)	(24,837,662)	(587,500)	(677,500)	(44,271,532)
	<u>(22,645,885)</u>	<u>(28,349,678)</u>	<u>(749,971)</u>	<u>(677,500)</u>	<u>(52,423,034)</u>
Taxation payable					(449,728)
Deferred income tax liabilities					(1,354,453)
Other unallocated liabilities					<u>(318,815)</u>
Total liabilities per consolidated statement of financial position					<u><u>(54,546,030)</u></u>

4 Other income

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Rental income	34,267	32,418
Hotel operations income	17,178	15,346
Dividend income	95,343	84,403
Income from the provision of repairs and maintenance services	13,076	16,844
Management fee income	19,301	13,462
Value-added tax refund (note)	13,864	-
	<u>193,029</u>	<u>162,473</u>

Note:

To support the development of the hydropower industry and standardize the value-added tax (“VAT”) policies applicable to large-scale hydropower companies, in February 2014, the Ministry of Finance and State Administration of Taxation jointly released Caishui [2014] No. 10 (“Circular 10”). Circular 10 specifies that hydropower plants with installed capacity over 1 million kilowatt and selling self-produced electricity products could apply for VAT preferential policies. Eligible enterprises are entitled to a refund of the portion of actual VAT paid which exceeds 8% and 12% of the relevant revenue for the period from 1 January 2013 to 31 December 2015, and for the period from 1 January 2016 to 31 December 2017, respectively.

5 Other gains/(losses), net

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Amortization of deferred income	775	775
Government subsidies	94,373	-
Gain on disposal of available-for-sale financial assets (Note 11)	1,175,193	-
Fair value loss on derivative financial instruments (Note 12)	(41,989)	-
Loss on disposal of property, plant and equipment and prepaid lease payments	(16,195)	(15,006)
Sales of unused power production quota	4,971	5,897
Profits on trading of coal, coal by-products and spare parts	17,855	-
Others	7,236	876
	<u>1,242,219</u>	<u>(7,458)</u>

6 Operating profit

Operating profit is stated after charging the following:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Amortization of prepaid lease payments	7,267	7,950
Depreciation of property, plant and equipment	1,443,131	1,349,185
Operating lease rentals in respect of		
- equipment	2,903	1,839
- leasehold land and buildings	22,326	23,490
Staff costs including directors' emoluments	826,206	747,040
Write-off of pre-operating expenses	33,684	1,879

7 Finance income and finance costs

	Unaudited	
	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
Interest income from bank deposits	32,533	15,256
Interest income from an associate	2,580	12,986
Interest income from a fellow subsidiary	-	956
	35,113	29,198
Finance costs		
Interest expense on		
- bank borrowings wholly repayable within five years	201,822	190,487
- bank borrowings not wholly repayable within five years	885,525	1,013,920
- long-term borrowings from related parties wholly repayable within five years	81,453	96,412
- long-term borrowings from related parties not wholly repayable within five years	300	343
- short-term borrowings from related parties	15,872	17,506
- long-term other borrowings wholly repayable within five years	106,431	66,674
- long-term other borrowings not wholly repayable within five years	-	27,089
- short-term other borrowings	5,225	18,287
- obligations under finance leases	38,302	16,747
- provisions for other long-term liabilities (Note 15)	40,993	29,285
	1,375,923	1,476,750
Less: Amounts capitalized	(138,585)	(183,627)
	1,237,338	1,293,123
Net foreign exchange (gains)/losses	(6,446)	54,686
	1,230,892	1,347,809

The weighted average interest rate on capitalized borrowings was approximately 5.42% (2014: 6.11%) per annum.

8 Income tax expense

No Hong Kong profits tax was provided for as the Group did not have any estimated assessable profit in Hong Kong for the period (2014: Nil).

The provision for PRC current income tax was calculated based on the statutory tax rate of 25% (2014: 25%) on the estimated assessable income for the period except as disclosed below.

The amount of income tax expense charged to the condensed consolidated income statement represents:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
PRC current income tax charge	665,417	281,258
Deferred income tax charge/(credit)	13,131	(33,103)
	678,548	248,155

The PRC current income tax charge during the period included the related taxation charge arising from the gain on disposal of Shanghai Power's shares for approximately RMB 279,964,000.

Share of taxation charges attributable to associates and joint ventures for the period of RMB136,266,000 (2014: RMB92,941,000) and RMB16,854,000 (2014: RMB11,860,000) respectively were included in the Group's share of results of associates/joint ventures for the period.

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

As at 30 June 2015, two subsidiaries of the Group had investment tax credits ("Tax Credits") with an accumulated amount of RMB189,308,000 (2014: RMB177,892,000) of which RMB99,760,000 (2014: RMB79,124,000) was utilized against their taxation charges since the granting of such Tax Credits. 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 power business. The Tax Credits are recognized as a reduction of current income tax when they are realized. The portion of Tax Credits that has not been utilized in the current period can be carried forward over a period of no more than five years.

9 Earnings per share

(a) Basic

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	2,728,260	1,618,138
Weighted average number of shares in issue (shares in thousands)	7,071,279	6,476,003
Basic earnings per share (RMB)	0.39	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 2015 and 2014, the Company has share options and convertible bonds that had dilutive potential ordinary shares. The convertible bonds are assumed to have been converted into ordinary shares, and the profit attributable to owners of the Company 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	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	2,728,260	1,618,138
Adjustment for finance costs on convertible bonds (after tax) (RMB'000)	8,526	30,683
Profit used to determine diluted earnings per share (RMB'000)	2,736,786	1,648,821
Weighted average number of shares in issue (shares in thousands)	7,071,279	6,476,003
Adjustment for share options (shares in thousands)	11,619	3,817
Adjustment for convertible bonds (shares in thousands)	278,792	807,603
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	7,361,690	7,287,423
Diluted earnings per share (RMB)	0.37	0.23

10 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

11 Available-for-sale financial assets

	As at	
	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Unlisted equity investments outside Hong Kong		
- at cost	154,712	154,712
Equity securities listed outside Hong Kong		
- at fair value (note)	7,665,465	3,151,068
	<u>7,820,177</u>	<u>3,305,780</u>
Market value of equity securities listed outside Hong Kong	<u>7,665,465</u>	<u>3,151,068</u>

Note:

Details of the equity securities listed outside Hong Kong as at 30 June 2015 are as follows:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activity
Interests held directly:					
Shanghai Electric Power Co., Ltd ("Shanghai Power")	The PRC	RMB2,139,739,000	16.98%	Joint stock company with limited liability with its A-shares listed on the Shanghai Stock Exchange	Investment holdings and the generation and sale of electricity

During the period, the Company disposed of 40,173,628 shares of Shanghai Power. After the disposal, the Company's interest in Shanghai Power was reduced from 18.86% to 16.98%. The gain on disposal was approximately RMB1,175,193,000, which was recognized in the condensed consolidated income statement (Note 5).

12 Derivative financial instruments

During the period, the Company entered into derivative financial instruments to hedge foreign currency risk for the short term USD commercial note issued by the Company in July 2014. The change in fair value of the derivative financial instruments of RMB41,989,000 was recognized in the condensed consolidated income statement (Note 5).

13 Accounts receivable

	As at	
	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Accounts receivable from regional and provincial power grid companies (note (a))	2,192,074	2,014,032
Accounts receivable from other companies (note (a))	65,341	8,221
	<u>2,257,415</u>	<u>2,022,253</u>
Notes receivable (note (b))	338,950	216,875
	<u>2,596,365</u>	<u>2,239,128</u>

Notes:

- (a) The Group normally grants 15 to 90 days credit period to customers from the end of the month in which the sales are made. The ageing analysis of the accounts receivable is as follows:

	As at	
	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
1 to 3 months	2,242,687	2,022,253
4 to 6 months	13,993	-
Over 6 months	735	-
	<u>2,257,415</u>	<u>2,022,253</u>

- (b) The notes receivable are normally with maturity period of 90 to 180 days (2014: 90 to 180 days).
- (c) The fair values of accounts and notes receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.
- (d) As at 30 June 2015, certain bank borrowings and long-term borrowings from CPI Financial Company Limited were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 30 June 2015 amounted to RMB1,324,873,000 (2014: RMB1,302,959,000).

14 Other borrowings

	As at	
	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Non-current		
Corporate bonds issued by:		
- the Company (note (a))	2,800,000	2,800,000
- a subsidiary	997,060	1,496,590
	<u>3,797,060</u>	<u>4,296,590</u>
Less:		
Current portion of corporate bonds issued by:		
- the Company (note (a))	(800,000)	(800,000)
- a subsidiary	-	(500,000)
	<u>2,997,060</u>	<u>2,996,590</u>
Convertible bonds issued by the Company (note (b))	74,407	732,854
	<u>3,071,467</u>	<u>3,729,444</u>
Current		
Corporate bonds issued by the Company reclassified as current (note (a))	800,000	800,000
Corporate bonds issued by a subsidiary reclassified as current	-	500,000
Commercial notes (note (c))	1,834,080	1,835,700
	<u>2,634,080</u>	<u>3,135,700</u>
	<u>5,705,547</u>	<u>6,865,144</u>

Notes:

- (a) Unsecured RMB denominated corporate bonds of RMB800,000,000 (2014: RMB800,000,000) were issued by the Company in December 2010 for a term of 5 years at an interest rate of 3.20% (2014: 3.20%) per annum and are repayable in full in 2015. The amount has been reclassified as current liability as at 30 June 2015 and 31 December 2014.

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

(b) Convertible bonds

	As at	
	30 June	31 December
	2015	2014
	Unaudited	Audited
	RMB'000	RMB'000
2012 Convertible Bonds	74,407	732,854

During the six months ended 30 June 2015, the aggregate amount of RMB666,364,000 (2014: Nil) of the 2012 Convertible Bonds was converted into 401,494,337 (2014: Nil) new shares, resulting in an increase of share capital of approximately RMB722,500,000 (2014: Nil). These shares rank pari passu in all respects with the existing shares.

- (c) Pursuant to the Commercial Paper Dealer Agreement entered into by the Company on 8 July 2014, the Company may issue US\$ denominated commercial notes to institutional accredited investors in the United States with an aggregate amount of not more than US\$300,000,000 for a 3-year period starting 8 July 2014. The term of each commercial note is not more than 270 days. Commercial notes of US\$300,000,000 (approximately RMB1,834,080,000) were issued by the Company as at 30 June 2015 (2014: US\$300,000,000 (approximately RMB1,835,700,000)). The commercial notes do not bear coupon interest but were issued at discount rates ranging from 0.42% to 0.50%.

15 Provisions for other long-term liabilities

Provisions for other long-term liabilities as at 30 June 2015 represent provision of RMB1,007,710,000 (2014: RMB982,452,000) in relation to compensations for inundation caused by the construction of two hydropower plants of the Group. The provision is measured at the present value of the expenditures expected to be required to settle the compensations using a pre-tax rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provision due to the passage of time is recognized as interest expense. Provision for early retirement benefits amounting to RMB1,705,000 as at 31 December 2014 was settled during the six months ended 30 June 2015.

Analysis of the provision in relation to compensations for inundation as at 30 June 2015 is as follows:

	As at	
	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Non-current liabilities (included in provisions for other long-term liabilities)	930,770	934,552
Current liabilities (included in other payables and accrued charges)	76,940	47,900
	<u>1,007,710</u>	<u>982,452</u>

The movement of this provision during the six months ended 30 June 2015 is as follows:

	Unaudited	
	Six months ended 30 June 2015 RMB'000	2014 RMB'000
Opening balance as at 1 January	982,452	-
Recognized during the period	-	679,832
Interest expense (Note 7)	40,993	29,285
Payment	(15,735)	-
Closing balance as at 30 June	<u>1,007,710</u>	<u>709,117</u>

16 Accounts and bills payables

	As at	
	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
Accounts payable (note (a))	932,491	917,992
Bills payable (note (b))	187,757	183,558
	1,120,248	1,101,550
	1,120,248	1,101,550

Notes:

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

	As at	
	30 June 2015 Unaudited RMB'000	31 December 2014 Audited RMB'000
1 to 6 months	910,900	883,308
7 to 12 months	15,972	22,658
Over 1 year	5,619	12,026
	932,491	917,992
	932,491	917,992

- (b) Bills payable are bills of exchange with average maturity period of 3 to 12 months (2014: 3 to 6 months). As at 30 June 2015, bank deposits of nil (2014: RMB2,353,000) were pledged against bills payable of nil (2014: RMB11,432,000) as security.
- (c) The fair values of accounts and bills payables approximate their carrying amounts as the impact of discounting is not significant. All accounts and bills payables are denominated in RMB.

Business Review

The Group is principally engaged in investment, development, operation and management of coal-fired power, hydropower, wind power and other clean energy power plants in Mainland China. Its power generation businesses are mainly located in the power grid regions of Eastern, Southern, Central, Northern and Northwest China.

In the first half of 2015, affected by the decrease in electricity consumption for industrial use, the industrial structure adjustments and the weather and rainfall during the period, the total electricity consumption in China only rose by 1.30%, representing a decline of 4.1 percentage points in growth rate, as compared with the corresponding period last year.

During the period under review, the total power generation of the Group was 29,419,054MWh, representing a decrease of 10.11% as compared with the corresponding period last year; the total electricity sold was 28,219,065MWh, representing a decrease of 9.88% as compared with the corresponding period last year. The slowdown in national total electricity consumption growth was particularly reflected in the electricity sales of coal-fired power, whilst hydropower and wind power electricity sales still maintained a steady growth. In response to the intensive market competitions, the Group has conducted more thorough research and analysis of the relevant policies on power generation industry, kept track of the government's approach on energy saving and environmental protection, made greater efforts on marketing electricity sales, liaised closely with the government authorities and power grid companies, and enhanced the management on effective convergence between power production target and power distribution scheduling capabilities.

For the first half of 2015, the Group recorded revenue of approximately RMB9,622,288,000, representing a decrease of approximately 11.43% as compared with the corresponding period last year, while the profit attributable to owners of the Company amounted to approximately RMB2,728,260,000, representing an increase of approximately 68.60% as compared to the corresponding period last year. Save for the one-off gain on disposal of partial interest in Shanghai Power for a net profit of approximately RMB827,207,000, the profit attributable to owners for the first half of this year increased by 17.50% as compared to the corresponding period last year. The basic earnings per share was approximately RMB0.39. Net assets per share, excluding non-controlling interests, was approximately RMB3.77, representing an increase of approximately 18.93% as compared with the corresponding amount at 31 December 2014.

Attributable Installed Capacity

As the new generating units commencing operation, the attributable installed capacity of the power plants of the Group reached 15,592.1MW at 30 June 2015, representing an increase of approximately 608.8MW as compared with the corresponding period last year. Among which, the attributable installed capacity of coal-fired power was 12,504.6MW, representing approximately 80.20% of the total attributable installed capacity, and the attributable installed capacity of hydropower and wind power were 2,962.4MW and 125.1MW respectively, representing approximately 19.80% of the total attributable installed capacity.

From 1 July 2014 to 30 June 2015, the new power generating units that commenced operation during the period included:

Power Plant	Type of Power Plant	Installed		Attributable	
		Capacity (MW)	Interest (%)	Capacity (MW)	Timeline for Commercial Operation
Pingwei Power Plant III	Coal-fired power	1,000	60	600	May 2015
Suoluogou Power Plant	Hydropower	24	63	15.1	June 2015
Yaoposhan Power Plant	Wind power	50	63	31.5	November 2014
Shanshan Power Plant	Wind power	49.5	63	31.2	March 2015
Total		1,123.5		677.8	

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 608.8MW when accounted for the Group's increased interest in Huaihua Yuanjinag Power Development Co., Ltd. to 100% and the changes in the installed capacity of Shanghai Power.*

Power Generation, Electricity Sold and Utilization Hours

For the first half of 2015, the aggregate gross power generation of the Group was 29,419,054MWh, representing a decrease of 10.11% as compared with the corresponding period last year, among which the generation from coal-fired power, hydropower and wind power were 20,231,352MWh, 9,033,773MWh and 153,929MWh respectively. The aggregate total electricity sold was 28,219,065MWh, representing a decrease of 9.88% as compared with the corresponding period last year, among which the electricity sold from coal-fired power, hydropower and wind power were 19,156,225MWh, 8,915,019MWh and 147,821MWh respectively.

For the first half of 2015, the average utilization hours of coal-fired power generating units of the Group was 1,985 hours, representing a decrease of 406 hours as compared with the corresponding period last year. The average utilization hours of hydropower generating units was 1,899 hours, representing a decrease of 71 hours as compared with the corresponding period last year. The average utilization hours of wind power generating units was 855 hours, representing a decrease of 149 hours as compared with the corresponding period last year.

The significant decrease in the average utilization hours for coal-fired power generating units was mainly affected by (i) the declining electricity demand as a result of slowdown in economic growth in China which directly impacted the coal-fired power generation sector in particular; and (ii) the surge in hydropower generation squeezed the space for coal-fired power generation in certain regions where the Group's coal-fired power plants are located.

On-Grid Tariff

For the first half of 2015, the Group's average on-grid tariff of power generation compared to the corresponding period last year:

- coal-fired power was RMB356.77/MWh, representing a decrease of RMB13.56/MWh;
- hydropower was RMB304.36/MWh, representing an increase of RMB20.77/MWh; and
- wind power was RMB503.86/MWh, representing an increase of RMB7.55/MWh.

The decrease in the average on-grid tariff of coal-fired power was mainly due to the downward adjustments of on-grid tariffs for coal-fired power generating enterprises announced by the National Development and Reform Commission in September 2014 and April 2015 respectively. Such decrease in on-grid tariff was partly offset by the green electricity subsidies provided by the local governments to some of our coal-fired power plants in the period under review. The Group will continue to closely monitor the development of the environmental protection in China and strengthen the research on the green energy tariff policies in order to actively seek for the implementation of more green energy subsidies.

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

Unit Fuel Cost

For the first half of 2015, the average unit fuel cost of the Group's coal-fired power business was approximately RMB159.47/MWh, representing a decrease of approximately 19.34% from that of RMB197.71/MWh of the corresponding period last year.

The decrease in the unit fuel cost was primarily due to the continuing decline in coal prices during the period under review, the energy-saving advantages of large capacity power generating units in driving down the coal consumption, and the Group's committed efforts on strengthening the coal-price management. The decrease in the unit fuel cost offset the adverse effects of the decreased on-grid tariffs for coal-fired power, and thus the Group's profit margin from coal-fired power business continued to improve.

The Group continues to implement measures to control the overall fuel costs, such as promoting the facilities technical upgrade 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

For the first half of 2015, the average net coal consumption rate of the Group was 308.58g/KWh, representing a decrease of 1.39g/KWh as compared with the corresponding period last year, equivalent to approximately a saving of 30,000 tonnes of standard coal.

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 installed capacity, upgrading of old power generating units and various other measures.

Operating Results for the First Half of 2015

For the first half of 2015, the net profit of the Group amounted to approximately RMB3,187,652,000, representing an increase of approximately RMB1,073,436,000 as compared with the corresponding period last year. Among which, save for the one-off gain on disposal of partial interest in Shanghai Power for a net profit of approximately RMB827,207,000, the net profit mainly from coal-fired power business amounted to approximately RMB1,620,156,000, while the net profit mainly from hydropower and wind power businesses amounted to approximately RMB740,289,000, representing their respective ratio of contribution to the total net profit of 69%:31% (2014: 71%:29%).

As compared with the first half of 2014, the increase in net profit was mainly due to the following factors:

- the significant fall in unit fuel cost of electricity sold by RMB38.24/MWh as a result of decreases in coal price and coal consumption, cutting down the operating expenses by approximately RMB1,418,799,000;
- an one-off gain on disposal of 40,173,628 shares of Shanghai Power of approximately RMB1,175,193,000 (before taxation and relevant costs of disposal);
- the finance costs reduced by approximately RMB116,917,000 through the Group's efforts made on strengthening its management of fund allocation and replacement of high-interest rate loans; and
- the increase in the share of profits of associates by approximately RMB122,610,000.

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

- the electricity sales and the average on-grid tariff of coal-fired power declined as compared with the corresponding period last year, resulting in an overall decrease in revenue by approximately RMB1,241,511,000; and
- the increase in the income tax expense by approximately RMB430,393,000 which included the related taxation charge arising from the one-off gain on disposal of partial interest in Shanghai Power of approximately RMB279,964,000.

Revenue

The revenue of the Group was mainly derived from the sales of electricity. For the first half of 2015, the Group recorded a revenue of approximately RMB9,622,288,000, representing a decrease of 11.43% as compared with approximately RMB10,863,799,000 of the corresponding period last year.

Segment Information

The reportable segments identified by the Group meeting the quantitative thresholds required by HKFRS 8 are now the “generation and sales of coal-fired electricity” and “generation and sales of hydropower electricity”. Although the “generation and sales of wind power electricity” does not meet such quantitative thresholds required for reportable segments, this segment was also reported separately, as it is closely monitored by the chief operating decision maker as a potential growth business and is expected to gradually make a greater contribution to the Group’s results in the future.

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 2015, the operating costs of the Group amounted to approximately RMB6,479,258,000, representing a decrease of 15.69% as compared with approximately RMB7,684,750,000 of the corresponding period last year. The decrease was mainly because of the declining coal prices, the decrease of coal consumption and the reduction in use of coal as a result of decrease of coal-fired power generation, cutting down the fuel costs.

Fuel costs were the Group’s major operating costs. For the first half of 2015, the fuel costs of the Group were approximately RMB3,054,845,000, representing 47.15% of the total operating costs and a decrease of 31.71% as compared with approximately RMB4,473,644,000 of the corresponding period last year.

Operating Profit

For the first half of 2015, the Group’s operating profit was approximately RMB4,578,278,000, representing an increase of 37.32% as compared with the operating profit of approximately RMB3,334,064,000 of the corresponding period last year.

Finance Costs

For the first half of 2015, the finance costs of the Group amounted to approximately RMB1,230,892,000, representing a decrease of 8.67% as compared with approximately RMB1,347,809,000 of the corresponding period last year. During the period under review, the Group made efforts to strengthen fund management and enhance its management of fund allocation in order to improve fund turnover and fund efficiency, and also on active replacement of high-interest rate loans in order to increase the proportion of low-cost financing, to achieve effective control over the finance costs.

Share of Results of Associates

For the first half of 2015, the share of profits of associates was approximately RMB433,382,000, representing an increase in profits of approximately RMB122,610,000 or 39.45% as compared with the share of profits of approximately RMB310,772,000 of the corresponding period last year. The increase in profits was mainly because of the increased contribution from an associate, Changshu Power Plant.

Share of Results of Joint Ventures

For the first half of 2015, the share of profits of joint ventures was approximately RMB50,319,000, representing an increase in profits of approximately RMB14,173,000 or 39.21% as compared with the share of profits of approximately RMB36,146,000 of the corresponding period last year. The increase in profits was mainly because of the increased contribution from a joint venture, Xintang Power Plant.

Taxation

For the first half of 2015, taxation charges of the Group were approximately RMB678,548,000, representing an increase of approximately RMB430,393,000 as compared with approximately RMB248,155,000 of the corresponding period last year. Such increase was mainly caused by the gain on disposal of 40,173,628 shares of Shanghai Power on open market by the Group in May 2015 for approximately RMB1,175,193,000 (before taxation and relevant costs of disposal) resulting in related taxation charge of approximately RMB279,964,000, and also because of a subsidiary was entitled to an income tax deduction of approximately RMB72,487,000 in the corresponding period last year but no such relevant deductible item during the period that resulted in a relatively higher increase in income tax expenses.

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

As at 30 June 2015, two subsidiaries of the Group had investment tax credits (“Tax Credits”) with an accumulated amount of RMB189,308,000 (31 December 2014: RMB177,892,000) of which RMB99,760,000 (31 December 2014: RMB79,124,000) are utilized against their taxation charges since the granting of such Tax Credits. As at 30 June 2015, the credit balance which can be utilized against the enterprise income tax amounted to RMB89,548,000. 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 power business. The Tax Credits are recognized as a reduction of current income 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 2015, profit attributable to owners of the Company was approximately RMB2,728,260,000, representing an increase of approximately RMB1,110,122,000 or 68.60% as compared with approximately RMB1,618,138,000 of the corresponding period last year.

Earnings per Share and Interim Dividend

For the first half of 2015, the basic and diluted earnings per share attributable to owners of the Company were approximately RMB0.39 (2014: RMB0.25) and RMB0.37 (2014: RMB0.23) respectively.

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2015.

Change of Share Capital

For the six months ended 30 June 2015, the number of shares of the Company increased by 401,494,337 shares as compared with the corresponding shares at 31 December 2014 as a result of the conversion of convertible bonds into the shares of the Company.

Projects under Construction

As at 30 June 2015, 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 Commercial Operation
Pingwei Power Plant III	Coal-fired power	1,000	60	600	2015
CP Pu'an Power Plant	Coal-fired power	1,320	100	1,320	2018
Jiesigou Power Plant	Hydropower	24	44.1	10.6	2015
Luoshuidong Power Plant	Hydropower	35	63	22.1	2016
Mawo Power Plant	Hydropower	32	63	20.2	2017
Donggangling Power Plant	Wind power	50	63	31.5	2015
Longshan Power Plant	Wind power	50	63	31.5	2015
Daqingshan Power Plant	Wind power	50	63	31.5	2016
Jiaoganghu Power Station	Photovoltaic power	20	100	20	2015
Shucheng District Power Station	Photovoltaic power	50	100	50	2015
Total		2,631.0		2,137.4	

New Development Projects

The Group has been actively seeking development opportunities for energy saving and environmental friendly coal-fired power with large capacities and high parameters and clean energy projects 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 9,950MW.

Among which, the installed capacity for coal-fired power projects amounts to 9,320MW. These projects include:

- the expansion project of the two 1,000MW ultra super-critical coal-fired generating units of CP Shentou Power Plant II;
- the expansion project of the four 1,000MW ultra super-critical coal-fired generating units of Pingwei Power Plant IV;
- the expansion project of the two 1,000MW ultra super-critical coal-fired generating units of Yaomeng 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 clean energy, the total installed capacity of hydropower, wind power and photovoltaic power projects currently under preliminary development and anticipated acquisition is over 630MW which are mainly located in Sichuan, Hubei, Xinjiang and Jiangsu, the regions where the Group has competitive advantages.

Available-for-sale Financial Assets

The Group recognizes its shareholding in Shanghai Power as “available-for-sale financial assets”. As at 30 June 2015, the Group had interest in 16.98% of the issued share capital of Shanghai Power, whose A-shares were listed on the Shanghai Stock Exchange.

In May 2015, the Group disposed of 40,173,628 shares of Shanghai Power on open market at the prices between RMB32.40 to RMB35.17 per share for a gain of approximately RMB1,175,193,000 and a net profit of approximately RMB827,207,000, reducing its stake from 18.86% to 16.98%.

For the first half of 2015, the robust trading on the Shanghai Stock Exchange, A-shares generally recorded a considerable rise in their value. As at 30 June 2015, the fair value of the shareholding held by the Group was approximately RMB7,665,465,000, representing an increase of 143.27% as compared with the corresponding amount at 31 December 2014.

Material Acquisitions and Disposals

On 7 November 2014, the Company and Huainan Mining entered into the Capital Contribution Agreement, pursuant to which Huainan Mining agreed to make a capital contribution of RMB628,720,000 in cash to the registered capital of Pingwei Power Plant III, a wholly-owned subsidiary of the Company. The related transaction was completed in the first half of 2015, the shareholding of the Company in Pingwei Power Plant III was diluted from 100% to 60% of the enlarged registered capital. For details, please refer to the announcement of the Company dated 7 November 2014.

The proceeds from the above capital contribution was fully utilized in the construction of new coal-fired power generating units of Pingwei Power Plant III.

During the period under review, the Group did not have material acquisition.

Liquidity and Financial Resources

As at 30 June 2015, cash and cash equivalents of the Group were approximately RMB4,025,273,000 (31 December 2014: RMB1,126,917,000). The financial resources of the Group were mainly derived from cash inflow from operating activities, borrowings from banks and related parties, project financing, bonds and commercial notes issue. Current assets amounted to approximately RMB9,307,006,000 (31 December 2014: RMB5,631,464,000) and current ratio was 0.54 (31 December 2014: 0.29).

Debts

As at 30 June 2015, total borrowings of the Group amounted to approximately RMB43,385,596,000 (31 December 2014: RMB44,271,532,000). All of the Group's bank and other borrowings are denominated in Renminbi, Japanese Yen ("JPY") and United States Dollars ("USD").

The Group's gearing ratios, calculated as net debt (being total borrowings plus obligations under finance leases less cash and cash equivalents) divided by total capital (being total equity plus net debt), as at 30 June 2015 and 31 December 2014 were approximately 55% and 62% respectively.

In September 2012, the Company issued 5-year convertible bonds with initial principal amount of RMB1,140,000,000 and its carrying amount of RMB74,407,000 as at 30 June 2015. During the period under review, the bondholders exercised conversion rights resulted in a corresponding reduction in carrying value of the convertible bonds of RMB666,364,000.

Significant Financing Activities

In June 2015, the Company entered into a loan agreement with Bank of China (Hong Kong) Limited under which the bank agreed to lend the Company of RMB2,000,000,000 which bears interest at 4.30% per annum with 3-year maturity. The proceeds will be fully used for the purposes of general working capital and repayment of existing borrowings.

Capital Expenditure

For the six months ended 30 June 2015, capital expenditure of the Group was approximately RMB1,761,236,000, 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 2015, the Group pledged certain property, plant and equipment with a net book value of approximately RMB546,115,000 (31 December 2014: RMB637,889,000) to certain banks to secure bank borrowings in the amount of RMB343,370,000 (31 December 2014: RMB354,820,000). In addition, certain bank borrowings and borrowings from a related party were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 30 June 2015 amounted to approximately RMB1,324,873,000 (31 December 2014: RMB1,302,959,000). As at 30 June 2015, bank deposits of certain subsidiaries of the Group amounting to RMB300,000,000 (31 December 2014: RMB341,353,000) were pledged as security for bank borrowings in the amount of RMB300,000,000 (31 December 2014: RMB394,388,000) but no bank deposits were pledged as security for obligation under finance lease (31 December 2014: RMB314,790,000) and bills payables (31 December 2014: RMB11,432,000).

Contingent Liabilities

As at 30 June 2015, 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 have been increasing accordingly.

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

Foreign Exchange Rate Risks

The Group is principally operating in the Mainland China, with most transactions denominated in Renminbi. Apart from certain cash, bank balances and borrowings, most of the Group's assets and liabilities were denominated in Renminbi. The Group held commercial notes denominated in USD, and held borrowings denominated in JPY and USD. Increased fluctuation on Renminbi, USD and JPY exchange rates resulted in the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results.

In order to manage exchange rate risks, the Group entered into two option contracts to sell RMB for USD with Bank of America at a fixed exchange rate with an aggregate amount of approximately US\$296,778,000 during the period, to hedge against the foreign exchange rate risks brought by the commercial notes denominated in USD. It is expected that there will be no material exchange risk of RMB against USD upon settlement of the USD commercial notes.

As at 30 June 2015, the balance of the Group's borrowings denominated in foreign currencies amounted to approximately RMB2,534,013,000 (31 December 2014: RMB2,993,866,000).

Energy Saving and Emission Reduction

The Group has always committed to the full utilization of its clean energy generation. For the first half of 2015, the hydropower and the wind power generation amounted to 31.23% (2014: 26.88%) of the total power generation of the Group.

During the period under review, 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 up to 100% (2014: 99.97%), and the efficiency ratio of desulphurization was 95.95% (2014: 95.80%).

For the first half of 2015, the Group completed the denitration and renovation projects for generating unit no. 2 of Yaomeng Power Plant II. So far, except generating unit no. 1 of Yaomeng Power Plant II, all the other coal-fired power generating units have been installed denitration facilities to reduce the emission of nitrogen oxide (NO_x). The operational ratio of denitration reached 99.61% (2014: 98.24%) and the efficiency ratio of denitration reached 79.32% (2014: 75.70%) in the first half of 2015.

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 0.23g/KWh, representing a decrease of 0.09g/KWh compared to the corresponding period last year;
- the emission rate of nitrogen oxide (NO_x) at 0.21g/KWh, representing a decrease of 0.32g/KWh compared to the corresponding period last year, and
- the emission rate of dusts at 0.05g/KWh, representing a decrease of 0.10g/KWh compared to the corresponding period last year.

Employees and Remuneration Policies

As at 30 June 2015, the Group had a total of 10,034 (31 December 2014: 9,675) 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 for the Second Half of 2015

At present, there are development opportunities as well as multiple challenges for power generating enterprises in China. In the implementation period of the Thirteenth Five-Year Plan for boosting domestic economy in China, there are plenty of rooms for power resources projects, in particular clean energies, such as hydropower, wind power and solar power, to grow. The energy sector in China has been reforming at a deeper level, and power generating enterprises are likely to engage in new sectors, such as energy servicing sector, opening up new sources of profits.

Growth in electricity consumption in China is expected to rebound moderately in the second half of 2015, notwithstanding that the utilization hours of coal-fired power generating units will remain at a lower level. In addition, power generating enterprises have to cope with higher competitive pressure in the market in the course of a new round of reform in the energy sector. The newly amended regulations on safety and environmental protection being in force have imposed stricter regulatory requirements on relevant works performed by power generating enterprises.

In mid-2015, the ultimate controlling company of the Company, formerly named as China Power Investment Corporation* (中國電力投資集團公司) obtained the approval by the State Council of the PRC for the consolidation and reorganization with the State Nuclear Power Technology Corporation* (國家核電技術公司) and renamed as the State Power Investment Group Corporation* (國家電力投資集團公司) (“SPIC”). The Group is a core subsidiary of SPIC for conventional energy business and has been a crucial platform for assets reorganization and assets securitization of conventional energy business and also a leader of its technological innovation and institutional innovation. With the solid support of SPIC, the Group will make progress towards new milestones.

In the second half of 2015, the Group will diligently cope with challenges and seize opportunities by further sharpening our competitive edge. Our major tasks will include:

- With our own competitive advantages and the solid support from the reorganized SPIC, the Company will continue to optimize its assets structure and accelerate the development of clean energies and project investments in a bid to expand the share of clean energies in our assets portfolio;
- to keenly develop new projects on quality coal-fired power generating units in proximity to the national coal-electricity bases and along the major power transmission routes regions under planning;
- to put greater efforts on marketing electricity sales and fuel costs control, to seek for favorable government policies, such as green energy preferential tariffs and financial subsidies, with an aim to further step up our level of safety and environmental protection, and to reduce finance costs and gearing ratio continuously; and
- to enhance our technological innovation and institutional innovation by closely tracking with the progress of reform for the energy sector.

Audit Committee and Review of Condensed Consolidated Financial Statements

The Audit Committee, which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditors of the Company, Deloitte Touche Tohmatsu, the condensed consolidated financial statements for the six months ended 30 June 2015.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2015.

Corporate Governance

The Company 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 the 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 the Company's 2014 annual report. Save for the deviations from the code provisions of A.2.1, A.4.2 (as disclosed in the 2014 annual report) and E.1.2, the Company has strictly complied with all the code provisions of Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2015.

According to the Code provision E.1.2, chairman of the board should attend the annual general meeting. Ms. Li Xiaolin, the Chairman of the Board at that time, was unable to attend the Company's annual general meeting held on 10 June 2015, she had arranged Mr. Yu Bing, the executive Director and President of the Company, who is very familiar with the Group's business and operations, to attend and chair the general meeting. 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 at that time, attended the annual general meeting and answered questions from shareholders and investors. All resolutions proposed were duly passed by shareholders' voting at the meeting.

Securities Transactions by Directors

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (“Code of Conduct”), the terms of which are no less than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have complied with the Code of Conduct for the six months ended 30 June 2015.

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

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

The 2015 interim report will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the interim report will also be made available for review on the above websites in due course.

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

By order of the Board
China Power International Development Limited
Yu Bing
Executive Director

Hong Kong, 20 August 2015

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