**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

# 2016
## Interim Report

## INFORMATION FOR OUR SHAREHOLDERS AND INVESTORS

### LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

- Ordinary Shares (Stock Code 2380)
- RMB2,000,000,000 4.50% Corporate Bonds Due 2017 (Stock Code 85960)

### INTERIM REPORT

The 2016 interim report will be sent to the shareholders of the Company who have selected to receive the printed version of corporate communication by 14 September 2016.

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Fax: (852) 2802 3922
Website: www.chinapower.hk

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Wanchai, Hong Kong
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- For Investors: (852) 2802 3861

Emails

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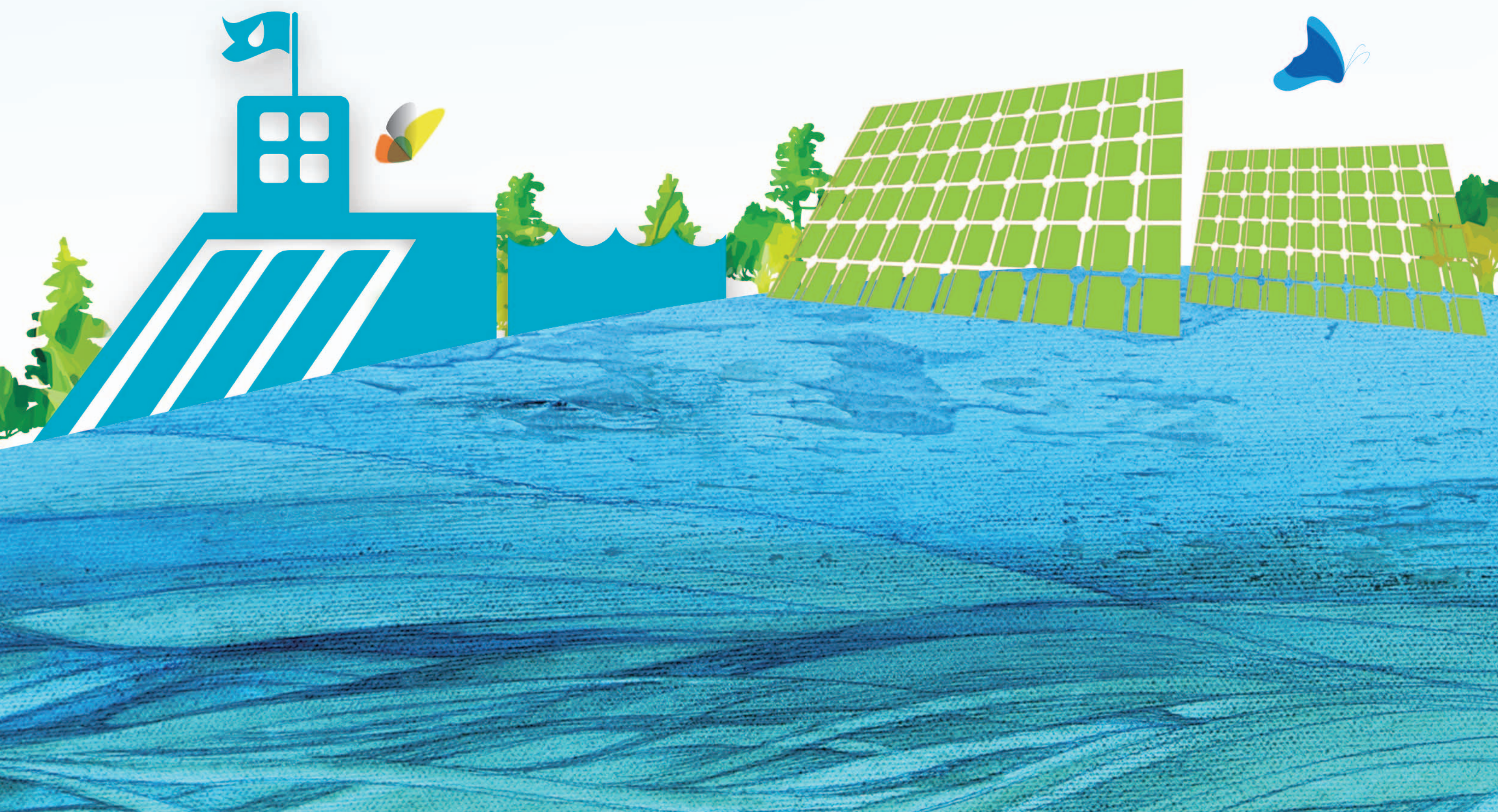


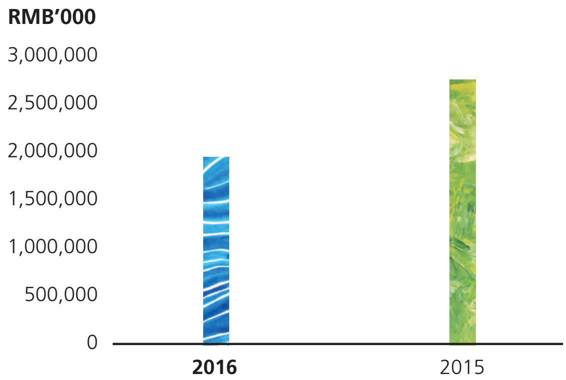
# Contents



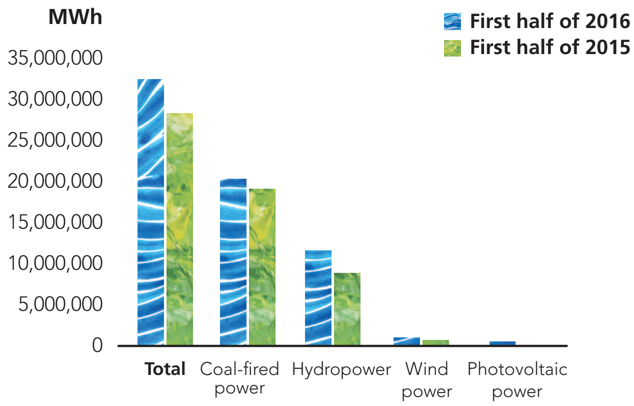
# Interim Financial Highlights

## PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

*for the six months ended 30 June*




## TOTAL ELECTRICITY SOLD




| | Unaudited Six months ended 30 June 2016 RMB'000 | 2015 RMB'000 | Change % |
|---|---|---|---|
| Profit attributable to owners of the Company | **1,926,078** | 2,728,260 | –29.40 |
| Profit attributable to owners of the Company (excluding the one-off after tax gain) | **1,926,078** | 1,901,053 | 1.32 |

| | First half of 2016 MWh | First half of 2015 MWh | Change % |
|---|---|---|---|
| Total power generation* | **33,823,021** | 29,419,054 | 14.97 |
| Total electricity sold* | **32,550,127** | 28,219,065 | 15.35 |
| — Coal-fired power | **20,453,916** | 19,156,225 | 6.77 |
| — Hydropower | **11,853,473** | 8,915,019 | 32.96 |
| — Wind power | **199,718** | 147,821 | 35.11 |
| — Photovoltaic power | **43,020** | N/A | N/A |
| Total electricity sold for major associates and joint ventures | **9,412,846** | 9,966,387 | –5.55 |
| Changshu Power Plant (50%-owned by the Group) | | | |
| — Coal-fired power | **7,734,628** | 8,725,144 | –11.35 |
| — Photovoltaic power | **1,086** | N/A | N/A |
| Xintang Power Plant (50%-owned by the Group) | | | |
| — Coal-fired power | **1,677,132** | 1,241,243 | 35.12 |

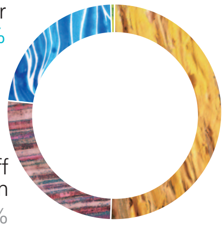
* *Excluding associates and joint ventures*

**NET PROFIT**

*for the six months ended 30 June 2016*


**NET PROFIT**

*for the six months ended 30 June 2015*




| | Unaudited Six months ended 30 June | | | |
|---|---|---|---|---|
| | **2016 RMB'000** | **Proportion %** | 2015 RMB'000 | Proportion % |
| Net profit | **2,610,193** | **100** | 3,187,652 | 100 |
| — Coal-fired power* | **1,265,425** | **48.5** | 1,620,156 | 50.8 |
| — Hydropower | **1,318,072** | **50.5** | 724,155 | 22.7 |
| — Wind power and photovoltaic power | **26,696** | **1.0** | 16,134 | 0.5 |
| — One-off after tax gain | **N/A** | **N/A** | 827,207 | 26.0 |

* *It included unallocated items, please refer to the details as set out in Note 6 "Turnover, revenue and segment information" in the notes to the condensed consolidated financial statements.*

| | Unaudited Six months ended 30 June | | |
|---|---|---|---|
| | **2016 RMB'000** | 2015 RMB'000 | Change % |
| Revenue | **10,141,152** | 9,622,288 | 5.39 |
| Profit attributable to owners of the Company | **1,926,078** | 2,728,260 | –29.40 |
| | **RMB** | RMB | % |
| Earnings per share | | | |
| Basic | **0.26** | 0.39 | –33.33 |
| Diluted | **0.26** | 0.37 | –29.73 |

| | As at | | |
|---|---|---|---|
| | **30 June 2016 RMB'000 Unaudited** | 31 December 2015 RMB'000 Audited | Change % |
| Shareholders' equity, excluding non-controlling interests | **26,327,720** | 27,320,528 | –3.63 |
| Total assets | **87,351,903** | 86,243,112 | 1.29 |
| Cash and cash equivalents | **2,425,212** | 1,528,017 | 58.72 |
| Total debts | **44,477,259** | 42,687,785 | 4.19 |

# Management's Discussion and Analysis

## BUSINESS REVIEW

China Power International Development Limited (the "Company" or "China Power"), together with its subsidiaries (collectively, the "Group") is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

In the first half of 2016, the overall economic performance of China was stable and the economic restructuring and transformation upgrade was steadily underway. The national total electricity consumption rose by 2.7%, representing an increase of 1.4 percentage points in growth rate, as compared with the corresponding period last year. The comparable growth rate in additional new national power generation installed capacity in the first half of this year reached a historical high; the market competition among the power generation enterprises is still keen.

The performance of the Group's main business in the first half of 2016 remained stable. The total electricity sold was 32,550,127MWh, representing an increase of 15.35% as compared with the corresponding period last year. The profit attributable to owners of the Company was approximately RMB1,926,078,000, representing an increase of approximately 1.32% (excluding the one-off after tax gain on disposal of partial interest in Shanghai Electric Power Co., Ltd.* ("Shanghai Power") in the first half of last year) as compared to the corresponding period last year. The basic earnings per share was approximately RMB0.26. Net assets per share, excluding non-controlling interests, was approximately RMB3.58, representing a decrease of approximately 3.50% as compared with 31 December 2015, which was mainly resulted from the decrease in fair value of available-for-sale financial assets during the period.

During the period under review, the Group performed satisfactorily in the following aspects:

- The performance of the hydropower business was particularly prominent, benefited from the abundant rainfall and taking full advantage of optimizing the highly effective cascade watershed management to increase power generation, coupled with some new large capacity coal-fired power generating units commenced operation, the electricity sold in the first half of the year recorded a substantial growth as compared with the corresponding period last year.

- With full implementation of energy saving and environmental protection initiatives, the Group's net coal consumption rate reached a leading level in the industry. The ultra-low-emission improvement plans for the coal-fired power generating units have also been undergoing smoothly in progress.

- By accelerating the pace of developing renewable energy projects, the Group's first batch of photovoltaic power stations has commenced production, among which, Datong Power Station is the first "Top Runner" photovoltaic power project in operation under the "13th Five-year Plan" of China.

- The addition of distributed natural gas projects to our development project reserves brought a breakthrough in the Group's development in the field of integrated energy services business.

- In active response to the power industry reform and electricity market liberalization policies launched by government of the People's Republic of China (the "PRC") in recent years, the Group's direct power distribution and sales of electricity business also achieved new development. During the period, the Company participated to invest in Guian New District Power Distribution and Sales Company Limited* (貴安新區配售電有限公司), one of the national comprehensive power reform pilots (國家綜合電改試點) in Guizhou Province, making us the largest investor of the pilot project after the local government and the power grid company.

### Attributable Installed Capacity

As a result of new generating units commenced operation during the period, the attributable installed capacity of the Group's power plants reached 16,492MW as at 30 June 2016, representing an increase of approximately 900MW as compared with the corresponding period last year. Among which, the attributable installed capacity of coal-fired power was 13,187MW, representing approximately 79.96% of the total attributable installed capacity, and the attributable installed capacity of renewable energy including hydropower, wind power and photovoltaic power was 3,305MW, representing approximately 20.04% of the total attributable installed capacity.

For the first half of 2016, the Group efficiently boosted the construction of renewable energy plants. The first batch of a total of 176MW of photovoltaic power stations commenced commercial operation, among which, Datong Power Station with 100MW of photovoltaic power is the feature "Top Runner" project. The Group will actively participate in the "Top Runner" photovoltaic programs supported by the government.

The new power generating units that commenced commercial operation during 1 July 2015 to 30 June 2016 included:

| Power Plant | Type of Power Plant | Installed Capacity (MW) | Interest (%) | Attributable Installed Capacity (MW) | Timeline for Commercial Operation |
|---|---|---|---|---|---|
| Pingwei Power Plant III | Coal-fired power | 1,000 | 60 | 600 | September 2015 |
| Donggangling Power Plant | Wind power | 50 | 63 | 31.5 | December 2015 |
| Datong Power Station | Photovoltaic power | 100 | 100 | 100 | June 2016 |
| Shuocheng District Power Station | Photovoltaic power | 50 | 100 | 50 | May 2016 |
| Jiaoganghu Power Station | Photovoltaic power | 20 | 100 | 20 | January to June 2016 |
| Luoyang Yituo Power Station | Photovoltaic power | 6 | 100 | 6 | March 2016 |
| **Total** | | **1,226** | | **807.5** | |

Note: Apart from the above additional power generating units, as compared to the corresponding period last year, the Group recorded a net increase in attributable installed capacity of approximately 900MW when accounted for commercial operation of a photovoltaic power station of an associate, Changshu Power Plant and the changes in the installed capacity of Shanghai Power.

### Power Generation, Electricity Sold and Utilization Hours

For the first half of 2016, the details of power generation and electricity sold of the Group are set out as follows:

| | First half of 2016 (MWh) | First half of 2015 (MWh) | Changes (%) |
|---|---|---|---|
| **Total power generation** | **33,823,021** | 29,419,054 | 14.97 |
| — Coal-fired power | **21,551,323** | 20,231,352 | 6.52 |
| — Hydropower | **12,021,612** | 9,033,773 | 33.07 |
| — Wind power | **206,419** | 153,929 | 34.10 |
| — Photovoltaic power | **43,667** | N/A | N/A |
| **Total electricity sold** | **32,550,127** | 28,219,065 | 15.35 |
| — Coal-fired power | **20,453,916** | 19,156,225 | 6.77 |
| — Hydropower | **11,853,473** | 8,915,019 | 32.96 |
| — Wind power | **199,718** | 147,821 | 35.11 |
| — Photovoltaic power | **43,020** | N/A | N/A |

For the first half of 2016, the average utilization hours of coal-fired power generating units of the Group was 1,794 hours, representing a decrease of 191 hours as compared with the corresponding period last year, mainly affected by the national electricity supply growth exceeds the demand growth and the surge in hydropower generation that squeezed the space for coal-fired power generation in certain regions where the Group's coal-fired power plants are located. The average utilization hours of hydropower generating units was 2,514 hours, representing an increase of 615 hours as compared with the corresponding period last year, mainly benefited from the abundant rainfall where the Group's hydropower plants are located and the further optimization of cascade watershed management in the first half of the year. The average utilization hours of wind power generating units was 831 hours, representing a slight decrease of 24 hours as compared with the corresponding period last year.

### On-Grid Tariff

For the first half of 2016, the Group's average on-grid tariffs compared to the corresponding period last year:

- coal-fired power was RMB311.59/MWh, representing a decrease of RMB45.18/MWh;
- hydropower was RMB306.80/MWh, representing an increase of RMB2.44/MWh;
- wind power was RMB483.23/MWh, representing a decrease of RMB20.63/MWh; and
- photovoltaic power was RMB808.23/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 generation enterprises announced by the National Development and Reform Commission with effect from April 2015 and January 2016 respectively. The adverse effect of such decrease in on-grid tariff was partly offset by the green electricity subsidies approved by the local governments to some of our coal-fired power plants during the period. The Group will continue to closely monitor the development of the environmental protection policies from the PRC government and strengthen the research on the green energy tariff policies in order to actively seek for more green electricity subsidies.

The increase in the average on-grid tariff of hydropower was mainly due to the upward adjustments of tariffs for certain hydropower plants during the period under review.

### Unit Fuel Cost

For the first half of 2016, the average unit fuel cost of the Group's coal-fired power business was approximately RMB125.98/MWh, representing a decrease of approximately 21.0% from that of RMB159.47/MWh of the corresponding period last year. The decline of the unit fuel cost was greater than the decline of the Bohai-Rim Steam-Coal Price Index as compared to the corresponding period last year.

During the period under review, the Group committed efforts on strengthening the coal-price management, optimizing the coal inventory in response to the market changes in a timely manner, seeking new coal suppliers to raise bargaining power for reducing procurement costs. On the other hand, the energy-saving advantages of large capacity power generating units also helped driving down the coal consumption.

### Coal Consumption

For the first half of 2016, the net coal consumption rate of the Group was 302.91g/KWh, representing a decrease of 5.67g/KWh as compared with the corresponding period last year, equivalent to approximately a saving of 120,000 tons of standard coal.

In recent years, the Group's environmental friendly power generating units with large capacity and high parameter have commenced operation successively and the energy-saving advantages have further driven down the coal consumption significantly.

## OPERATING RESULTS OF THE FIRST HALF OF 2016

For the first half of 2016, the net profit of the Group amounted to approximately RMB2,610,193,000, representing a decrease of approximately RMB577,459,000 as compared with the corresponding period last year. Save for the one-off after tax gain on disposal of partial interest in Shanghai Power of approximately RMB827,207,000 in the corresponding period last year, the net profit increased by approximately 10.58% as compared with the corresponding period last year. The net profits from the principal segment businesses and their respective ratio of contribution to the total net profit are as follows:

- coal-fired power was approximately RMB1,265,425,000 (48.5%, 2015: 68.6%);
- hydropower was approximately RMB1,318,072,000 (50.5%, 2015: 30.7%); and
- wind power and photovoltaic power was approximately RMB26,696,000 (1.0%, 2015: 0.7%).

As compared with the first half of 2015, the increase in net profit (save for the one-off after tax gain on disposal of partial interest in Shanghai Power last year) was mainly due to the following factors:

- the surge in hydropower generation resulted in the increase in revenue and net profit from the hydropower business by approximately RMB923,276,000 and RMB593,917,000 respectively;
- the significant fall in unit fuel cost of electricity sold by RMB33.49/MWh as a result of decreases in coal price and coal consumption, decreasing the fuel costs by approximately RMB478,155,000; and
- the finance costs reduced by approximately RMB150,200,000 as a result of lending interest-rate cut during the period.

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

- the average on-grid tariff of coal-fired power declined as compared with the corresponding period last year, resulted in the decrease in revenue and net profit from the coal-fired power business by approximately RMB461,210,000 and RMB354,731,000 respectively;
- the business expansion and the increase in the number of new power generating units led to increases in depreciation of property, plant and equipment, staff costs and repairs and maintenance expenses in total of approximately RMB409,569,000; and
- the decrease in the share of profits of associates by approximately RMB107,859,000.

### Revenue

The revenue of the Group was mainly derived from the sales of electricity. For the first half of 2016, the Group recorded a revenue of approximately RMB10,141,152,000, representing an increase of 5.39% as compared with approximately RMB9,622,288,000 of the corresponding period last year. The increase in revenue was mainly due to the revenue of the hydropower surged by 34.03%, which was in line with the increase in hydropower electricity sold by 32.96% during the period.

### 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 and photovoltaic power electricity" does not meet such quantitative thresholds required for reportable segments, 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, it has been reported separately for the period under review.

### 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 2016, the operating costs of the Group amounted to approximately RMB6,583,965,000, representing an increase of 1.62% as compared with approximately RMB6,479,258,000 of the corresponding period last year. During the period under review, the fuel costs decreased by RMB478,155,000 or 15.65% as compared with the corresponding period last year. However, due to the business expansion and the increase in the number of new power generating units resulted in a slight increase in operating costs.

### Operating Profit

For the first half of 2016, the Group's operating profit was approximately RMB3,865,262,000, representing a decrease of 15.57% as compared with the operating profit of approximately RMB4,578,278,000 of the corresponding period last year. However, save for the before tax one-off gain on disposal of partial interest in Shanghai Power in the corresponding period last year, the Group's operating profit increased by approximately 11.36% as compared with the corresponding period last year.

### Finance Costs

For the first half of 2016, the finance costs of the Group amounted to approximately RMB1,080,692,000, representing a decrease of 12.20% as compared with approximately RMB1,230,892,000 of the corresponding period last year. During the period under review, the Group made continuous efforts to replace high-interest rate loans to lower the average interest rate.

### Share of Profits of Associates

For the first half of 2016, the share of profits of associates was approximately RMB325,523,000, representing a decrease in profits of approximately RMB107,859,000 or 24.89% as compared with the share of profits of approximately RMB433,382,000 of the corresponding period last year. The decrease in profits was mainly because of the decreased contribution from an associate, Changshu Power Plant (principally engaged in coal-fired power generation).

### Share of Profits of Joint Ventures

For the first half of 2016, the share of profits of joint ventures was approximately RMB91,071,000, representing an increase in profits of approximately RMB40,752,000 or 80.99% as compared with the share of profits of approximately RMB50,319,000 of the corresponding period last year. The increase in profits was mainly because of the increased contribution from a joint venture, Xintang Power Plant (principally engaged in cogeneration of heat and power).

### Income Tax Expense

For the first half of 2016, taxation charges of the Group were approximately RMB600,357,000, representing a decrease of approximately RMB78,191,000 as compared with approximately RMB678,548,000 of the corresponding period last year. Such decrease was mainly caused by the disposal of 40,173,628 shares of Shanghai Power in the public market by the Group in the corresponding period last year, resulted in relevant tax expense of approximately RMB279,964,000 for last year. Taking out this effect, the income tax expense increased by approximately RMB201,773,000 as compared with the corresponding period last year. The increase was mainly due to the increase in operating profit.

During the six months ended 30 June 2016, certain subsidiaries of the Group were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 12.5% or 15% (2015: 12.5%).

As at 30 June 2016, two subsidiaries of the Group had investment tax credits ("Tax Credits") with an accumulated amount of RMB189,308,000 (31 December 2015: RMB189,308,000) of which RMB106,716,000 (31 December 2015: RMB102,573,000) were utilized against their income tax charges since the granting of such Tax Credits. The Tax Credits were 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 can be carried forward over a period of no more than five years.

### Earnings per Share and Interim Dividend

For the first half of 2016, the basic and diluted earnings per share attributable to owners of the Company were approximately RMB0.26 (2015: RMB0.39) and RMB0.26 (2015: RMB0.37) respectively.

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2016.

## PROJECTS UNDER CONSTRUCTION

As at 30 June 2016, the Group's projects under construction included projects of coal-fired power, hydropower, wind power and photovoltaic power. The Group's projects under construction are as follows:

| Power Plant | Type of Power Plant | Installed Capacity (MW) | Interest (%) | Attributable Installed Capacity (MW) | Expected Timeline for Commercial Operation |
|---|---|---|---|---|---|
| CP Pu'an Power Plant | Coal-fired power | 1,320 | 100 | 1,320 | 2018 |
| Jiesigou Power Plant | Hydropower | 24 | 44.1 | 10.6 | 2016 |
| Luoshuidong Power Plant | Hydropower | 35 | 63 | 22.1 | 2017 |
| Mawo Power Plant | Hydropower | 32 | 63 | 20.2 | 2018 |
| Longshan Power Plant | Wind power | 50 | 63 | 31.5 | 2016 |
| Daqingshan Power Plant | Wind power | 50 | 63 | 31.5 | 2016 |
| Shanshan Power Plant | Wind power | 49.5 | 63 | 31.2 | 2016 |
| Gulang Power Plant | Wind power | 100 | 44.1 | 44.1 | 2016 |
| Weishan Power Plant | Wind power | 70 | 63 | 44.1 | 2017 |
| Songmutang Power Plant | Wind power | 50 | 63 | 31.5 | 2017 |
| Taihexian Power Plant | Wind power | 50 | 63 | 31.5 | 2017 |
| Xinping Power Plant | Wind power | 49.5 | 32.1 | 15.9 | 2016 |
| Huangnitan Power Station | Photovoltaic power | 20 | 100 | 20 | 2016 |
| Tieling Power Station | Photovoltaic power | 25 | 100 | 25 | 2016 |
| Tiemengang Power Station | Photovoltaic power | 50 | 100 | 50 | 2016 |
| CP Jiangmen (note) | Photovoltaic power | 14 | 100 | 14 | 2016 |
| Jiaoganghu Power Station | Photovoltaic power | 20 | 100 | 20 | 2016 |
| Qinggil Power Station | Photovoltaic power | 20 | 63 | 12.6 | 2016 |
| New Barag Left Banner Power Station | Photovoltaic power | 20 | 63 | 12.6 | 2016 |
| Yiyang Power Station | Photovoltaic power | 20 | 44.1 | 8.8 | 2016 |
| **Total** | | **2,069** | | **1,797.2** | |

Note: CP (Jiangmen) Integrated Energy Company Limited* ("CP Jiangmen") included two photovoltaic power projects.

## NEW DEVELOPMENT PROJECTS

The Group has been actively seeking development opportunities for energy-saving and environmental friendly coal-fired power and clean energy 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 at a preliminary development stage (including projects which the approvals from government of the PRC have been applied for) is over 7,000MW.

Among which, the installed capacity for coal-fired power projects amounts to 4,020MW. These projects include:

- the project of the two 350MW super-critical coal-fired cogenerating units of Shangqiu Power Plant#;
- the expansion project of the two 660MW ultra super-critical coal-fired power generating units of Dabieshan Power Plant; and
- the expansion project of the two 1,000MW ultra super-critical coal-fired power generating units of Shanxi Shentou Power Plant II.

# In the first half of 2016, the Group completed the acquisition of 100% equity interest in Shangqiu Minsheng Thermal Power Company Limited* ("Shangqiu Power Plant"), a company which owns a development project of two 350MW coal-fired cogenerating units.

The development of the renewable energy will become a major goal for the Group in response to the national energy development strategy to promote resources conservation and environmental protection. In recent years, the Group has been actively seeking development opportunities in areas with competitive advantages, and devoting efforts to expedite the development of relevant projects. Currently, the total installed capacity of the renewable energy projects at a preliminary development stage is approximately 2,000MW and the projects are mainly located in Sichuan, Hunan, Shanxi, Xinjiang and Henan, the regions where the Group has competitive advantages. The Group will commit efforts on developing more renewable energy projects in the future.

In addition, the Group will increase its effort in the development of the natural gas projects and expand their size of reserve. Currently, the installed capacity of natural gas power projects of the Group either have been granted approval or pending approval is over 1,000MW.

## AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group recognizes its shareholding in Shanghai Power as "Available-for-sale financial assets". As at 30 June 2016, 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.

As at 30 June 2016, the fair value of the shareholding held by the Group was approximately RMB3,731,011,000, representing a decrease of 30.23% from that of approximately RMB5,347,661,000 at 31 December 2015.

## MATERIAL ACQUISITIONS AND DISPOSALS

On 18 January 2016, the Company entered into the letter of intent with State Power Investment Corporation* ("SPIC"), its ultimate holding company, whereby the Company proposed to acquire and SPIC proposed to sell 100% of the equity interest in SPIC Henan Electric Power Co., Ltd.* ("Henan Power"). Currently, the audit and evaluation on the assets and liabilities of Henan Power are progressing in an orderly manner.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, cash and cash equivalents of the Group were approximately RMB2,425,212,000 (31 December 2015: RMB1,528,017,000). Current assets amounted to approximately RMB6,923,997,000 (31 December 2015: RMB5,209,552,000), current liabilities amounted to approximately RMB20,778,040,000 (31 December 2015: RMB16,638,653,000) and current ratio was 0.33 (31 December 2015: 0.31).

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 issues.

## DEBTS

As at 30 June 2016, total debts of the Group amounted to approximately RMB44,477,259,000 (31 December 2015: RMB42,687,785,000). All debts of the Group are denominated in Renminbi ("RMB"), United States Dollars ("USD") and Japanese Yen ("JPY"). Exchange rate for the USD commercial notes with the highest amount among foreign currency debts (equivalent to RMB1,989,360,000) was locked with the use of options in order to prevent foreign exchange rate risks.

The Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), as at 30 June 2016 was approximately 56% (31 December 2015: 55%). The Group's gearing ratio remained stable.

## CAPITAL EXPENDITURE

For the six months ended 30 June 2016, capital expenditure of the Group was approximately RMB2,951,153,000 (2015: RMB1,761,236,000). Among which, the capital expenditure for clean energy sector (hydropower, wind power and photovoltaic power) was approximately RMB2,079,472,000, which was mainly used for construction of new power plants and power stations; whereas the capital expenditure for coal-fired power sector was approximately RMB854,990,000, which was mainly used for construction of new coal-fired power generating units and technical upgrade for the existing power generating units. Sources of funds were mainly from project financing, bonds issue and funds generated from business operation.

## PLEDGE OF ASSETS

As at 30 June 2016, the Group pledged certain property, plant and equipment with a net book value of approximately RMB492,754,000 (31 December 2015: RMB510,203,000) to certain banks to secure bank borrowings in the amount of RMB300,870,000 (31 December 2015: RMB314,820,000). 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 2016 amounted to approximately RMB1,681,206,000 (31 December 2015: RMB1,769,988,000). As at 30 June 2016, bank deposits of a subsidiary of the Group amounting to RMB300,000,000 (31 December 2015: RMB300,000,000) were pledged as security for bank borrowings in the amount of RMB300,000,000 (31 December 2015: RMB300,000,000).

## CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no material contingent liabilities.

## RISK MANAGEMENT

The Group has implemented all-rounded risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has an Internal Audit Department in place for execution and implementation of risk management measures and a Risk Management Committee in place for supervision and review of risk management policies.

### Risks Relating to Funding

As the Group increases its effort in project development, funding adequacy is having an increasing impact on the Group's operations and development. The Group has always been capable of leveraging its access to the Mainland China and overseas markets to optimize its financing sources, strengthen fund management, enhance fund efficiency and lower its financing costs. Cost-saving and efficiency enhancement initiatives have been adopted in our business management to lower administrative and operating expenses.

#### Risks Relating to Foreign Exchange

The Group is principally operating in the Mainland China, with most transactions denominating in RMB. Apart from certain cash, bank balances and borrowings, most of the Group's assets and liabilities were denominated in RMB. The Group held commercial notes denominated in USD, and held borrowings denominated in USD and JPY. Increased fluctuation on RMB, 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 in 2015, 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 foreign exchange rate risk of RMB against USD upon settlement of the USD commercial notes.

As at 30 June 2016, the Group's borrowings denominated in foreign currencies amounted to approximately RMB2,475,823,000 (31 December 2015: RMB2,380,755,000).

### ENERGY SAVING AND EMISSION REDUCTION

For the first half of 2016, the renewable energy power generation amounted to 36.28% (2015: 31.23%) of the total power generation of the Group. The rise in the proportion was mainly due to the hydropower generation surged by 33.07% as compared with the corresponding period last year.

In positive response to the policy of "Action Plan of the Upgrade and Renovation for Coal-fired Units to Achieve Energy Saving and Emission Reduction 2014–2020 (煤電節能減排升級與改造行動計劃(2014–2020年))" issued by the PRC government, the Group continued to strengthen the environmental protection measures to its coal-fired power generating units, among others, three generating units of Yaomeng Power Plant, one generating unit of CP Shentou Power Plant and one generating unit of Pingwei Power Plant III, in total of five coal-fired power generating units had completed the ultra-low-emission improvement works up to 30 June 2016. Furthermore, an associate of the Group, Changshu Power Plant also had two coal-fired power generating units completed the ultra-low-emission improvement works.

For the first half of 2016, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2015: 100%), and the efficiency ratio of desulphurization was 96.39% (2015: 95.95%); the operational ratio of denitration facilities reached 99.90% (2015: 99.61%) and the efficiency ratio of denitration reached 83.37% (2015: 79.32%).

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

- the emission rate of sulphur dioxide ($SO_2$) at 0.162g/KWh, representing a decrease of 0.068g/KWh compared with the corresponding period last year;
- the emission rate of nitrogen oxide ($NO_x$) at 0.194g/KWh, representing a decrease of 0.016g/KWh compared with the corresponding period last year; and
- the emission rate of dusts at 0.039g/KWh, representing a decrease of 0.011g/KWh compared with the corresponding period last year.

### OPERATIONAL SAFETY

For the first half of 2016, 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 2016, the Group had a total of 9,875 (30 June 2015: 10,034) 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 businesses.

## OUTLOOK FOR THE SECOND HALF OF 2016

For the second half of 2016, in line with the progress of the national supply side structural reforms and the reformation of electric power industry and state-owned enterprises, the Group will continue to enhance optimization and innovation, and promote restructuring and development. Preparing for challenges and opportunities ahead, the Group will also strengthen its core competencies, actively explore and practice the new development model, with an aim to improve our operating results. The Group will focus on:

- Developing renewable energy with significant efforts, accelerating development in wind power and photovoltaic power projects, maintaining competitive advantages in hydropower, enhancing quality of coal-fired power assets by improving the ultra-low-emission technical upgrade of coal-fired power generating units.

- Advancing project construction in an timely manner, tightening control on fuel costs, striving for favorable policies regarding tariff level and fiscal subsidies, ensuring safe production process and continuously promoting the work on energy saving and environmental protection, securing additional power generation, diversifying financing channels in order to reduce the cost of capital.

- The Group has high proportion of installed capacity of hydropower relative to traditional power generation enterprises and with very competitive hydropower tariffs, and complemented with the location advantage for coal-fired power. The Group will keep on leveraging the above edges to enhance market competitiveness and continue to expand the development in diverse energy service businesses of distributed energy and direct distribution and sales of electricity.

- With sustained and solid support from the SPIC, the Group will continue to propel the injection of Henan Power and to accelerate clean energy assets injection in order to increase the share of clean energy in our assets portfolios, furthering improvements on assets quality, scale and performance and thus strengthening our market competitiveness.

By order of the Board
**China Power International Development Limited**

**Yu Bing**
*Executive Director*

Hong Kong, 18 August 2016

* *For identification purpose only*

# 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 corporate 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 2015 annual report. During the six months ended 30 June 2016, the Company has strictly complied with all the code provisions of 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").

## 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 2016.

## UPDATED DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the updated information of the Directors required to be disclosed since the 2015 annual report until the date of this report are as follows:

- On 23 March 2016, the Company set up a Risk Management Committee, Mr. Yu Bing, an executive Director and the president of the Company, was appointed as the chairman of the committee and Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec, the independent non-executive Directors, were appointed as the members of the committee.

- Mr. Wang Zichao resigned as the chairman of Wu Ling Power Corporation* (a 63%-owned subsidiary of the Company) and the general manager of the branch company of SPIC in Hunan with effect from 19 May 2016 and 13 July 2016 respectively.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board puts particular emphasis on risk management and continuous strengthening internal control system. On 23 March 2016, the Company established a Risk Management Committee.

The principles of the internal control framework of the Company are: to strengthen the Company's internal monitoring and control in accordance with the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") with particular emphasis on continuous improvement of the Company's corporate governance structure, building up corporate integrity culture, regular assessing the competence of the internal control system and the efficiency of the management through internal audits, risk assessments and internal control assessments, reviewing identified risk exposures and ensuring the effective running of the internal control system.

The Internal Audit Department of the Company assessed the internal control system based on the "Risk Management and Internal Control Specifications", and conducted independent and objective assessment of the adequacy and effectiveness of the Company's internal control system for the first half of the year. According to the performance evaluation results of the internal audit projects for relevant companies in 2015, it coordinated the relevant companies to find out the differences and analyze the reasons, to discuss and implement measures for improvement and enhancement on internal control. For the six months ended 30 June 2016, as review by the internal audits, it set rectification requirements for 27 issues, added 25 proposals to strengthen controls and followed up actively to ensure the situation was improved.

In the first half of 2016, the Internal Audit Department also carried out risk assessment work for the year 2016, and confirmed five potential major risks in operational management. According to the risk appetite and risk tolerance, it formulated the corresponding risk strategies, laid down details of the corresponding risk procedures so as to improve the Group's defense capability against risks.

In addition, the Internal Audit Department has taken appropriate measures to review the implementation of the Group's existing continuing connected transactions on quarterly basis. For the six months ended 30 June 2016, the relevant companies of the Group have strictly monitored continuing connected transactions pursuant to the agreed terms and pricing policies during the actual course of business, and have not exceeded those relevant annual caps 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 (the "HKEx"). The primary duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control systems, review of the Group's financial information, review of the relationship with the external auditor of the Company and overseeing the corporate governance and compliance matters.

The Audit Committee and Deloitte Touche Tohmatsu have reviewed the Group's condensed consolidated financial statements for the six months ended 30 June 2016. Please refer to the "Report on Review of Condensed Consolidated Financial Statements from Independent Auditor" from Deloitte Touche Tohmatsu on page 21.

## RISK MANAGEMENT COMMITTEE

The Company established the Risk Management Committee on 23 March 2016. The Risk Management Committee comprises four members, namely the three independent non-executive Directors, Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec, and the executive Director and the president of the Company, Mr. Yu Bing, and is chaired by Mr. Yu Bing. The terms of reference of the committee has been published on the websites of the Company and the HKEx. Its major duties include reviewing reports from the management and making recommendations to the Board on the Group's risk management policies which governs the identification, assessment, monitoring and reporting of the major risks faced by Group, and overseeing the implementation of risk management policies and the compliance with the respective statutory rules and regulations. The Risk Management Committee should review and recommend for the Board's approval the Group's overall risk management strategies and risk appetite/tolerance and the Group's risk management framework, risk management system and corporate governance framework at least annually.

In April 2016, the Risk Management Committee reviewed, discussed and approved the Financial Services Framework Agreement, and made recommendations to the Board. For details of the relevant transaction, please refer to the Company's announcement dated 28 April 2016.

## REMUNERATION AND NOMINATION COMMITTEE

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 select 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 provisions. Summary of the policy was disclosed in the "Corporate Governance Report" of the Company's 2015 annual report.

## EXECUTIVE COMMITTEE

The Executive Committee comprises all executive Directors and all the vice presidents of the Company. The chairman of the committee is served by Mr. Yu Bing, an executive Director and the president of the Company. The Executive Committee conducts it works and reports to the Board under 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.

## INVESTOR RELATIONS

During the period under review, the Company organized the results press conference right after the publication of its 2015 annual results in March 2016. At the same time, we also launched international roadshows in Hong Kong, Singapore and the United States to coordinate with the announcement of the annual results. The senior management of the Company and investor relations team participated in the roadshows.

In addition, the Company participated in investment forums organized by seven internationally investment banks in Hong Kong, Shanghai and Beijing for the first half of the year. Through the participation in investment forums, the reception of investors' visits and conference calls and various investor activities, the investor relations team interviewed approximately 200 staff from investment institutions. Through active investor relations activities, the management enabled the investors to fully understand the Company's business, thereby maintaining effective communication with the market.

## SHARE OPTION SCHEME

A share option scheme was conditionally approved and adopted by a written resolution passed by the Company's shareholders on 24 August 2004 (the "Share Option Scheme"). 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 2015 annual report.

Movements of the share options granted under the Share Option Scheme for the six months ended 30 June 2016 are as follows:

| | | Number of shares subject to share options | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Grantee | Date of grant | Outstanding as at 1 January 2016 | Granted during the period | Lapsed or cancelled during the period | Exercised during the period | Outstanding as at 30 June 2016 | Expiry date (1) | Exercise price per share (HK$) |
| **Directors:** | | | | | | | | |
| 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 |
| GUAN Qihong | 2 July 2008 | 400,000 | – | – | – | 400,000 | 1 July 2018 | 2.326 |
| **Other employees** | 4 April 2007 | 7,263,000 | – | (1,905,000) | – | 5,358,000 | 3 April 2017 | 4.07 |
| | 2 July 2008 | 18,560,000 | – | (2,890,000) | – | 15,670,000 | 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).

The Share Option Scheme expired on 24 August 2014, i.e. at the tenth anniversary since its adoption date. Following the termination of the Share Option Scheme, no further share options may be granted after that date but the provisions of the Share Option Scheme shall remain in full force and effect.

As at 30 June 2016, the total number of shares in respect of which share options may be granted under the Share Option Scheme was 22,932,000 shares, representing approximately 0.31% of the Company's existing number of shares in issue.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2016, 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 the provisions of 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 interests 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 |
|---|---|---|---|---|---|---|
| WANG Zichao | Beneficial owner | the Company | 4 April 2007 and 2 July 2008 | 1,504,000 | 0.020 | Long |
| GUAN Qihong | Beneficial owner | the Company | 2 July 2008 | 400,000 | 0.0054 | 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 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).

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2016, to the best knowledge of the Directors, the following persons (other than a Director and 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 | 27.14 | Long |
| CPI Holding [(1)] | Interest of a controlled corporation | 1,996,500,000 | 27.14 | Long |
| | Beneficial owner | 2,093,638,546 | 28.47 | Long |
| SPIC [(2)] | Interest of a controlled corporation | 4,090,138,546 | 55.61 | Long |

Notes:

(1) China Power International Holding Limited ("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) SPIC is the beneficial owner of CPI Holding and therefore SPIC is deemed to be interested in the shares of the Company owned by CPI Holding for the purposes of the SFO.

(3) SPIC, CPI Holding and CPDL do not have any interest in the equity derivatives of the Company.

Save as disclosed above, as at 30 June 2016, no person, other than the Directors and chief executives 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 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 2016.

## 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 Condensed Consolidated Financial Statements from Independent Auditor

Deloitte.
德勤

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**TO THE BOARD OF DIRECTORS OF**
**CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED**

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Power International Development Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 60, which comprises the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing 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" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**
Certified Public Accountants
Hong Kong
18 August 2016

# Condensed Consolidated Income Statement

For the six months ended 30 June 2016

| | Note | Six months ended 30 June 2016 RMB'000 (unaudited) | 2015 RMB'000 (unaudited) |
|---|---|---|---|
| Revenue | 6 | **10,141,152** | 9,622,288 |
| Other income | 7 | **272,261** | 193,029 |
| Fuel costs | | **(2,576,690)** | (3,054,845) |
| Depreciation | | **(1,553,260)** | (1,443,131) |
| Staff costs | | **(980,054)** | (826,206) |
| Repairs and maintenance | | **(424,959)** | (279,367) |
| Consumables | | **(132,654)** | (111,922) |
| Other gains and losses, net | 8 | **35,814** | 1,242,219 |
| Other operating expenses | | **(916,348)** | (763,787) |
| Operating profit | 9 | **3,865,262** | 4,578,278 |
| Finance income | 10 | **9,386** | 35,113 |
| Finance costs | 10 | **(1,080,692)** | (1,230,892) |
| Share of profits of associates | | **325,523** | 433,382 |
| Share of profits of joint ventures | | **91,071** | 50,319 |
| Profit before taxation | | **3,210,550** | 3,866,200 |
| Income tax expense | 11 | **(600,357)** | (678,548) |
| Profit for the period | | **2,610,193** | 3,187,652 |
| Attributable to: | | | |
| Owners of the Company | | **1,926,078** | 2,728,260 |
| Non-controlling interests | | **684,115** | 459,392 |
| | | **2,610,193** | 3,187,652 |
| Earnings per share for profit attributable to owners of the Company during the period (expressed in RMB per share) | | | |
| — Basic | 12 | **0.26** | 0.39 |
| — Diluted | 12 | **0.26** | 0.37 |

The notes on pages 29 to 60 are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

| | Note | Six months ended 30 June 2016 RMB'000 (unaudited) | 2015 RMB'000 (unaudited) |
|---|---|---|---|
| Profit for the period | | **2,610,193** | 3,187,652 |
| Other comprehensive (expense)/income that may be subsequently reclassified to profit or loss: | | | |
| — Fair value (loss)/gain on available-for-sale financial assets, net of tax | 18 | **(1,212,488)** | 4,386,840 |
| — Release on disposal of available-for-sale financial assets, net of tax | 18 | **–** | (881,395) |
| Total comprehensive income for the period, net of tax | | **1,397,705** | 6,693,097 |
| Attributable to: | | | |
| Owners of the Company | | **713,590** | 6,233,705 |
| Non-controlling interests | | **684,115** | 459,392 |
| Total comprehensive income for the period | | **1,397,705** | 6,693,097 |

The notes on pages 29 to 60 are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Financial Position

As at 30 June 2016

| | Note | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|---|
| **ASSETS** | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | **68,803,371** | 68,130,725 |
| Prepayments for construction of power plants | 14 | **2,168,156** | 1,412,492 |
| Prepaid lease payments | 14 | **706,860** | 714,870 |
| Goodwill | | **835,165** | 835,165 |
| Interests in associates | | **2,548,548** | 2,950,049 |
| Interests in joint ventures | | **646,324** | 555,253 |
| Available-for-sale financial assets | 15 | **3,906,453** | 5,502,373 |
| Other non-current assets | | **320,130** | 241,548 |
| Deferred income tax assets | | **166,840** | 158,213 |
| Restricted deposits | 25 | **326,059** | 330,032 |
| Derivative financial instruments | 23 | **–** | 202,840 |
| | | **80,427,906** | 81,033,560 |
| Current assets | | | |
| Inventories | | **340,226** | 319,101 |
| Prepaid lease payments | 14 | **16,043** | 16,053 |
| Accounts receivable | 16 | **2,491,905** | 2,637,936 |
| Prepayments, deposits and other receivables | | **735,081** | 620,202 |
| Amounts due from related parties | 28 | **703,425** | 77,525 |
| Tax recoverable | | **5,521** | 3,909 |
| Restricted deposits | 25 | **11,468** | 6,809 |
| Derivative financial instruments | 23 | **195,116** | – |
| Cash and cash equivalents | | **2,425,212** | 1,528,017 |
| | | **6,923,997** | 5,209,552 |
| Total assets | | **87,351,903** | 86,243,112 |
| **EQUITY** | | | |
| Capital and reserves attributable to owners of the Company | | | |
| Share capital | 17 | **13,534,145** | 13,534,145 |
| Reserves | 18 | **12,793,575** | 13,786,383 |
| | | **26,327,720** | 27,320,528 |
| Non-controlling interests | | **7,006,542** | 6,905,271 |
| Total equity | | **33,334,262** | 34,225,799 |

The notes on pages 29 to 60 are an integral part of these condensed consolidated financial statements.

| | Note | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|---|
| **LIABILITIES** | | | |
| Non-current liabilities | | | |
| Deferred income | | 45,530 | 42,889 |
| Bank borrowings | 20 | 25,250,488 | 25,979,727 |
| Borrowings from related parties | 28 | 3,503,111 | 2,303,511 |
| Other borrowings | 21 | 998,003 | 2,997,530 |
| Obligations under finance leases | 22 | 963,530 | 1,180,095 |
| Deferred income tax liabilities | | 1,585,214 | 1,968,569 |
| Provisions for other long-term liabilities | 24 | 893,725 | 906,339 |
| | | 33,239,601 | 35,378,660 |
| Current liabilities | | | |
| Accounts and bills payables | 19 | 516,034 | 619,245 |
| Construction costs payable | | 2,944,618 | 3,409,170 |
| Other payables and accrued charges | | 2,065,877 | 1,253,340 |
| Amounts due to related parties | 28 | 1,085,279 | 692,782 |
| Bank borrowings | 20 | 7,543,048 | 6,862,469 |
| Borrowings from related parties | 28 | 878,800 | 713,800 |
| Other borrowings | 21 | 4,989,360 | 2,448,080 |
| Current portion of obligations under finance leases | 22 | 350,919 | 202,573 |
| Taxation payable | | 404,105 | 437,194 |
| | | 20,778,040 | 16,638,653 |
| Total liabilities | | 54,017,641 | 52,017,313 |
| Total equity and liabilities | | 87,351,903 | 86,243,112 |
| Net current liabilities | | 13,854,043 | 11,429,101 |
| Total assets less current liabilities | | 66,573,863 | 69,604,459 |

The notes on pages 29 to 60 are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

| | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| | Share capital (Note 17(a)) RMB'000 | Other reserves (Note 18) RMB'000 | Retained earnings (Note 18) RMB'000 | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **At 1 January 2016 (audited)** | 13,534,145 | 6,515,242 | 7,271,141 | 27,320,528 | 6,905,271 | 34,225,799 |
| Profit for the period | – | – | 1,926,078 | 1,926,078 | 684,115 | 2,610,193 |
| Other comprehensive (expense)/income: | | | | | | |
| Fair value loss on available-for-sale financial assets | – | (1,616,650) | – | (1,616,650) | – | (1,616,650) |
| Deferred tax on fair value loss on available-for-sale financial assets | – | 404,162 | – | 404,162 | – | 404,162 |
| **Total comprehensive income for the period** | – | (1,212,488) | 1,926,078 | 713,590 | 684,115 | 1,397,705 |
| Lapse of share options | – | (3,409) | 3,409 | – | – | – |
| Contributions from non-controlling shareholders of a subsidiary | – | – | – | – | 7,840 | 7,840 |
| Dividends recognized as distributions to non-controlling shareholders of subsidiaries | – | – | – | – | (590,684) | (590,684) |
| 2015 final dividend | – | – | (1,706,398) | (1,706,398) | – | (1,706,398) |
| **Total transactions recognized directly in equity** | – | (3,409) | (1,702,989) | (1,706,398) | (582,844) | (2,289,242) |
| **At 30 June 2016 (unaudited)** | 13,534,145 | 5,299,345 | 7,494,230 | 26,327,720 | 7,006,542 | 33,334,262 |

The notes on pages 29 to 60 are an integral part of these condensed consolidated financial statements.

| | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| | Share capital (Note 17(a)) RMB'000 | Other reserves (Note 18) RMB'000 | Retained earnings (Note 18) RMB'000 | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **At 1 January 2015 (audited)** | 12,730,145 | 4,720,843 | 4,412,781 | 21,863,769 | 5,385,992 | 27,249,761 |
| Profit for the period | – | – | 2,728,260 | 2,728,260 | 459,392 | 3,187,652 |
| Other comprehensive income/(expense): | | | | | | |
| Fair value gain on available-for-sale financial assets | – | 5,844,891 | – | 5,844,891 | – | 5,844,891 |
| Deferred tax on fair value gain on available-for-sale financial assets | – | (1,458,051) | – | (1,458,051) | – | (1,458,051) |
| Release on disposal of available-for-sale financial assets | – | (1,175,193) | – | (1,175,193) | – | (1,175,193) |
| Release of deferred tax upon disposal of available-for-sale financial assets | – | 293,798 | – | 293,798 | – | 293,798 |
| **Total comprehensive income for the period** | – | 3,505,445 | 2,728,260 | 6,233,705 | 459,392 | 6,693,097 |
| Issue of new shares upon conversion of convertible bonds | 722,500 | (93,948) | 37,812 | 666,364 | – | 666,364 |
| Lapse of share options | – | (1,971) | 1,971 | – | – | – |
| Contribution from a non-controlling shareholder of a subsidiary | – | 12,299 | – | 12,299 | 445,521 | 457,820 |
| Dividends recognized as distributions to non-controlling shareholders of subsidiaries | – | – | – | – | (216,031) | (216,031) |
| Acquisition of non-controlling interests | – | 5,716 | – | 5,716 | (43,043) | (37,327) |
| 2014 final dividend | – | – | (1,219,003) | (1,219,003) | – | (1,219,003) |
| **Total transactions recognized directly in equity** | 722,500 | (77,904) | (1,179,220) | (534,624) | 186,447 | (348,177) |
| **At 30 June 2015 (unaudited)** | 13,452,645 | 8,148,384 | 5,961,821 | 27,562,850 | 6,031,831 | 33,594,681 |

The notes on pages 29 to 60 are an integral part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | **RMB'000** | RMB'000 |
| | **(unaudited)** | (unaudited) |
| **Cash flows from operating activities** | | |
| Cash generated from operations | **5,693,663** | 6,273,689 |
| Interest paid | **(838,664)** | (1,261,635) |
| PRC income tax paid | **(622,269)** | (526,176) |
| Net cash generated from operating activities | **4,232,730** | 4,485,878 |
| **Cash flows from investing activities** | | |
| Payments for property, plant and equipment | **(2,185,329)** | (749,002) |
| Prepayments for construction of power plants | **(1,446,082)** | (1,026,161) |
| Payments for prepaid lease payments | **–** | (191,736) |
| Proceeds from disposal of property, plant and equipment | **98,174** | 270,855 |
| Proceeds from disposal of available-for-sale financial assets | **–** | 1,330,494 |
| New loan to a related party | **–** | (150,000) |
| Acquisition of a subsidiary, net of cash acquired | **(34,389)** | – |
| Capital injection to an associate | **–** | (26,000) |
| Dividend received | **396,730** | – |
| Interest received | **9,386** | 35,113 |
| Net cash used in investing activities | **(3,161,510)** | (506,437) |
| **Cash flows from financing activities** | | |
| Drawdown of bank borrowings | **5,761,347** | 8,478,500 |
| Drawdown of borrowings from related parties | **1,625,000** | 1,060,800 |
| Proceeds from issue of short-term debentures | **500,000** | – |
| Contributions from non-controlling shareholders of subsidiaries | **7,840** | 457,820 |
| Repayment of bank borrowings | **(5,882,245)** | (7,469,439) |
| Repayment of borrowings from related parties | **(260,400)** | (1,796,200) |
| Repayment of other borrowings | **–** | (500,000) |
| Payments for obligations under finance leases | **(106,137)** | (95,969) |
| Acquisition of non-controlling interests | **–** | (37,327) |
| Dividend paid (Note 13) | **(1,706,398)** | (1,219,003) |
| Dividends paid to non-controlling shareholders of subsidiaries | **(90,003)** | – |
| Net (increase)/decrease in restricted deposits | **(686)** | 41,353 |
| Net cash used in financing activities | **(151,682)** | (1,079,465) |
| **Net increase in cash and cash equivalents** | **919,538** | 2,899,976 |
| Cash and cash equivalents at the beginning of the period | **1,528,017** | 1,126,917 |
| Exchange losses | **(22,343)** | (1,620) |
| **Cash and cash equivalents at the end of the period** | **2,425,212** | 4,025,273 |

The notes on pages 29 to 60 are an integral part of these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

## 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 "Stock Exchange").

The Company and its subsidiaries (together referred to as 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 holds through China Power Development Limited ("CPDL"), a wholly-owned subsidiary of CPIH.

The directors of the Company (the "Directors") regarded State Power Investment Corporation (國家電力投資集團公司) ("SPIC"), a wholly state-owned enterprise established in the PRC which is the beneficial owner of CPIH, as the ultimate holding company.

These condensed consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and have been approved by the board of Directors (the "Board") on 18 August 2016.

These condensed consolidated financial statements have not been audited.

## 2. BASIS OF PREPARATION

(a) These condensed consolidated financial statements of the Company for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 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 2015 as well as with the applicable disclosure requirements of the Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

(b) The financial information relating to the year ended 31 December 2015 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

- The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(c) As at 30 June 2016, the Group had net current liabilities of RMB13,854,043,000. 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 at 30 June 2016, the Group had unutilized banking facilities available amounting to RMB25,358,002,000 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.

## 3. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied are the same as those used in the annual financial statements for the year ended 31 December 2015.

### (a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2016:

| | |
|---|---|
| Amendments to HKAS 1 | Disclosure Initiative |
| Amendments to HKAS 16 and 38 | Clarification of Acceptable Methods of Depreciation and Amortization |
| Amendments to HKAS 16 and 41 | Agriculture: Bearer Plants |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements |
| Amendments to HKFRS 10, 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012–2014 Cycle |

The adoption of the above 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 and have not been early adopted by the Group:

| | |
|---|---|
| HKFRS 9 | Financial Instruments[2] |
| HKFRS 15 | Revenue from Contracts with Customers[2] |
| HKFRS 16 | Leases[3] |
| Amendments to HKAS 7 | Disclosure Initiative[1] |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealized Losses[1] |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4] |
| Amendments to HKFRS 15 | Clarifications to HKFRS 15 Revenue from Contracts with Customers[2] |

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined

## 3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

**HKFRS 16 "Leases"**

Hong Kong Financial Reporting Standard ("HKFRS") 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognize depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Directors considered that it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

The Group is in the process of making an assessment of the impact of the other new standards and amendments to standards.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the condensed consolidated financial statements 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 these condensed consolidated financial statements, 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 2015.

## 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 risks and price risk), credit risk and liquidity risk.

These condensed consolidated financial statements do 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 2015.

There has been no change in the risk management policies since the year end of 2015.

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy 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 table presents 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 2016 (unaudited)** | | | | |
| Assets | | | | |
| Available-for-sale financial assets | | | | |
| — equity securities | **3,731,011** | **–** | **–** | **3,731,011** |
| Derivative financial instruments | **–** | **–** | **195,116** | **195,116** |
| **At 31 December 2015 (audited)** | | | | |
| Assets | | | | |
| Available-for-sale financial assets | | | | |
| — equity securities | 5,347,661 | – | – | 5,347,661 |
| Derivative financial instruments | – | – | 202,840 | 202,840 |

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 securities classified as available-for-sale.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to determine the fair value of financial instruments in level 3 include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis and option pricing model.

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.2 Fair value estimation *(Continued)*

The following table presents the changes in derivative financial instruments for the six months ended 30 June 2016:

| | 2016 RMB'000 (unaudited) |
|---|---|
| At 1 January — assets | **202,840** |
| Fair value loss recognized in the condensed consolidated income statement (Note 8) | **(7,724)** |
| At 30 June — assets | **195,116** |

### 5.3 Fair values of financial assets and liabilities measured at amortized cost

The fair values of borrowings are as follows:

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Long-term borrowings (note (a)) | **35,760,493** | 35,248,112 |
| Short-term borrowings (note (b)) | **7,632,093** | 6,120,091 |
| | **43,392,586** | 41,368,203 |

Notes:

(a) Balance represents the aggregate fair values of the long-term bank borrowings, corporate bonds and borrowings from SPIC and CPI Financial Company Limited ("CPIF", a company controlled by SPIC).

(b) Balance represents the aggregate fair values of short-term bank borrowings, commercial notes, short-term debentures and borrowings from CPIF and fellow subsidiaries.

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.3 Fair values of financial assets and liabilities measured at amortized cost *(Continued)*

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Accounts receivable
- Other receivables
- Restricted deposits
- Cash and cash equivalents
- Amounts due from/to related parties
- Accounts and bills payables
- Construction costs payable
- Other payables and accrued charges

## 6. TURNOVER, REVENUE AND SEGMENT INFORMATION

Revenue, representing turnover net of sales related taxes, recognized during the period is as follows:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2016<br>RMB'000<br>(unaudited)** | 2015<br>RMB'000<br>(unaudited) |
| Sales of electricity to regional and provincial power grid companies (note (a)) | **10,133,389** | 9,599,556 |
| Provision of power generation and related services (note (b)) | **7,763** | 22,732 |
| | **10,141,152** | 9,622,288 |

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 electricity 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 PRC 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 in the PRC which are calculated based on mutually agreed terms.

## 6. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

### 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 PRC are the reportable segments of the Group meeting the quantitative thresholds required by HKFRS 8.

During the six months ended 30 June 2016, the management has concluded since 2016, "Generation and sales of photovoltaic power electricity" should also be reported together with "Generation and sales of wind power electricity" in a new segment, namely "Generation and sales of wind and photovoltaic power electricity", which 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 comparative figures 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 and gain on disposal of available-for-sale financial assets, if any. Other information provided to the CODM is measured in a manner consistent with that in these condensed consolidated financial statements.

Segment assets exclude available-for-sale financial assets, derivative financial instruments, deferred income tax assets 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.

## 6. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment information *(Continued)*

| | Six months ended 30 June 2016 (unaudited) | | | | | |
|---|---|---|---|---|---|---|
| | Coal-fired electricity RMB'000 | Hydropower electricity RMB'000 | Wind and photovoltaic power electricity RMB'000 | Segment total RMB'000 | Unallocated RMB'000 | Total RMB'000 |
| **Segment revenue** | | | | | | |
| Sales of electricity | 6,366,172 | 3,636,637 | 130,580 | 10,133,389 | – | 10,133,389 |
| Provision of power generation and related services | 7,060 | – | 703 | 7,763 | – | 7,763 |
| | 6,373,232 | 3,636,637 | 131,283 | 10,141,152 | – | 10,141,152 |
| **Segment results** | 1,540,067 | 2,287,557 | 39,998 | 3,867,622 | – | 3,867,622 |
| Unallocated income | – | – | – | – | 123,714 | 123,714 |
| Unallocated expenses | – | – | – | – | (126,074) | (126,074) |
| **Operating profit/(loss)** | 1,540,067 | 2,287,557 | 39,998 | 3,867,622 | (2,360) | 3,865,262 |
| Finance income | 1,856 | 1,212 | 245 | 3,313 | 6,073 | 9,386 |
| Finance costs | (236,275) | (622,484) | (18,818) | (877,577) | (203,115) | (1,080,692) |
| Share of profits of associates | 323,266 | – | – | 323,266 | 2,257 | 325,523 |
| Share of profits/(losses) of joint ventures | 95,413 | – | – | 95,413 | (4,342) | 91,071 |
| **Profit/(loss) before taxation** | 1,724,327 | 1,666,285 | 21,425 | 3,412,037 | (201,487) | 3,210,550 |
| Income tax (expense)/credit | (266,613) | (348,213) | 5,271 | (609,555) | 9,198 | (600,357) |
| **Profit/(loss) for the period** | 1,457,714 | 1,318,072 | 26,696 | 2,802,482 | (192,289) | 2,610,193 |
| **Other segment information** | | | | | | |
| Amounts included in the measure of segment profit or loss or segment assets: | | | | | | |
| Capital expenditure | | | | | | |
| — Property, plant and equipment and prepayments for construction of power plants | 854,990 | 84,838 | 1,994,634 | 2,934,462 | 16,691 | 2,951,153 |
| Depreciation of property, plant and equipment | 922,558 | 575,918 | 50,040 | 1,548,516 | 4,744 | 1,553,260 |
| Amortization of prepaid lease payments | 4,598 | 2,702 | 19 | 7,319 | 701 | 8,020 |
| Loss on disposal of property, plant and equipment, net | 1,909 | 6,817 | – | 8,726 | – | 8,726 |

## 6. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment information *(Continued)*

| | As at 30 June 2016 (unaudited) | | | | | |
|---|---|---|---|---|---|---|
| | Coal-fired electricity RMB'000 | Hydropower electricity RMB'000 | Wind and photovoltaic power electricity RMB'000 | Segment total RMB'000 | Unallocated RMB'000 | Total RMB'000 |
| **Segment assets** | | | | | | |
| Other segment assets | 34,160,231 | 36,485,617 | 6,110,443 | 76,756,291 | – | 76,756,291 |
| Goodwill | 67,712 | 767,453 | – | 835,165 | – | 835,165 |
| Interests in associates | 2,449,566 | – | – | 2,449,566 | 98,982 | 2,548,548 |
| Interests in joint ventures | 580,107 | – | – | 580,107 | 66,217 | 646,324 |
| | 37,257,616 | 37,253,070 | 6,110,443 | 80,621,129 | 165,199 | 80,786,328 |
| Available-for-sale financial assets | – | – | – | – | 3,906,453 | 3,906,453 |
| Derivative financial instruments | – | – | – | – | 195,116 | 195,116 |
| Deferred income tax assets | – | – | – | – | 166,840 | 166,840 |
| Other unallocated assets | – | – | – | – | 2,297,166 | 2,297,166 |
| **Total assets per condensed consolidated statement of financial position** | 37,257,616 | 37,253,070 | 6,110,443 | 80,621,129 | 6,730,774 | 87,351,903 |
| **Segment liabilities** | | | | | | |
| Other segment liabilities | (4,144,513) | (3,354,381) | (797,613) | (8,296,507) | – | (8,296,507) |
| Borrowings | (10,920,422) | (22,372,583) | (2,104,195) | (35,397,200) | (7,765,610) | (43,162,810) |
| | (15,064,935) | (25,726,964) | (2,901,808) | (43,693,707) | (7,765,610) | (51,459,317) |
| Taxation payable | – | – | – | – | (404,105) | (404,105) |
| Deferred income tax liabilities | – | – | – | – | (1,585,214) | (1,585,214) |
| Other unallocated liabilities | – | – | – | – | (569,005) | (569,005) |
| **Total liabilities per condensed consolidated statement of financial position** | (15,064,935) | (25,726,964) | (2,901,808) | (43,693,707) | (10,323,934) | (54,017,641) |

## 6. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment information *(Continued)*

| | Six months ended 30 June 2015 (unaudited) | | | | | |
|---|---|---|---|---|---|---|
| | Coal-fired electricity RMB'000 | Hydropower electricity RMB'000 | Wind and photovoltaic power electricity RMB'000 | Segment total RMB'000 | Unallocated RMB'000 | Total RMB'000 |
| **Segment revenue** | | | | | | |
| Sales of electricity | 6,811,710 | 2,713,361 | 74,485 | 9,599,556 | – | 9,599,556 |
| Provision of power generation and related services | 22,732 | – | – | 22,732 | – | 22,732 |
| | 6,834,442 | 2,713,361 | 74,485 | 9,622,288 | – | 9,622,288 |
| **Segment results** | 1,781,296 | 1,677,572 | 25,418 | 3,484,286 | – | 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 | 3,484,286 | 1,093,992 | 4,578,278 |
| Finance income | 3,639 | 11,420 | 231 | 15,290 | 19,823 | 35,113 |
| Finance costs | (377,948) | (828,241) | (8,318) | (1,214,507) | (16,385) | (1,230,892) |
| Share of profits of associates | 427,464 | – | – | 427,464 | 5,918 | 433,382 |
| Share of profits/(losses) of joint ventures | 53,965 | – | – | 53,965 | (3,646) | 50,319 |
| **Profit before taxation** | 1,888,416 | 860,751 | 17,331 | 2,766,498 | 1,099,702 | 3,866,200 |
| Income tax expense | (267,731) | (136,596) | (1,197) | (405,524) | (273,024) | (678,548) |
| **Profit for the period** | 1,620,685 | 724,155 | 16,134 | 2,360,974 | 826,678 | 3,187,652 |
| **Other segment information** | | | | | | |
| Amounts included in the measure of segment profit or loss or segment assets: | | | | | | |
| Capital expenditure | | | | | | |
| — Property, plant and equipment, prepayments for construction of power plants and prepaid lease payments | 1,265,960 | 221,794 | 273,353 | 1,761,107 | 129 | 1,761,236 |
| Depreciation of property, plant and equipment | 780,362 | 631,329 | 27,160 | 1,438,851 | 4,280 | 1,443,131 |
| Amortization of prepaid lease payments | 4,577 | 2,282 | – | 6,859 | 408 | 7,267 |
| Loss on disposal of property, plant and equipment, net | 9,304 | 6,891 | – | 16,195 | – | 16,195 |

## 6. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment information *(Continued)*

| | As at 31 December 2015 (audited) (restated) | | | | | |
|---|---|---|---|---|---|---|
| | Coal-fired electricity RMB'000 | Hydropower electricity RMB'000 | Wind and photovoltaic power electricity RMB'000 | Segment total RMB'000 | Unallocated RMB'000 | Total RMB'000 |
| **Segment assets** | | | | | | |
| Other segment assets | 34,637,561 | 36,536,296 | 3,645,344 | 74,819,201 | – | 74,819,201 |
| Goodwill | 67,712 | 767,453 | – | 835,165 | – | 835,165 |
| Interests in associates | 2,851,030 | – | – | 2,851,030 | 99,019 | 2,950,049 |
| Interests in joint ventures | 484,693 | – | – | 484,693 | 70,560 | 555,253 |
| | 38,040,996 | 37,303,749 | 3,645,344 | 78,990,089 | 169,579 | 79,159,668 |
| Available-for-sale financial assets | – | – | – | – | 5,502,373 | 5,502,373 |
| Derivative financial instruments | – | – | – | – | 202,840 | 202,840 |
| Deferred income tax assets | – | – | – | – | 158,213 | 158,213 |
| Other unallocated assets | – | – | – | – | 1,220,018 | 1,220,018 |
| **Total assets per condensed consolidated statement of financial position** | 38,040,996 | 37,303,749 | 3,645,344 | 78,990,089 | 7,253,023 | 86,243,112 |
| **Segment liabilities** | | | | | | |
| Other segment liabilities | (4,522,162) | (2,910,072) | (443,797) | (7,876,031) | – | (7,876,031) |
| Borrowings | (11,818,350) | (22,546,892) | (1,209,795) | (35,575,037) | (5,730,080) | (41,305,117) |
| | (16,340,512) | (25,456,964) | (1,653,592) | (43,451,068) | (5,730,080) | (49,181,148) |
| Taxation payable | – | – | – | – | (437,194) | (437,194) |
| Deferred income tax liabilities | – | – | – | – | (1,968,569) | (1,968,569) |
| Other unallocated liabilities | – | – | – | – | (430,402) | (430,402) |
| **Total liabilities per condensed consolidated statement of financial position** | (16,340,512) | (25,456,964) | (1,653,592) | (43,451,068) | (8,566,245) | (52,017,313) |

## 7. OTHER INCOME

| | Six months ended 30 June | |
|---|---|---|
| | 2016 RMB'000 (unaudited) | 2015 RMB'000 (unaudited) |
| Rental income | 29,550 | 34,267 |
| Hotel operations income | 14,521 | 17,178 |
| Income from the provision of repairs and maintenance services | 11,004 | 13,076 |
| Dividend income (Note 28(a)) | 95,543 | 95,343 |
| Management fee income | 15,646 | 19,301 |
| Value-added tax refund (note) | 105,997 | 13,864 |
| | 272,261 | 193,029 |

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 the period from 1 January 2016 to 31 December 2017, respectively.

## 8. OTHER GAINS AND LOSSES, NET

| | Six months ended 30 June | |
|---|---|---|
| | 2016 RMB'000 (unaudited) | 2015 RMB'000 (unaudited) |
| Amortization of deferred income | 1,059 | 775 |
| Government subsidies (note (a)) | 2,620 | 94,373 |
| Loss on disposal of property, plant and equipment, net | (8,726) | (16,195) |
| Gain on disposal of available-for-sale financial assets (note (b)) | – | 1,175,193 |
| Fair value loss on derivative financial instruments (Notes 5.2 and 23) | (7,724) | (41,989) |
| Sales of unused power production quota | 16,320 | 4,971 |
| Profits on trading of coal, coal by-products and spare parts | 28,177 | 17,855 |
| Others | 4,088 | 7,236 |
| | 35,814 | 1,242,219 |

Notes:

(a) During the six months ended 30 June 2015, the government subsidies mainly comprised of government grants of RMB90,000,000 in relation to the Group's effort in shutting down its outdated power generators in 2013. Such government grants were unconditional and all the related costs for which such grants were intended to compensate had been charged to the profit or loss in previous years, therefore the grants received during the six months ended 30 June 2015 were recognized directly in the condensed consolidated income statement as other gains.

(b) During the six months ended 30 June 2015, the Company disposed of 40,173,628 shares of Shanghai Electric Power Co., Ltd. ("Shanghai Power") and the cumulative gain recognized in other comprehensive income in relation to the shares disposed of was RMB1,175,193,000, which was reclassified from other comprehensive income to profit or loss.

## 9. OPERATING PROFIT

Operating profit is stated after charging the following:

| | Six months ended 30 June | |
|---|---|---|
| | **2016 RMB'000 (unaudited)** | 2015 RMB'000 (unaudited) |
| Depreciation of property, plant and equipment | **1,553,260** | 1,443,131 |
| Amortization of prepaid lease payments | **8,020** | 7,267 |
| Operating lease rental expenses in respect of | | |
| — equipment | **1,239** | 2,903 |
| — leasehold land and buildings | **24,550** | 22,326 |
| Staff costs including Directors' emoluments | **980,054** | 826,206 |
| Write-off of pre-operating expenses | **–** | 33,684 |

## 10. FINANCE INCOME AND FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2016 RMB'000 (unaudited)** | 2015 RMB'000 (unaudited) |
| **Finance income** | | |
| Interest income from bank deposits | **8,727** | 32,484 |
| Interest income from an associate (Note 28(a)) | **487** | 2,580 |
| Interest income from CPIF (Note 28(a)) | **172** | 49 |
| | **9,386** | 35,113 |
| **Finance costs** | | |
| Interest expense on | | |
| — bank borrowings | **746,368** | 1,087,347 |
| — long-term borrowings from related parties | **83,332** | 81,753 |
| — short-term borrowings from related parties | **8,941** | 14,258 |
| — long-term other borrowings | **68,350** | 106,431 |
| — short-term other borrowings | **26,076** | 5,225 |
| — amount due to CPIH | **947** | 1,614 |
| — obligations under finance leases | **37,918** | 38,302 |
| — provisions for other long-term liabilities (Note 24) | **45,436** | 40,993 |
| | **1,017,368** | 1,375,923 |
| Less: amounts capitalized | **(72,538)** | (138,585) |
| | **944,830** | 1,237,338 |
| Net foreign exchange losses/(gains) | **135,862** | (6,446) |
| | **1,080,692** | 1,230,892 |

The weighted average interest rate on capitalized borrowings is approximately 4.87% (2015: 5.42%) per annum.

## 11. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the six months ended 30 June 2016 (2015: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2015: 25%) on the estimated assessable income for the six months ended 30 June 2016 except as disclosed below.

The amount of income tax recognized in the condensed consolidated income statement represents:

| | Six months ended 30 June | |
|---|---|---|
| | **2016** | 2015 |
| | **RMB'000** | RMB'000 |
| | **(unaudited)** | (unaudited) |
| **PRC current income tax** | | |
| Charge for the period | **590,544** | 665,417 |
| Over provision in prior year | **(2,367)** | – |
| | **588,177** | 665,417 |
| **Deferred income tax** | | |
| Charge for the period | **12,180** | 13,131 |
| | **600,357** | 678,548 |

Share of taxation charge attributable to associates and joint ventures for the six months ended 30 June 2016 of RMB110,726,000 (2015: RMB136,266,000) and RMB33,381,000 (2015: RMB16,854,000) respectively were included in the Group's share of profits of associates/joint ventures for the period.

During the six months ended 30 June 2016, certain subsidiaries of the Group were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 12.5% or 15% (2015: 12.5%).

As at 30 June 2016, two subsidiaries of the Group had investment tax credits ("Tax Credits") with an accumulated amount of RMB189,308,000 (31 December 2015: RMB189,308,000) of which RMB106,716,000 (31 December 2015: RMB102,573,000) were utilized against their income tax 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 can be carried forward over a period of no more than five years.

During the six months ended 30 June 2015, the PRC current income tax charge included the related taxation charge arising from the gain on disposal of shares of Shanghai Power of RMB279,964,000.

## 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.

| | Six months ended 30 June | |
|---|---|---|
| | **2016 (unaudited)** | 2015 (unaudited) |
| Profit attributable to owners of the Company (RMB'000) | **1,926,078** | 2,728,260 |
| Weighted average number of shares in issue (shares in thousands) | **7,355,165** | 7,071,279 |
| Basic earnings per share (RMB) | **0.26** | 0.39 |

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume exercise or conversion of all dilutive potential ordinary shares arising from the Company's share options and convertible bonds.

For the six months ended 30 June 2016 and 2015, the Company has share options that are dilutive potential ordinary shares, and a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) 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.

For the six months ended 30 June 2015, the Company had convertible bonds that were dilutive potential ordinary shares. The convertible bonds were assumed to have been converted into ordinary shares, and the profit attributable to owners of the Company was adjusted to eliminate the interest expense less the tax effect.

## 12. EARNINGS PER SHARE (CONTINUED)

### (b) Diluted *(Continued)*

| | Six months ended 30 June | |
|---|---|---|
| | **2016 (unaudited)** | 2015 (unaudited) |
| Profit attributable to owners of the Company (RMB'000) | **1,926,078** | 2,728,260 |
| Adjustment for finance costs on convertible bonds (after tax) (RMB'000) | **–** | 8,526 |
| Profit used to determine diluted earnings per share (RMB'000) | **1,926,078** | 2,736,786 |
| Weighted average number of shares in issue (shares in thousands) | **7,355,165** | 7,071,279 |
| Adjustment for share options (shares in thousands) | **5,532** | 11,619 |
| Adjustment for convertible bonds (shares in thousands) | **–** | 278,792 |
| Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands) | **7,360,697** | 7,361,690 |
| Diluted earnings per share (RMB) | **0.26** | 0.37 |

## 13. DIVIDEND

During the six months ended 30 June 2016, a final dividend of RMB0.232 (equivalent to HK$0.2770) per ordinary share for the year ended 31 December 2015 (2015: a final dividend of RMB0.168 (equivalent to HK$0.2119) per ordinary share for the year ended 31 December 2014) was declared and paid to the owners of the Company. The amount of the final dividend paid in the period amounted to RMB1,706,398,000 (equivalent to HK$2,037,381,000) (2015: RMB1,219,003,000 (equivalent to HK$1,537,541,000)).

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

## 14. CAPITAL EXPENDITURE

During the six months ended 30 June 2016, the Group acquired property, plant and equipment and made prepayments for construction of power plants (2015: acquired property, plant and equipment, made prepayments for construction of power plants and prepaid lease payments) which in aggregate amounted to RMB2,951,153,000 (2015: RMB1,761,236,000).

As at 30 June 2016, certain property, plant and equipment of the Group with carrying amounts of RMB492,754,000 (31 December 2015: RMB510,203,000) were pledged as security for certain long-term bank borrowings of the Group (Note 20(d)).

## 15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Unlisted equity investments in the PRC — at cost (note (a)) | **175,442** | 154,712 |
| Equity securities listed in the PRC — at fair value (note (b)) | **3,731,011** | 5,347,661 |
| | **3,906,453** | 5,502,373 |
| Market value of equity securities listed in the PRC | **3,731,011** | 5,347,661 |

Notes:

(a) Unlisted equity investments mainly represent interests in certain unlisted companies which are principally engaged in financial services, coal production and water supply respectively.

These companies 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 in the PRC as at 30 June 2016 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 |
|---|---|---|---|---|---|
| **Interest held directly by the Company:** | | | | | |
| 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 sales of electricity |

# Shanghai Power is a subsidiary of SPIC.

## 16. ACCOUNTS RECEIVABLE

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Accounts receivable from regional and provincial power grid companies (note (a)) | **2,098,264** | 2,415,646 |
| Accounts receivable from other companies (note (a)) | **11,842** | 5,320 |
| | **2,110,106** | 2,420,966 |
| Notes receivable (note (c)) | **381,799** | 216,970 |
| | **2,491,905** | 2,637,936 |

Notes:

(a) The ageing analysis of the accounts receivable presented based on invoice date is as follows:

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| 1 to 3 months | **2,060,201** | 2,401,027 |
| 4 to 6 months | **9,851** | 10,404 |
| Over 6 months | **40,054** | 9,535 |
| | **2,110,106** | 2,420,966 |

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

(b) As at 30 June 2016, accounts receivable that were past due but not impaired amounted to RMB49,905,000 (31 December 2015: RMB19,939,000), which mainly represented the wind power price premium. The Directors consider that there has not been a significant change in credit quality and there was no impairment in view of the creditability of the debtors and the continuing repayment from these debtors.

(c) As at 30 June 2016, notes receivable are bank acceptance notes issued by third parties and are normally with maturity period of 180 days (31 December 2015: 180 days).

(d) As at 30 June 2016, certain bank borrowings and long-term borrowings from CPIF (Notes 20(d) and 28(c)(ii)) 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 2016 amounted to RMB1,681,206,000 (31 December 2015: RMB1,769,988,000).

## 17. SHARE CAPITAL

### (a) Share capital

| | Number of shares | RMB'000 |
|---|---|---|
| **Ordinary shares, issued and fully paid:** | | |
| At 1 January 2015 | 6,906,119,125 | 12,730,145 |
| Issue of new shares upon conversion of convertible bonds | 449,045,616 | 804,000 |
| At 31 December 2015 and 30 June 2016 | **7,355,164,741** | **13,534,145** |

### (b) Share option scheme

Pursuant to the written resolutions passed by the shareholders of the Company on 24 August 2004, a share option scheme was approved and adopted by the Company (the "Share Option Scheme").

Details of the share options granted under the Share Option Scheme outstanding as at 30 June 2016 are as follows:

| | | | Number of shares subject to the share options | |
|---|---|---|---|---|
| Date of grant | Expiry date | Exercise price | 30 June 2016 (unaudited) | 31 December 2015 (audited) |
| **Directors** | | | | |
| 4 April 2007 | 3 April 2017 | HK$4.07 | **804,000** | 804,000 |
| 2 July 2008 | 1 July 2018 | HK$2.326 | **1,100,000** | 1,100,000 |
| **Senior management and other employees** | | | | |
| 4 April 2007 | 3 April 2017 | HK$4.07 | **5,358,000** | 7,263,000 |
| 2 July 2008 | 1 July 2018 | HK$2.326 | **15,670,000** | 18,560,000 |
| | | | **22,932,000** | 27,727,000 |

## 17. SHARE CAPITAL (CONTINUED)

### (b) Share option scheme *(Continued)*

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

| | **2016 (unaudited)** | | 2015 (unaudited) | |
|---|---|---|---|---|
| | **Average exercise price per share (HK$)** | **Number of shares subject to the share options** | Average exercise price per share (HK$) | Number of shares subject to the share options |
| At 1 January | **2.833** | **27,727,000** | 2.871 | 30,244,000 |
| Lapsed | **3.019** | **(4,795,000)** | 3.280 | (2,517,000) |
| At 30 June | **2.795** | **22,932,000** | 2.833 | 27,727,000 |

As at 30 June 2016, all outstanding share options were vested and exercisable.

## 18. RESERVES

| | 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 | Others RMB'000 | Other reserves sub-total RMB'000 | Retained earnings RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2016 (audited) | 306,548 | 2,262,848 | 2,928,772 | 722,948 | 18,243 | – | 275,883 | 6,515,242 | 7,271,141 | 13,786,383 |
| Profit for the period | – | – | – | – | – | – | – | – | 1,926,078 | 1,926,078 |
| Fair value loss on available-for-sale financial assets | – | – | (1,616,650) | – | – | – | – | (1,616,650) | – | (1,616,650) |
| Deferred tax on fair value loss on available-for-sale financial assets | – | – | 404,162 | – | – | – | – | 404,162 | – | 404,162 |
| Lapse of share options | – | – | – | – | (3,409) | – | – | (3,409) | 3,409 | – |
| 2015 final dividend | – | – | – | – | – | – | – | – | (1,706,398) | (1,706,398) |
| **At 30 June 2016 (unaudited)** | 306,548 | 2,262,848 | 1,716,284 | 722,948 | 14,834 | – | 275,883 | 5,299,345 | 7,494,230 | 12,793,575 |
| At 1 January 2015 (audited) | 306,548 | 2,262,848 | 1,161,680 | 607,138 | 20,214 | 104,547 | 257,868 | 4,720,843 | 4,412,781 | 9,133,624 |
| Profit for the period | – | – | – | – | – | – | – | – | 2,728,260 | 2,728,260 |
| Fair value gain on available-for-sale financial assets | – | – | 5,844,891 | – | – | – | – | 5,844,891 | – | 5,844,891 |
| Deferred tax on fair value gain on available-for-sale financial assets | – | – | (1,458,051) | – | – | – | – | (1,458,051) | – | (1,458,051) |
| Release on disposal of available-for-sale financial assets | – | – | (1,175,193) | – | – | – | – | (1,175,193) | – | (1,175,193) |
| Release of deferred tax upon disposal of available-for-sale financial assets | – | – | 293,798 | – | – | – | – | 293,798 | – | 293,798 |
| Issue of new shares upon conversion of convertible bonds | – | – | – | – | – | (93,948) | – | (93,948) | 37,812 | (56,136) |
| Lapse of share options | – | – | – | – | (1,971) | – | – | (1,971) | 1,971 | – |
| Contributions from a non-controlling shareholder of a subsidiary | – | – | – | – | – | – | 12,299 | 12,299 | – | 12,299 |
| Acquisition of non-controlling interests | – | – | – | – | – | – | 5,716 | 5,716 | – | 5,716 |
| 2014 final dividend | – | – | – | – | – | – | – | – | (1,219,003) | (1,219,003) |
| At 30 June 2015 (unaudited) | 306,548 | 2,262,848 | 4,667,125 | 607,138 | 18,243 | 10,599 | 275,883 | 8,148,384 | 5,961,821 | 14,110,205 |

## 19. ACCOUNTS AND BILLS PAYABLES

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Accounts payable (note (a)) | **476,034** | 412,241 |
| Bills payable (note (b)) | **40,000** | 207,004 |
| | **516,034** | 619,245 |

Notes:

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

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| 1 to 6 months | **424,196** | 376,456 |
| 7 to 12 months | **20,669** | 3,228 |
| Over 1 year | **31,169** | 32,557 |
| | **476,034** | 412,241 |

(b) As at 30 June 2016, bills payable is bills of exchange with maturity period of 6 months (31 December 2015: ranged from 3 to 12 months).

## 20. BANK BORROWINGS

Bank borrowings are analyzed as follows:

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| **Non-current** | | |
| Long-term bank borrowings | | |
| — secured (note (d)) | **13,878,639** | 15,411,773 |
| — unsecured (note (e)) | **14,700,164** | 14,021,412 |
| | **28,578,803** | 29,433,185 |
| Less: Current portion of long-term bank borrowings | **(3,328,315)** | (3,453,458) |
| | **25,250,488** | 25,979,727 |
| **Current** | | |
| Short-term bank borrowings — unsecured | **4,214,733** | 3,409,011 |
| Current portion of long-term bank borrowings | **3,328,315** | 3,453,458 |
| | **7,543,048** | 6,862,469 |
| **Total bank borrowings** | **32,793,536** | 32,842,196 |

Notes:

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

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| RMB | **32,307,073** | 32,409,521 |
| Japanese Yen ("JPY") | **421,384** | 359,842 |
| United States Dollars ("USD") | **65,079** | 72,833 |
| | **32,793,536** | 32,842,196 |

## 20. BANK BORROWINGS (CONTINUED)

Notes: (continued)

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

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Within one year | 3,328,315 | 3,453,458 |
| In the second year | 5,989,762 | 4,277,967 |
| In the third to fifth year | 7,329,557 | 9,074,484 |
| After the fifth year | 11,931,169 | 12,627,276 |
| | 28,578,803 | 29,433,185 |

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

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Current bank borrowings | 4.22% | 4.44% |
| Non-current bank borrowings | 4.65% | 5.22% |

(d) As at 30 June 2016, the bank borrowings of the Group are secured as follows:

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Secured against the rights on accounts receivable of certain subsidiaries of the Group (Note 16) | 13,277,769 | 14,796,953 |
| Secured against property, plant and equipment of certain subsidiaries of the Group (Note 14) | 300,870 | 314,820 |
| Secured against bank deposits of a subsidiary of the Group (Note 25) | 300,000 | 300,000 |
| | 13,878,639 | 15,411,773 |

(e) As at 30 June 2016, bank borrowings amounting to RMB421,384,000 (31 December 2015: RMB359,842,000) are guaranteed by Hunan Provincial Finance Bureau.

(f) As at 30 June 2016, the Group had unutilized available banking facilities amounting to RMB25,358,002,000 (31 December 2015: RMB22,385,820,000).

## 21. OTHER BORROWINGS

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| **Non-current** | | |
| Corporate bonds issued by: | | |
| — the Company (note (a)) | 2,000,000 | 2,000,000 |
| — a subsidiary (note (b)) | 998,003 | 997,530 |
| | 2,998,003 | 2,997,530 |
| Less: Current portion of corporate bonds issued by the Company (note (a)) | (2,000,000) | – |
| | 998,003 | 2,997,530 |
| **Current** | | |
| Corporate bonds issued by the Company reclassified as current (note (a)) | 2,000,000 | – |
| Short-term other borrowings: | | |
| — Short-term debentures issued by a subsidiary (note (c)) | 1,000,000 | 500,000 |
| — Commercial notes (note (d)) | 1,989,360 | 1,948,080 |
| | 4,989,360 | 2,448,080 |
| | 5,987,363 | 5,445,610 |

Notes:

(a) Unsecured RMB denominated corporate bonds of RMB2,000,000,000 (31 December 2015: 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% per annum. These bonds are fully repayable in May 2017 and have been reclassified as current liabilities as at 30 June 2016.

(b) Balance represents certain long-term corporate bonds of RMB998,003,000 (31 December 2015: RMB997,530,000) issued by Wu Ling Power Corporation ("Wu Ling Power") for a term of 10 years from April 2009 which are interest bearing at 4.60% per annum. These bonds are guaranteed by SPIC.

(c) As at 30 June 2016, unsecured RMB denominated short-term debentures of RMB1,000,000,000 (31 December 2015: RMB500,000,000) were issued by a subsidiary. The details are as follows:

| Issue date | Due date | Interest rate | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|---|---|
| November 2015 | November 2016 | 3.79% | 300,000 | 300,000 |
| December 2015 | December 2016 | 3.32% | 200,000 | 200,000 |
| March 2016 | March 2017 | 2.86% | 300,000 | – |
| April 2016 | April 2017 | 3.10% | 200,000 | – |
| | | | 1,000,000 | 500,000 |

## 21. OTHER BORROWINGS (CONTINUED)

Notes: (continued)

(d) Pursuant to the Commercial Paper Dealer Agreement entered into by the Company on 8 July 2014, the Company may issue USD denominated commercial notes to institutional accredited investors in the United States with an aggregate amount of not more than USD300,000,000 for a 3-year period starting 8 July 2014. The term of each commercial note is not more than 270 days. As at 30 June 2016, commercial notes of USD300,000,000 (approximately RMB1,989,360,000) (31 December 2015: USD300,000,000 (approximately RMB1,948,080,000)) issued by the Company were outstanding. The commercial notes do not bear nominal interest rates but were issued at discount rates ranging from 0.42% to 0.50%.

The incidental costs arising from issue of the commercial notes for the six months ended 30 June 2016 amounted to RMB11,085,000 (2015: RMB10,313,000).

## 22. OBLIGATIONS UNDER FINANCE LEASES

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Obligations under finance leases | 1,314,449 | 1,382,668 |
| Less: Current portion of obligations under finance leases | (350,919) | (202,573) |
| Non-current portion of obligations under finance leases | 963,530 | 1,180,095 |

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Derivative financial instruments — assets | | |
| — Non-current | – | 202,840 |
| — Current | 195,116 | – |
| | 195,116 | 202,840 |

In 2015, the Company entered into two derivative financial instruments to hedge foreign currency risk for the short-term USD commercial notes issued by the Company in July 2014.

Such two derivative financial instruments are European style USD call options with expiration date on 28 June 2017. Under these contracts, the Company is entitled to buy USD190,649,000 and USD106,129,000 with RMB at the strike price of 6.1225 and 6.1375 respectively. The premium at the date of acquisition in both contracts amounted to RMB91,862,000 and RMB49,895,000 respectively.

These derivative financial instruments were categorized as financial assets at fair value through profit or loss which were expected to be settled within 12 months. They were not designated as hedging instruments in accordance with HKAS 39. The change in fair value of the derivative financial instruments during the six months ended 30 June 2016 of a loss of RMB7,724,000 (2015: a loss of RMB41,989,000) was recognized in the condensed consolidated income statement as other losses (Note 8).

## 24. PROVISIONS FOR OTHER LONG-TERM LIABILITIES

Provisions for other long-term liabilities as at 30 June 2016 represent provision of RMB1,024,441,000 (31 December 2015: RMB1,024,921,000) 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, based on the latest rules and regulations as set out by the relevant PRC local government authorities and the expected useful lives of the two hydropower plants, using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provision due to the passage of time is recognized as interest expense.

Analysis of the provisions for other long-term liabilities as at 30 June 2016 is as follows:

| | **30 June 2016 RMB'000 (unaudited)** | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Non-current liabilities (included in provisions for other long-term liabilities) | **893,725** | 906,339 |
| Current liabilities (included in other payables and accrued charges) | **130,716** | 118,582 |
| | **1,024,441** | 1,024,921 |

The movement of the provisions for other long-term liabilities during the six months ended 30 June 2016 is as follows:

| | **2016 RMB'000 (unaudited)** | 2015 RMB'000 (unaudited) |
|---|---|---|
| At 1 January | **1,024,921** | 982,452 |
| Recognized during the period | **3,464** | – |
| Interest expense (Note 10) | **45,436** | 40,993 |
| Payment | **(49,380)** | (15,735) |
| At 30 June | **1,024,441** | 1,007,710 |

## 25. RESTRICTED DEPOSITS

Restricted deposits mainly include restricted cash deposits and bank deposits pledged as securities.

The restricted cash deposits mainly represent cash deposits held in the "joint control account" under the names of the certain subsidiaries of the Group for the co-development of wind power plants with local government. The deposits are operated with the approvals from both the certain subsidiaries of the Group and the local government, and it will be released upon the completion of power plant construction.

The carrying amounts of the restricted deposits as at 30 June 2016 are as follows:

| | **30 June 2016 RMB'000 (unaudited)** | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Restricted cash deposits | **37,527** | 36,841 |
| Bank deposits secured against long-term bank borrowings (Note 20(d)) | **300,000** | 300,000 |
| | **337,527** | 336,841 |
| Analyzed for reporting purposes as: | | |
| — Non-current assets | **326,059** | 330,032 |
| — Current assets | **11,468** | 6,809 |
| | **337,527** | 336,841 |

## 26. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 22 June 2016, the Group acquired certain assets and liabilities through acquisition of 100% equity interest in Shangqiu Minsheng Thermal Power Company Limited ("Shangqiu Power Plant") from an independent third party at a cash consideration of RMB114,629,000.

At the acquisition date, Shangqiu Power Plant was still under preliminary development stage, therefore, the Directors are of the opinion that Shangqiu Power Plant does not constitute a business as defined in HKFRS 3 "Business Combination", and the acquisition was accounted for as acquisition of assets rather than business combination. Accordingly, the difference between the acquisition consideration and the carrying amounts of net assets acquired is allocated into individual identifiable assets and liabilities based on their respective fair values at the acquisition date.

## 27. CAPITAL COMMITMENTS

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

| | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|
| Contracted but not provided for in respect of | | |
| — property, plant and equipment | **12,511,112** | 6,398,606 |
| — capital contribution to associates | **307,313** | 187,313 |
| | **12,818,425** | 6,585,919 |

## 28. RELATED PARTY TRANSACTIONS

The Group is controlled by CPIH, an intermediate holding company which directly holds approximately 28.47% (31 December 2015: 28.21%) of the Company's shares, and indirectly holds approximately 27.14% (31 December 2015: 27.14%) of the Company's shares through CPDL. As at 30 June 2016, CPIH owned approximately 55.61% (31 December 2015: 55.35%) equity interest of the Company in aggregate. The Directors regard SPIC, a wholly state-owned enterprise established in the PRC which is the beneficial owner of CPIH, as the ultimate holding company.

SPIC is controlled by the PRC government which also owns a significant portion of the Country's 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 SPIC, 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 SPIC 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 SPIC companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in these condensed consolidated financial statements.

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 these condensed consolidated financial statements. Management of the Group is of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Income

| | Note | Six months ended 30 June 2016 RMB'000 (unaudited) | 2015 RMB'000 (unaudited) |
|---|---|---|---|
| Interest income from: | | | |
| — CPIF | (i) | **172** | 49 |
| — an associate | (i) | **487** | 2,580 |
| Rental income from a fellow subsidiary | (ii) | **27,060** | 27,060 |
| Management fee income from CPIH | (iii) | **5,888** | 5,152 |
| Dividend income from Shanghai Power | (iv) | **90,823** | 90,823 |
| Dividend income from CPIF | (iv) | **4,720** | 4,520 |
| Income from provision of repairs and maintenance services to: | | | |
| — companies controlled by SPIC | (v) | **769** | 1,540 |
| — a fellow subsidiary | (v) | **810** | 1,590 |
| Income from provision of IT services to: | | | |
| — SPIC | (vi) | **385** | – |
| — CPIH | (vi) | **–** | 80 |
| — fellow subsidiaries | (vi) | **8,649** | 7,378 |
| — an associate | (vi) | **684** | 290 |
| Sales of fuel, raw materials and spare parts to: | | | |
| — fellow subsidiaries | (vii) | **56,564** | 39,172 |
| — an associate | (vii) | **39,713** | 37,705 |
| Sales of unused power production quota to a fellow subsidiary | (viii) | **–** | 485 |
| Sales of electricity to fellow subsidiaries | (ix) | **315** | 7,338 |

Notes:

(i) Interest income from CPIF was charged at 0.35% (2015: 0.35%) per annum. Interest income from an associate was charged at 1.75% (2015: 5.40% to 6.30%) per annum.

(ii) Rental income was charged in accordance with the terms of the relevant agreement.

(iii) Management fee income was charged for managing a power plant on behalf of CPIH by the Group. This was charged in accordance with the terms of the relevant agreements.

(iv) Dividend incomes from Shanghai Power and CPIF were recognized based on dividends declared by the respective board of directors in proportion to the Group's interest in these companies.

(v) Income from the provision of repairs and maintenance services was charged in accordance with the terms of the relevant agreements.

(vi) Income from the provision of IT services was charged in accordance with the terms of the relevant agreements.

(vii) Sales of fuel, raw materials and spare parts were charged in accordance with the terms of the relevant agreements.

(viii) Sales of unused power production quota were charged in accordance with the terms of the relevant agreement.

(ix) Sales of electricity were charged in accordance with the terms of the relevant agreements.

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Expenses

| | Note | Six months ended 30 June 2016 RMB'000 (unaudited) | 2015 RMB'000 (unaudited) |
|---|---|---|---|
| Purchases of fuel, raw materials and spare parts from: | | | |
| — companies controlled by SPIC | (i) | **3,125** | 17,016 |
| — fellow subsidiaries | (i) | **31,668** | 56,904 |
| — a joint venture | (i) | **15,719** | – |
| — non-controlling shareholders of subsidiaries | (i) | **1,237,754** | 1,007,417 |
| Service fees to: | | | |
| — companies controlled by SPIC | (ii) | **14,248** | – |
| — fellow subsidiaries | (ii) | **93,004** | 86,087 |
| Interest expenses to: | | | |
| — SPIC | (iii) | **76,221** | 81,453 |
| — CPIH | (iii) | **947** | 1,614 |
| — CPIF | (iii) | **8,018** | 8,779 |
| — fellow subsidiaries | (iii) | **8,034** | 5,779 |
| Construction costs to fellow subsidiaries | (iv) | **–** | 2,828 |
| Operating lease rental expenses in respect of: | | | |
| — land to SPIC | (v) | **8,533** | 8,533 |
| — buildings to CPIH | (v) | **10,454** | 11,156 |

Notes:

(i) Purchases of fuel, raw materials 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 SPIC, CPIF and fellow subsidiaries were charged based on outstanding loan balances at interest rates ranging from 3.03% to 5.60% (2015: 3.90% to 6.40%) per annum, ranging from 3.91% to 4.75% (2015: 5.60% to 6.00%) per annum and at 4.35% (2015: 5.60%) per annum respectively. Interest expenses to CPIH were charged at an interest rate of 1.75% (2015: 3.00%) per annum.

(iv) Construction costs were charged in accordance with the terms of the relevant agreements.

(v) Rental expenses in respect of certain land and buildings leased from SPIC and CPIH were charged in accordance with the terms of the relevant agreements.

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

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

| | Note | 30 June 2016 RMB'000 (unaudited) | 31 December 2015 RMB'000 (audited) |
|---|---|---|---|
| Borrowings from: | | | |
| — SPIC | (i) | **(3,594,111)** | (2,744,111) |
| — CPIF | (ii) | **(409,800)** | (10,200) |
| — fellow subsidiaries | (iii) | **(378,000)** | (263,000) |
| Amounts due from: | | | |
| — CPDL | (vi) | **172** | – |
| — CPIH | (vi) | **676** | 1,153 |
| — CPIF | (vi) | **87,610** | 7,738 |
| — companies controlled by SPIC other than CPIF | (vi) | **119,064** | 7,699 |
| — fellow subsidiaries | (vi) | **47,780** | 5,826 |
| — an associate | (iv) | **405,538** | 55,109 |
| — non-controlling shareholders of subsidiaries | (vi) | **42,585** | – |
| Amounts due to: | | | |
| — SPIC | (vi) | **(228,383)** | (184,851) |
| — CPIH | (v) | **(138,513)** | (134,486) |
| — CPIF | (vi) | **(499)** | (2,311) |
| — companies controlled by SPIC other than CPIF | (vi) | **(22,227)** | (49,372) |
| — fellow subsidiaries | (vi) | **(90,744)** | (58,266) |
| — non-controlling shareholders of subsidiaries | (vi) | **(604,913)** | (263,496) |

Notes:

(i) Borrowings from SPIC are unsecured, interest bearing at rates ranging from 3.03% to 5.60% (31 December 2015: 5.02% to 5.60%) per annum and are repayable by the year 2018.

(ii) Except for a balance of RMB9,800,000 (31 December 2015: RMB10,200,000) which is secured and interest bearing at 4.41% (31 December 2015: 4.41%) per annum, the remaining borrowings from CPIF are unsecured and interest bearing at rates ranging from 3.91% to 4.75% (31 December 2015: Nil) per annum.

(iii) Borrowings from fellow subsidiaries are unsecured, interest bearing at 4.35% (31 December 2015: 4.35%) per annum and are repayable within one year.

(iv) The amounts due from an associate are unsecured and repayable on demand. Except for a balance of RMB55,080,000 (31 December 2015: RMB55,080,000) which is interest bearing at 1.75% (31 December 2015: 1.75%) per annum, the remaining amounts due from an associate are interest free.

(v) The amounts due to CPIH are unsecured and repayable on demand. Except for a balance of RMB106,440,000 (31 December 2015: RMB106,440,000) which is interest bearing at 1.75% (31 December 2015: 1.75%) per annum, the remaining amounts due to CPIH are interest free.

(vi) The balances with these related parties are unsecured, interest free and repayable on demand.

## 28. RELATED PARTY TRANSACTIONS (CONTINUED)

**(d)** For the six months ended 30 June 2016, 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 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

(vii) compensation for inundation to the PRC government

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

**(e) Key management personnel compensation**

| | Six months ended 30 June | |
|---|---|---|
| | **2016 RMB'000 (unaudited)** | 2015 RMB'000 (unaudited) |
| Fees, basic salaries, housing allowance, other allowances and benefit in kind, discretionary bonus, employer's contribution to pension scheme and other benefits | **4,624** | 6,068 |

**(f)** Guarantees issued by related parties as at 30 June 2016 and 31 December 2015 are set out in Notes 20(e) and 21(b).

**(g) Purchases of property, plant and equipment**

| | Six months ended 30 June | |
|---|---|---|
| | **2016 RMB'000 (unaudited)** | 2015 RMB'000 (unaudited) |
| Purchases of property, plant and equipment from: | | |
| — companies controlled by SPIC | **29,598** | – |
| — fellow subsidiaries | **802** | 71,946 |

Note:

Purchases of property, plant and equipment from companies controlled by SPIC and fellow subsidiaries were charged in accordance with the terms of the relevant agreements.