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

2017
INTERIM REPORT

INFORMATION FOR OUR SHAREHOLDERS AND INVESTORS

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

- Ordinary Shares (Stock Code 2380)

INTERIM REPORT

The 2017 interim report will be sent to the shareholders of the Company who have selected to receive the printed version of corporate communication by 20 September 2017.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6301, 63/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel.: (852) 2802 3861
Fax: (852) 2802 3922
Website: www.chinapower.hk

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel.: (852) 2862 8628
Fax: (852) 2865 0990

SHAREHOLDERS AND INVESTORS ENQUIRIES

Hotlines

- For Shareholders: (852) 2862 8688
- For Investors: (852) 2802 3861

Emails

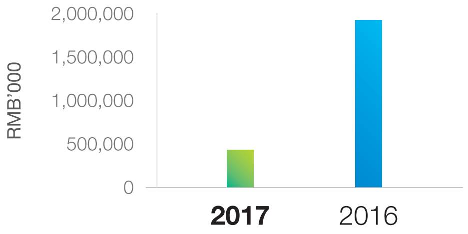
- For Shareholders: chinapower.ecom@computershare.com.hk
- For Investors: ir@chinapower.hk

Contents

Interim Financial Highlights

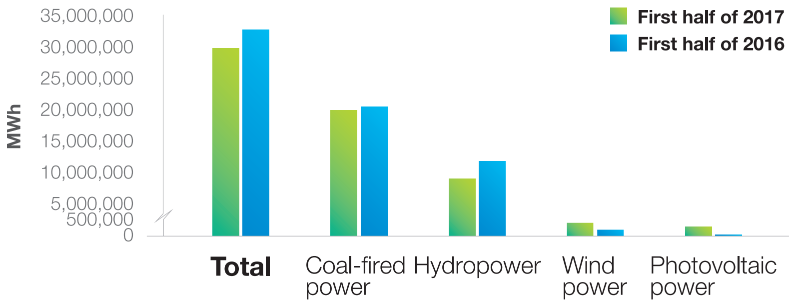
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

for the six months ended 30 June



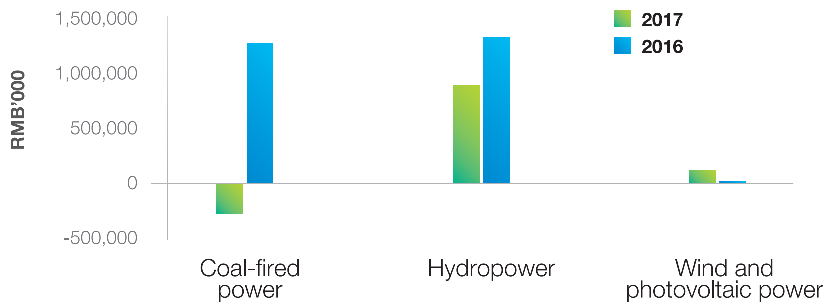
	Unaudited Six months ended 30 June		
	2017 RMB'000	2016 RMB'000	Change %
Profit attributable to owners of the Company	**425,138**	1,926,078	-77.93

TOTAL ELECTRICITY SOLD



	Unaudited Six months ended 30 June		
	2017 MWh	2016 MWh	Change %
Total power generation of subsidiaries	**30,880,585**	33,823,021	-8.70
Total electricity sold of subsidiaries	**29,639,547**	32,550,127	-8.94
— Coal-fired power	**19,849,770**	20,453,916	-2.95
— Hydropower	**9,093,726**	11,853,473	-23.28
— Wind power	**412,507**	199,718	106.54
— Photovoltaic power	**283,544**	43,020	559.10
Total electricity sold of major associate and joint venture	**10,243,782**	9,412,846	8.83
Changshu Power Plant (50%-owned by the Group)			
— Coal-fired power	**8,624,901**	7,734,628	11.51
— Photovoltaic power	**17,286**	1,086	1,491.71
Xintang Power Plant (50%-owned by the Group)			
— Coal-fired power	**1,601,595**	1,677,132	-4.50

NET PROFIT
for the six months ended 30 June



	Unaudited Six months ended 30 June			
	2017 RMB'000	**Proportion %**	2016 RMB'000	Proportion %
Net profit/(loss)	**739,999**	**100**	2,610,193	100
— Coal-fired power*	**(271,700)**	**-36.7**	1,265,425	48.5
— Hydropower	**890,310**	**120.3**	1,318,072	50.5
— Wind and photovoltaic power	**121,389**	**16.4**	26,696	1.0

* It included unallocated items, please refer to the details as set out in Note 3 "Turnover, revenue and segment information" in the notes to the condensed consolidated financial statements.

	Unaudited Six months ended 30 June		
	2017 RMB'000	2016 RMB'000	Change %
Revenue	**9,144,490**	10,141,152	-9.83
Profit attributable to owners of the Company	**425,138**	1,926,078	-77.93

	RMB	RMB	%
Earnings per share			
Basic	**0.06**	0.26	-76.92
Diluted	**0.06**	0.26	-76.92

	As at		
	30 June 2017 RMB'000 Unaudited	31 December 2016 RMB'000 Audited	Change %
Shareholders' equity, excluding non-controlling interests	**26,501,682**	27,266,993	-2.81
Total assets	**94,501,264**	91,187,161	3.63
Cash and cash equivalents	**2,547,614**	1,809,415	40.80
Total debts	**50,998,634**	47,734,850	6.84

Management's Discussion and Analysis

BUSINESS REVIEW

China Power International Development Limited (the "Company" or "China Power"), together with its subsidiaries (collectively, the "Group" or "we") 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 the People's Republic of China (the "PRC").

In the first half of 2017, the national total electricity consumption rose by 6.30% when compared with the corresponding period last year, extending the trend of accelerated growth arisen since the second half of 2016. As the reform on power industry deepened in progress, the electricity market for direct trades between power generation enterprises and large-volume electricity end-users ("direct power supply") is opening and competing in an orderly manner.

In the first half of 2017, the Group's total electricity sold was 29,639,547MWh, representing a decrease of 8.94% when compared with the corresponding period last year, and profit attributable to owners of the Company was RMB425,138,000, representing a decrease of 77.93% when compared with the corresponding period last year. Basic earnings per share was RMB0.06, representing a decrease of 76.92% when compared with the corresponding period last year. As at 30 June 2017, net assets per share, excluding non-controlling interest, was RMB3.60.

During the period under review, the Group continued to accelerate corporate transformation in various aspects:

- Continued to develop clean energy – The Group's total installed capacity of clean energy increased by 155MW during the period under review, and the share of installed capacity of clean energy expanded further. Development of wind power and photovoltaic power projects achieved satisfactory progress during the first half of the year. The Group is constructing a photovoltaic power station integrated with agricultural facilities in Shandong Province of the PRC and has established a joint venture to develop offshore wind power business. Coal-fired power generating units have been comprehensively upgraded and renovated on a continual basis with notable effects in the reduction of pollutant emissions.

- Accelerated the development of integrated energy – The Group has been developing the heat supply market actively and continuing to increase the production capacity for heat supply. During the period under review, total heat sold (including an associate and a joint venture) increased by 8.14% when compared with the corresponding period last year and the sources of revenue expanded. Significant efforts were devoted to develop integrated energy (i.e. to supply power, heat, cold energy and industrial water simultaneously to users). The integrated energy projects in Guangdong Jiangmen and Sichuan Chengdu Hi-Tech Industrial Development Zone have obtained approvals from their respective local government and have been preparing for construction works, while the integrated energy project in Anhui Hefei has also been progressing smoothly.

- Strived to increase income and curb expenditures – During the period under review, the power generation volume of new wind power plants and photovoltaic power stations increased significantly compared with the corresponding period last year which narrowed the reduction in the overall electricity sales in the first half of the year. As of 30 June 2017, the Group had seventeen coal-fired power generating units (including an associate) which were granted tariff subsidies for ultra-low emissions, the income from the coal-fired power segment was positively enhanced. To control fuel costs, the Group strived to deepen the cooperative relationship with major coal suppliers and ensure full delivery of medium to long term coal contracts to stabilize coal supply and prices.

Power Generation and Electricity Sold

For the first half of 2017, the details of power generation and electricity sold of the Group are set out as follows:

	First half of 2017 MWh	First half of 2016 MWh	Changes %
Total power generation	**30,880,585**	33,823,021	-8.70
– Coal-fired power	**20,956,322**	21,551,323	-2.76
– Hydropower	**9,208,391**	12,021,612	-23.40
– Wind power	**427,902**	206,419	107.30
– Photovoltaic power	**287,970**	43,667	559.47
Total electricity sold	**29,639,547**	32,550,127	-8.94
– Coal-fired power	**19,849,770**	20,453,916	-2.95
– Hydropower	**9,093,726**	11,853,473	-23.28
– Wind power	**412,507**	199,718	106.54
– Photovoltaic power	**283,544**	43,020	559.10

For the first half of 2017, the details of electricity sold of the Group's main associate and joint venture are set out as follows:

	First half of 2017 MWh	First half of 2016 MWh	Changes %
Total electricity sold	**10,243,782**	9,412,846	8.83
Changshu Power Plant			
– Coal-fired power	**8,624,901**	7,734,628	11.51
– Photovoltaic power	**17,286**	1,086	1,491.71
Xintang Power Plant			
– Coal-fired power	**1,601,595**	1,677,132	-4.50

For the first half of 2017, total electricity sold of the Group dropped by 8.94% compared with the corresponding period last year. In respect of the coal-fired power in the first half of this year, the Group arranged suspension of several coal-fired power generating units with large capacities for ultra-low-emission improvement works and routine check-up and repairs, and the electricity sales of the coal-fired power decreased by 2.95% year-on-year. In respect of hydropower, due to the exceptional ample rainfall along the river basins where the Group's hydropower plants are located in the same period last year, the electricity sales in the first half of this year dropped by 23.28% when comparing with the high base figure in the same period last year. However, the total electricity sold of the hydropower in the first half of this year was within the normal range compared to the historical average level recorded in the same period. Electricity sales of wind power and photovoltaic power were significantly up by 106.54% and 559.10% respectively year-on-year in the Group's vigorous effort on promoting the development of clean energy.

Heat Sold

For the first half of 2017, total heat sold by the Group (including an associate and a joint venture) was 7,063,845GJ, representing an increase of 531,911GJ or 8.14% compared to the corresponding period last year.

In recent years, the Group has started to develop heat supply projects and to carry out transformation of existing coal-fired power generating units suitable for heat supply. The use of residual heat as a new source to secure profit growth helped enhancing the utilization of energy integration as well as aligning with the direction of government emphasis on environmental protection and achieving the goal on energy saving and consumption reduction. As of 30 June 2017, ten power generating units of the Group (including an associate) have completed the heat supply renovation and another two power generating units are expected to be completed the same within 2017.

Direct Power Supply

The Group actively participated in the national power industrial market reform and closely tracked the relevant policy changes with the parties concerned to establish a more standardized and more orderly competitive mechanism for direct power supply trading. For the first half of 2017, a number of coal-fired power plants of the Group participated in the direct power supply transactions, the electricity sold through direct power supply transactions was 6,779,703MWh, accounting for approximately 22.87% of the Group's total electricity sales.

Direct power supply is a kind of electricity market trading behavior, the tariffs will vary with the market supply and demand situation and thus the average on-grid tariffs will fluctuate more than in the past. For the first half of 2017, the average post-tax tariffs for those power plants of the Group which participated in direct power supply transactions was at a discount of approximately 7.75% as compared with the average post-tax benchmark on-grid tariffs.

On-Grid Tariff

For the first half of 2017, the Group's average on-grid tariffs compared to the corresponding period last year:

- coal-fired power was RMB309.28/MWh, representing a decrease of RMB2.31/MWh;
- hydropower was RMB286.11/MWh, representing a decrease of RMB20.69/MWh;
- wind power was RMB446.89/MWh, representing a decrease of RMB36.34/MWh; and
- photovoltaic power was RMB800.37/MWh, representing a decrease of RMB7.86/MWh.

The decrease in the average on-grid tariff of hydropower was mainly due to the downward adjustments of on-grid tariffs for hydropower plants located in Hunan Province since 1 September 2016. The decrease in the average on-grid tariff of wind power was mainly due to some wind power plants in certain regions charged at lower on-grid tariffs in place of the power generation from coal-fired power plants.

The Group will continue to closely monitor the development of the environmental protection policies of the PRC government and strengthen the research on the green energy tariff policies in order to actively seek for more green energy subsidies and to increase revenue.

Unit Fuel Cost

For the first half of 2017, the average unit fuel cost of the Group's coal-fired power business was approximately RMB212.58/MWh, representing an increase of approximately 68.74% from that of approximately RMB125.98/MWh of the corresponding period last year. Since the second half of last year, market coal prices rose rapidly, coal prices continued to hover at high levels in the first half of this year resulted in a surge in fuel costs year-on-year. During the period under review, in order to keep the increment of fuel costs under control, the Group strengthened the management over coal procurement by enlarging the scale of centralized procurement, optimizing the coal inventory level with instant response to the rapid market changes, and seeking new coal supply channels to enhance our bargaining power.

Coal Consumption

For the first half of 2017, the net coal consumption rate of the Group was 303.03g/KWh, representing an increase of 0.12g/KWh as compared with the corresponding period last year, which was mainly due to several coal-fired power generating units suspended during the period under review for the ultra-low-emission improvement works which reduced the power generation, and the new environmental friendly facilities increased the house consumption of the power plants which affected the coal consumption slightly.

In recent years, some of the Group's environmental friendly power generating units with large capacity and high parameter have commenced operation successively which has achieved substantial effect on energy saving and emission reduction, and also has helped to maintain the net coal consumption rate at a low level.

Utilization Hours of Power Generating Units

For the first half of 2017, the average utilization hours of coal-fired power generating units of the Group was 1,745 hours, representing a decrease of 49 hours as compared with the corresponding period last year. Followed by the series of measures launched by the PRC government to control the pace of coal-fired power development, the national growth rate of newly-installed coal-fired power generating capacity fell year-on-year, and thus the fall in the average utilization rate of the Group's coal-fired power generating units has also slowed down. The average utilization hours of hydropower generating units was 1,917 hours, representing a decrease of 597 hours as compared with the corresponding period last year, mainly impacted by the relatively high base figure in the same period last year. The average utilization hours of wind power generating units was 936 hours, representing an increase of 105 hours as compared with the corresponding period last year.

OPERATING RESULTS OF THE FIRST HALF OF 2017

For the first half of 2017, the net profit of the Group amounted to RMB739,999,000, representing a decrease of RMB1,870,194,000 as compared with the corresponding period last year. During the period under review, clean energy business (hydropower, wind power and photovoltaic power) kept making significant profit contribution to the Group, while coal-fired power business reported an operating loss as a result of the substantial rise in fuel costs. For the first half of 2017, the net profits and losses from the principal business segments and their respective ratio of contribution to the total net profit are as follows:

- net profit from hydropower was RMB890,310,000 (120.3%, 2016: 50.5%);
- net profit from wind and photovoltaic power was RMB121,389,000 (16.4%, 2016: 1.0%); and
- net loss from coal-fired power was RMB271,700,000 (-36.7%, 2016: 48.5%).

As compared with the first half of 2016, the decrease in net profit was mainly due to the following factors:

- an increase in fuel costs of RMB1,643,040,000 due to the sustained high coal prices during the period which resulted in the surge in unit fuel cost by RMB86.60/MWh or 68.74%;

- as a result of electricity sold for both hydropower and coal-fired power reported a decrease, and the decrease in average on-grid tariff of hydropower; the revenue of hydropower and coal-fired power reduced by RMB1,034,840,000 and RMB234,000,000 respectively; and

- the decrease in the share of profits of associates and joint ventures by RMB274,093,000.

However, part of the net profit decrease for the period under review was offset by the following key factor:

- operating costs (apart from fuel costs and depreciation) reduced by RMB633,690,000 on account of the Group's effort made on cost control.

Revenue

The revenue of the Group was mainly derived from the sales of electricity. For the first half of 2017, the Group recorded a revenue of RMB9,144,490,000, representing a decrease of 9.83% as compared with RMB10,141,152,000 of the corresponding period last year. The decrease in revenue was mainly attributable to the fall in hydropower revenue by RMB1,034,840,000 which was the combined result of decreased electricity sales and reduced average on-grid tariff of hydropower by 23.28% and 6.74% respectively compared with the corresponding period last year.

Segment Information

The reportable segments identified by the Group meeting the quantitative thresholds required by Hong Kong Financial Reporting Standard ("HKFRS") 8 are now the "generation and sales of coal-fired electricity", "generation and sales of hydropower electricity" and "generation and sales of wind and photovoltaic power electricity".

Operating Costs

Operating costs of the Group mainly consist of 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 2017, the operating costs of the Group amounted to RMB7,695,988,000, representing a rise of 16.89% as compared with RMB6,583,965,000 of the corresponding period last year. The increase in operating costs was mainly driven by the significant surge in fuel costs which was the result of rapidly rising coal prices as compared to the corresponding period last year. In the Group's efforts to control costs, operating costs other than fuel costs and depreciation fell substantially, partly offsetting some negative effects of the increase in fuel costs.

Operating Profit

For the first half of 2017, the Group's operating profit was RMB1,680,338,000, representing a decrease of 56.53% as compared with RMB3,865,262,000 of the corresponding period last year. The decrease in operating profit was the aggregated results of the surge in fuel costs and the fall in electricity sales and the reduced average on-grid tariff of hydropower.

Finance Costs

For the first half of 2017, the finance costs of the Group amounted to RMB943,613,000, representing a decrease of 12.68% as compared with RMB1,080,692,000 of the corresponding period last year. The Group's continuous efforts to replace high-interest rate debts and monitor over the debt's interest rates level, the finance costs decreased notwithstanding the average debts level increased over the same period last year.

Share of Profits of Associates

For the first half of 2017, the share of profits of associates was RMB136,546,000, representing a decrease in profits of RMB188,977,000 or 58.05% as compared with RMB325,523,000 of the corresponding period last year. The decrease in profits was mainly attributable to the decrease in profit contribution from an associate, Changshu Power Plant (principally engaged in coal-fired power generation and heat supply).

Share of Profits of Joint Ventures

For the first half of 2017, the share of profits of joint ventures was RMB5,955,000, representing a significant decrease in profits of RMB85,116,000 or 93.46% as compared with RMB91,071,000 of the corresponding period last year. The decrease in profits was mainly attributable to the significant decrease in profit contribution from a joint venture, Xintang Power Plant (principally engaged in cogeneration of heat and power).

Income Tax Expense

For the first half of 2017, income tax expense of the Group was RMB165,512,000, representing a decrease of RMB434,845,000 as compared with RMB600,357,000 of the corresponding period last year. The decrease was mainly due to the decline in operating profit.

Earnings per Share and Interim Dividend

For the first half of 2017, the basic and diluted earnings per share for profit attributable to owners of the Company were RMB0.06 (2016: RMB0.26) and RMB0.06 (2016: RMB0.26) respectively.

The board of Directors of the Company (the "Board") has resolved not to distribute any interim dividend for the six months ended 30 June 2017.

ATTRIBUTABLE INSTALLED CAPACITY

As at 30 June 2017, the attributable installed capacity of the Group's power plant reached 16,843.8MW, representing an increase of approximately 351.8MW year-on-year. Among which, the attributable installed capacity of coal-fired power was 12,633.6MW, representing approximately 75% of the total attributable installed capacity, and the attributable installed capacity of clean energy including hydropower, wind power, photovoltaic power and natural gas power was 4,210.2MW, accounting for approximately 25% of the total attributable installed capacity, representing an increase of 1.60 percentage points as compared with the same period last year. The attributable installed capacity of the Group's existing natural gas power is all from Shanghai Electric Power Co., Ltd.* ("Shanghai Power").

In the first half of 2017, the Group continued to vigorously promote the construction of clean energy plants, the proportion of clean energy in our assets portfolio has gradually increased and is approaching further towards the goal of a resource-saving and environmentally friendly enterprise.

The Group's new power generating units that commenced commercial operation from 1 July 2016 to 30 June 2017 included:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Timeline for Commercial Operation
Jiesigou Power Plant	Hydropower	24	44.1	10.6	February 2017
Shanshan Power Plant	Wind power	49.5	63	31.2	August 2016
Gulang Power Plant	Wind power	100	44.1	44.1	October 2016
Daqingshan Power Plant	Wind power	50	63	31.5	March 2017
Xinshao Longshan Power Plant	Wind power	50	63	31.5	April 2017
Tieling Power Station	Photovoltaic power	25	100	25	July 2016
Jiaoganghu Power Station	Photovoltaic power	20	100	20	August 2016
Tiemengang Power Station	Photovoltaic power	50	100	50	August 2016
CP Jiangmen#	Photovoltaic power	14	100	14	August 2016
Qinggil Power Station	Photovoltaic power	20	63	12.6	August 2016
New Barag Left Banner Power Station	Photovoltaic power	10	63	6.3	August 2016
Huangnitan Power Station	Photovoltaic power	20	100	20	October 2016
Yiyang Power Station	Photovoltaic power	20	44.1	8.8	April 2017
Xiangtan Power Station	Photovoltaic power	11	44.1	4.9	May 2017
Total		**463.5**		**310.5**	

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

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 351.8MW 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 and Sichuan Energy Investment Development Co., Ltd.**

PROJECTS UNDER CONSTRUCTION

As at 30 June 2017, the Group's projects under construction included various projects of coal-fired power, hydropower, wind power and photovoltaic power, of which the attributable installed capacity of clean energy accounted for 21.62% of the total. 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
Dabieshan Power Plant	Coal-fired power	1,320	51	673.2	2019
Shangqiu Power Plant	Co-generation	700	100	700	2018
Luoshuidong Power Plant	Hydropower	35	63	22.1	2018
Mawo Power Plant	Hydropower	32	63	20.2	2018
Xinping Power Plant	Wind power	49.5	32.1	15.9	2017
Lianyuan Longshan Power Plant	Wind power	49.9	44.1	22.0	2017
Jingzhushan Power Plant	Wind power	50	63	31.5	2017
Weishan Power Plant	Wind power	70	63	44.1	2018
Songmutang Power Plant	Wind power	50	63	31.5	2018
Taihexian Power Plant	Wind power	50.5	63	31.8	2018
Ziyunshan Power Plant	Wind power	50	44.1	22.1	2018
Shangjiangxu Power Plant	Wind power	70	44.1	30.9	2018
Shiziling Power Plant	Wind power	50	63	31.5	2018
Jinzixian Power Plant	Wind power	50	63	31.5	2018
Xintai Power Station	Photovoltaic power	100	100	100	2017
Ruicheng Power Station	Photovoltaic power	80	100	80	2017
New Barag Left Banner Power Station^	Photovoltaic power	10	63	6.3	2017
Maojiaxiang Power Station	Photovoltaic power	20	63	12.6	2017
Wangjiachong Power Station	Photovoltaic power	20	63	12.6	2017
Xiejiaji Power Station	Photovoltaic power	70	100	70	2017
Xindian Power Station	Photovoltaic power	50	100	50	2017
Qingshan Power Station	Photovoltaic power	50	100	50	2017
Gaotang Power Station	Photovoltaic power	20	44.1	8.8	2017
Yuhan Power Station	Photovoltaic power	20	44.1	8.8	2017
Liannan Power Station	Photovoltaic power	20	44.1	8.8	2017
Total		**4,406.9**		**3,436.2**	

^ The total installed capacity of New Barag Left Banner Power Station was 20MW, among which 10MW have commenced operation in 2016.

NEW DEVELOPMENT PROJECTS

In response to the national supply-side reform, the Group strives to develop clean energy projects, and appropriately adjusts the development and construction of coal-fired power projects and controls the relevant capital expenditure. The Group plans to slow down the construction of certain coal-fired power generating units and suspend certain development plan of coal-fired power generating units.

Currently, the total installed capacity of new projects at a preliminary development stage (including projects with applications submitted to the PRC government for approvals) is approximately 5,500MW. In recent years, the Group has been actively seeking development opportunities in areas with rich resources, regional and market advantages, and devoting efforts to expedite development of the projects in these locations. Currently, the total installed capacity of the clean energy projects (including natural gas power projects) at a preliminary development stage is approximately 3,500MW which are mainly located in Hunan, Shanxi and Xinjiang, the regions where the Group has competitive advantages.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group recognizes its shareholding in Shanghai Power as "Available-for-sale financial assets". As at 30 June 2017, 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 2017, the fair value of the shareholding held by the Group was RMB4,392,203,000, representing a decrease of 0.41% from that of RMB4,410,367,000 as at 31 December 2016.

MATERIAL ACQUISITIONS AND DISPOSALS

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

LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

As at 30 June 2017, cash and cash equivalents of the Group were RMB2,547,614,000 (31 December 2016: RMB1,809,415,000). Current assets amounted to RMB8,347,879,000 (31 December 2016: RMB6,843,420,000), current liabilities amounted to RMB25,840,687,000 (31 December 2016: RMB22,271,150,000) and current ratio was 0.32 (31 December 2016: 0.31).

During the period under review, the Group recorded a net increase in cash and cash equivalents of RMB748,640,000 (2016: RMB919,538,000), working capital is sufficient. For the six months ended 30 June 2017,

- net cash generated from operating activities amounted to RMB2,119,326,000 (2016: RMB4,232,730,000).
- net cash used in investing activities amounted to RMB3,306,501,000 (2016: RMB3,162,196,000), which mainly represented the cash outflow of capital expenditure on the Group's property, plant and equipment and prepayments for construction of power plants.
- net cash generated from financing activities amounted to RMB1,935,815,000 (2016: net cash used in RMB150,996,000). The significant increase in cash inflow, as compared with the corresponding period last year, was mainly attributable to the increase in net cash inflow from total debts.

The financial resources of the Group were mainly derived from cash inflow from operating activities, borrowings from banks and related parties, project financing, bonds, short-term debentures/commercial paper and commercial notes issues.

DEBTS

As at 30 June 2017, total debts of the Group amounted to RMB50,998,634,000 (31 December 2016: RMB47,734,850,000). All debts of the Group are denominated in Renminbi ("RMB"), United States Dollars ("USD") and Japanese Yen ("JPY").

As at 30 June 2017, 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), was approximately 59% (31 December 2016: 57%). The Group's gearing ratio remained stable.

In May 2014, the Company issued the corporate bonds of RMB2,000,000,000 for a term of three years at an interest rate of 4.50% per annum. In May 2017, the Company had fully redeemed and settled the principal amount of the bonds and the accrued interest at maturity.

SIGNIFICANT FINANCING ACTIVITIES

In October 2016, the Company was confirmed to accept the application for issue of short-term commercial paper in the PRC in an aggregate amount of RMB5 billion with an effective registration period of two years and to be issued in tranches within the effective period of the registration. The Company completed the issuance of the first tranche of the short-term commercial paper on 17 October 2016, the principal amount is RMB2 billion which bears interest at 2.80% with one year maturity. The drawdown of RMB1.54 billion were used for the repayment of bank borrowings in 2016, and the remaining balance was also used for the repayment of bank borrowings in the first half of 2017.

CAPITAL EXPENDITURE

For the six months ended 30 June 2017, capital expenditure of the Group was RMB3,793,808,000 (2016: RMB2,951,153,000). Among which, the capital expenditure for clean energy sector (hydropower, wind power and photovoltaic power) was RMB2,160,672,000 (2016: 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 RMB1,592,231,000 (2016: 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, issues of bonds and short-term debentures, funds generated from business operation and borrowings from related parties.

PLEDGE OF ASSETS

As at 30 June 2017, the Group pledged certain property, plant and equipment with a net book value of RMB556,311,000 (31 December 2016: RMB571,146,000) to certain banks to secure bank borrowings in the amount of RMB272,370,000 (31 December 2016: RMB286,820,000). In addition, as at 30 June 2017, certain bank borrowings and borrowings from a related party in the amount of RMB12,687,516,000 (31 December 2016: RMB13,338,395,000) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings amounted to RMB1,144,449,000 (31 December 2016: RMB1,125,880,000). As at 30 June 2017, bank deposits of a subsidiary of the Group amounting to RMB300,000,000 (31 December 2016: RMB300,000,000) were pledged as security for bank borrowings in the amount of RMB300,000,000 (31 December 2016: RMB300,000,000).

CONTINGENT LIABILITIES

As at 30 June 2017, 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. The Group has a Risk Management Committee which is accountable and responsible to the Board and to assist the Board in providing leadership, direction and oversight with regard to the overall risk appetite and tolerance and risk management framework of the Group, including risk policies, process and controls. The Group also has an internal audit department in place for execution and implementation of risk management measures.

FOREIGN EXCHANGE RATE RISKS

The Group is principally operating in Mainland China, with most transactions denominating in RMB. Apart from certain bank and other borrowings as well as certain cash and cash equivalents, most of the Group's assets and liabilities were denominated in RMB. The Group held commercial notes denominated in USD and borrowings denominated in JPY and USD. The volatility of RMB, USD and JPY exchange rates increased the exchange rate risks of the Group, thus affecting its financial position and operating results.

In order to manage exchange rate risks, the Group entered into two option contracts to sell RMB for USD with Bank of America at a fixed exchange rate with an aggregate amount of USD296,778,000 in 2015, to hedge against the foreign exchange rate risk brought by USD denominated commercial notes. In June 2017, the option contracts were terminated and the Group had realized an accumulated pre-tax gain of RMB56,167,000 when comparing the proceeds receivable of RMB197,924,000 on termination with the acquisition cost of RMB141,757,000. The Group will continue to focus on the exchange rate movements and, if necessary, take appropriate measures to avoid excessive exchange rate risks.

As at 30 June 2017, the Group's borrowings denominated in foreign currencies amounted to approximately RMB3,285,402,000 (31 December 2016: RMB2,520,170,000), of which the largest amount was USD commercial notes (equivalent to RMB1,537,789,000 (31 December 2016: RMB2,081,100,000)).

FUNDING RISKS

With the Group's efforts to strengthen its development of all kinds of power projects, funding adequacy is having an increasing impact on the Group's operations and development. The funding market is affected by a number of factors such as the liquidity of the lending market and the economic environment, that in turn may also affect the efficiency and costs of the Group's borrowing.

The Group has always been capable of leveraging its access to Mainland China and overseas markets to optimize its financing sources, increase the credit facilities and lower its financing costs. Cost-saving and efficiency enhancement initiatives have been adopted in our business management to lower administrative and operating expenses. Management reports annually to the Board on the working capital budget for the year at the beginning of each year and estimates the required amount of annual credit facilities and facilities reserves to ensure that the Group has obtained adequate financial resources to support the continued operation and development of projects for the foreseeable future and reviews the situation regularly to make contingency measures. As at 30 June 2017, the Group had available unutilized facilities (from banks, a related party and short-term commercial paper) amounting to RMB23,558,856,000.

ENERGY SAVING AND EMISSION REDUCTION

The Group has always been placing a great emphasis on environmental protection from the perspective of sustainable development, vigorously promoting energy conservation and emission reduction, conscientiously fulfilling social responsibility and actively responding to global climate change.

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, actively carried out the ultra-low-emission improvement works for power generating units, adopted the domestic advanced and mature technology to implement the ultra-low-emission improvement works and effectively control the emission of pollutants. As of 30 June 2017, the Group had sixteen coal-fired power generating units completed the ultra-low-emission improvement works. For the remaining coal-fired power generating units, we will also speed up the implementation of ultra-low-emission projects.

For the first half of 2017, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2016: 100%), and the efficiency ratio of desulphurization was 97.94% (2016: 96.39%); the operational ratio of denitration facilities reached 99.95% (2016: 99.90%) and the efficiency ratio of denitration reached 92.05% (2016: 83.37%).

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 0.077g/KWh, representing a decrease of 0.085g/KWh compared with the corresponding period last year;
- the emission rate of nitrogen oxide (NO_x) at 0.110g/KWh, representing a decrease of 0.084g/KWh compared with the corresponding period last year; and
- the emission rate of flue gas and dusts at 0.016g/KWh, representing a decrease of 0.023g/KWh compared with the corresponding period last year.

OPERATIONAL SAFETY

For the first half of 2017, 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 2017, the Group had a total of 9,688 (30 June 2016: 9,875) full-time employees.

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

The Group also focuses on the training of employees and communication between employees of different positions. It continues 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 2017

In the first half of 2017, the national total electricity consumption extended the trend of accelerated growth arisen since the second half of 2016. According to the forecast from China Electricity Council, the national total electricity consumption for the full year will increase by about 5% when compared with last year, the growth in electricity demand for the second half of the year will be stable in general and the national electricity supply capacity is sufficient in general.

In the second half of the year, the Group will strive to increase both power generation volume and marginal revenue. For electricity sales, total electricity sold in aggregate since June and July this year recorded considerable growth when compared with the corresponding period last year, particularly for coal-fired power. The Group will continue to strengthen analysis on electricity market policies and trend, adjust the power distribution and formulate effective marketing strategies, expand the market share in direct power supply actively at reasonable prices, and increase the utilization hours of facilities.

In the aspect of on-grid tariffs, the National Development and Reform Commission issued a document in June 2017 and decided to cancel or reduce some of the governmental funds and surcharges with effect from 1 July, make reasonable adjustments to the structure of tariffs and increase the benchmark on-grid tariffs of coal-fired power plants. As at the date of this report, the Group has received tariff adjustment notices from a number of provinces, the benchmark on-grid tariffs of the Group's coal-fired power plants will be adjusted upward in the second half of the year, which is favourable to enhance the Group's profitability.

In the aspect of fuel costs, it is expected that the State will further increase policy control efforts on the coal market in the second half of 2017. National production capacity of quality coal will be further released, the overall coal supply and demand will remain in a balanced state. There will be room for further reduction in coal prices despite with fluctuations. The Group will continue to strengthen tracking changes in the coal market, to improve coal purchasing, distribution and inventory management, to ensure coal supply under medium to long term contracts, and to suppress and reduce fuel costs with full efforts.

For the second half of 2017, the Group will continue to accelerate transformation and development, devote significant efforts to develop clean energy, further proceed with the development of integrated energy projects, control and slow down coal-fired power investments and provide reasonable planning for capital expenditure.

In addition, the Group will continue to leverage on the sustained and solid support from State Power Investment Corporation* ("SPIC"), to accelerate and facilitate the injection of quality clean energy assets in order to enlarge the Group's assets and business coverage, and enhance its overall market competitiveness.

Corporate Governance

China Power is committed to high standard of corporate governance. The Board recognizes that good corporate governance is vital to the healthy and sustainable development of the Group. Through continuing exploration and practice, the Company has formed a standardized governance structure and established an effective internal control system. The Board and the management always follow good governance principles to manage the Group's business effectively, treat all 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 2016 annual report. Save for the deviation from the code provision of E.1.2, the Company has 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") during the six months ended 30 June 2017.

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 terms 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 throughout the six months ended 30 June 2017.

CHANGES IN DIRECTORATE AND UPDATED DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directorate and updated information of the Directors required to be disclosed since the 2016 annual report until the date of this report are as follows:

All of the following changes were effective from 8 June 2017:

- Mr. Wang Binghua, due to work arrangement, resigned as a non-executive Director and the Chairman of the Board;
- Mr. Wang Zichao, due to work arrangement, resigned as an executive Director and a member of the Executive Committee;
- Mr. Tian Jun was appointed as an executive Director, the President of the Company and a member of the Executive Committee;
- Mr. Wang Xianchun was appointed as a non-executive Director; and
- Mr. Yu Bing, an executive Director and the President of the Company at that time, was appointed to succeed Mr. Wang Binghua as the Chairman of the Board and simultaneously ceased to be the President of the Company.

Mr. Yu Bing was appointed as the chairman of China Power International Holding Limited ("CPI Holding"), the controlling company of the Company, and resigned as its general manager with effect from 4 May 2017.

Mr. Kwong Che Keung, Gordon retired as an independent non-executive director of COSCO SHIPPING Holdings Co., Ltd. formerly known as China COSCO Holdings Company Limited and CITI Telecom International Holdings Limited both of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") with effect from 25 May 2017 and 1 June 2017 respectively. Mr. Kwong was appointed as an independent non-executive director of Piraeus Port Authority S.A. which is listed on The Athens Stock Exchange with effect from 10 August 2016.

Mr. Li Fang resigned as a director of Guangdong Guanhao High-Tech Co., Ltd. which is listed on the Shanghai Stock Exchange with effect from 7 June 2017.

RISK MANAGEMENT AND INTERNAL CONTROL

In respect of organizational structure, the Company has set up the Audit Committee, the Risk Management Committee, the Remuneration and Nomination Committee and the Executive 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 requirements of the Hong Kong Stock Exchange, continuously improve the Company's corporate governance structure, build up corporate integrity culture and establish an effective control system. Regularly assess the competence of the internal control system and the efficiency of the management through auditing, risk assessments and internal assessments, review identified risk exposures and ensuring the effective running of the 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.

In respect of risk management in the first half of 2017, the Internal Audit Department tracked the Group's major risk control quarterly and updated the major risk management list. Implemented risk management responsibilities by level grading, supervised business units to strengthen major risk management, and timely grasped the major risk prevention and control trends to ensure that significant risks are controllable and in control.

In respect of internal control in the first half of 2017, the Internal Audit Department carried out the establishment of the internal control compliance system in the three areas of decision-making, capital, and contract management. Through sorting out the relevant processes and multi-round interviews, the Internal Audit Department formed the internal control compliance manuals and the laws and regulations database, proposed internal control compliance management recommendations and reached a total of 38 compliance review points. To strengthen the compliance culture publicity, the business units have organized ten relevant trainings in total. For the six months ended 30 June 2017, as review by the audits conducted by the Internal Audit Department, it set rectification requirements for 12 issues, added 13 proposals to strengthen controls and followed up actively to ensure the situation had been improved.

In addition, the Internal Audit Department has also 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 2017, 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. Yau Ka Chi and is chaired by Mr. Kwong. 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 2017. Please refer to the "Report on Review of Condensed Consolidated Financial Statements from Independent Auditor" from Deloitte Touche Tohmatsu on page 24.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises four members, namely the three independent non-executive Directors, Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Yau Ka Chi, and the executive Director and the Chairman of the Board, Mr. Yu Bing, and is chaired by Mr. Yu. 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 the Group, and overseeing the implementation of risk management policies and the compliance with the respective statutory rules and regulations. The Risk Management Committee reviews and recommends 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 March 2017, the Risk Management Committee reviewed, discussed and approved the "Risk Management Report", and made recommendations to the Board for approval.

REMUNERATION AND NOMINATION COMMITTEE

Remuneration and Nomination Committee comprises three independent non-executive Directors, namely Mr. Li Fang, Mr. Kwong Che Keung, Gordon, Mr. Yau Ka Chi and is chaired by Mr. Li. 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 reviews 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 2016 annual report.

In June 2017, the Remuneration and Nomination Committee considered and approved the changes in directorate of the Company, and made recommendations to the Board.

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

According to the Code provision of E.1.2, chairman of the Board should attend the annual general meeting. The ex-chairman of the Board, Mr. Wang Binghua, was unable to attend the annual general meeting of the Company held on 6 June 2017. Mr. Wang had arranged Mr. Yu Bing, the executive Director and President of the Company at that time, who is very familiar with the Group's business and operations, to attend and chair the meeting on his behalf. Other Directors, including three independent non-executive Directors, being the chairman/members of the Audit Committee and the Remuneration and Nomination Committee and the members of the Risk Management Committee, together with the external independent auditor, attended the annual general meeting and answered questions from shareholders and investors. All resolutions proposed were duly passed by shareholders' voting at the meeting.

INVESTOR RELATIONS

In the first half of 2017, the Group organized the results press conference right after the publication of its 2016 annual results. At the same time, we also launched roadshows in Hong Kong, Singapore and Shenzhen to coordinate with the announcement of the annual results respectively. The senior management of the Company and investor relations team participated in the roadshows.

In addition, the Company participated in five investment forums in Hong Kong, Shanghai and Beijing in 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 90 staff from investment institutions. Through active investor relations activities, the management enabled the investors to fully understand the Group'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 2016 annual report.

Movements of the share options granted under the Share Option Scheme for the six months ended 30 June 2017 are as follows:

		Number of shares subject to share options						
Grantee	**Date of grant**	**Outstanding as at 1 January 2017**	**Granted during the period**	**Lapsed or cancelled during the period**	**Exercised during the period**	**Outstanding as at 30 June 2017**	**Expiry date[1]**	**Exercise price per share** (HK$)
Director:								
Guan Qihong	2 July 2008	400,000	–	–	–	400,000	1 July 2018	2.326
Other employees	4 April 2007	6,162,000	–	(6,162,000)	–	–	3 April 2017	4.07
	2 July 2008	14,550,000	–	(1,910,000)	–	12,640,000	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 2017, the total number of shares in respect of which share options may be granted under the Share Option Scheme was 13,040,000 shares, representing approximately 0.18% of the Company's existing number of shares in issue.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2017, save as disclosed below, none of the Directors or the chief executive of the Company has any interest or short position 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 interest are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives[(1)]	Percentage of issued share capital of the Company (%)	Long/short position
Guan Qihong	Beneficial owner	the Company	2 July 2008	400,000	0.0054	Long

Notes:

(1) The interests of the above Director in the underlying shares of the Company represent the share options granted to him under the Share Option Scheme by the Company.

(2) The above Director has no interest in any securities of the Company (except for interests held under equity derivatives disclosed above).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2017, to the best knowledge of the Directors, the following substantial shareholders 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 provision 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) 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 2017, no person, other than the Director whose interest is set out in the section "Directors' Interests in Securities" above, had any interest or short position in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2017.

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 25 to 60, which comprises the condensed consolidated statement of financial position as of 30 June 2017 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
24 August 2017

Condensed Consolidated Income Statement

For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue	3	**9,144,490**	10,141,152
Other income	4	**194,047**	272,261
Fuel costs		**(4,219,730)**	(2,576,690)
Depreciation		**(1,655,933)**	(1,553,260)
Staff costs		**(814,190)**	(980,054)
Repairs and maintenance		**(267,445)**	(424,959)
Consumables		**(103,265)**	(132,654)
Other gains and losses, net	5	**37,789**	35,814
Other operating expenses		**(635,425)**	(916,348)
Operating profit	6	**1,680,338**	3,865,262
Finance income	7	**26,285**	9,386
Finance costs	7	**(943,613)**	(1,080,692)
Share of profits of associates		**136,546**	325,523
Share of profits of joint ventures		**5,955**	91,071
Profit before taxation		**905,511**	3,210,550
Income tax expense	8	**(165,512)**	(600,357)
Profit for the period		**739,999**	2,610,193
Attributable to:			
Owners of the Company		**425,138**	1,926,078
Non-controlling interests		**314,861**	684,115
		739,999	2,610,193
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basic	9	**0.06**	0.26
– Diluted	9	**0.06**	0.26

The notes on pages 32 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 2017

	Note	Six months ended 30 June 2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Profit for the period		**739,999**	2,610,193
Other comprehensive expense that may be subsequently reclassified to profit or loss:			
– Fair value loss on available-for-sale financial assets, net of tax	17	**(13,623)**	(1,212,488)
Total comprehensive income for the period		**726,376**	1,397,705
Attributable to:			
Owners of the Company		**411,515**	713,590
Non-controlling interests		**314,861**	684,115
Total comprehensive income for the period		**726,376**	1,397,705

The notes on pages 32 to 60 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Note	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	**72,078,477**	70,886,660
Prepayments for construction of power plants	11	**3,746,901**	2,809,393
Prepaid lease payments	11	**869,999**	883,505
Goodwill		**835,165**	835,165
Interests in associates		**2,653,478**	3,029,930
Interests in joint ventures		**566,699**	560,744
Available-for-sale financial assets	12	**4,567,645**	4,585,809
Deferred income tax assets		**312,224**	244,137
Restricted deposits	13	**7,205**	7,200
Other non-current assets		**515,592**	501,198
		86,153,385	84,343,741
Current assets			
Inventories		**499,998**	410,692
Prepaid lease payments	11	**22,686**	19,736
Accounts receivable	14	**2,763,264**	2,345,994
Prepayments, deposits and other receivables		**1,301,094**	804,590
Amounts due from related parties	25	**785,181**	730,005
Tax recoverable		**89,605**	76,723
Derivative financial instruments	15	**—**	308,471
Restricted deposits	13	**338,437**	337,794
Cash and cash equivalents		**2,547,614**	1,809,415
		8,347,879	6,843,420
Total assets		**94,501,264**	91,187,161
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	16	**13,534,145**	13,534,145
Reserves	17	**12,967,537**	13,732,848
		26,501,682	27,266,993
Non-controlling interests		**7,458,522**	7,327,841
Total equity		**33,960,204**	34,594,834

The notes on pages 32 to 60 are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Note	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
LIABILITIES			
Non-current liabilities			
Deferred income		98,775	82,140
Bank borrowings	18	25,552,328	24,704,030
Borrowings from related parties	25	4,662,311	4,962,711
Other borrowings	19	998,974	998,514
Obligations under finance leases	20	587,191	751,034
Deferred income tax liabilities		1,743,392	1,792,623
Provisions for other long-term liabilities	21	1,057,402	1,030,125
		34,700,373	34,321,177
Current liabilities			
Accounts and bills payables	22	776,087	967,149
Construction costs payable		3,048,279	2,708,739
Other payables and accrued charges		1,510,577	1,254,293
Amounts due to related parties	25	1,122,508	844,639
Bank borrowings	18	12,993,569	8,806,380
Borrowings from related parties	25	2,278,200	500,800
Other borrowings	19	3,537,789	6,581,100
Current portion of obligations under finance leases	20	388,272	430,281
Tax payable		185,406	177,769
		25,840,687	22,271,150
Total liabilities		60,541,060	56,592,327
Total equity and liabilities		94,501,264	91,187,161
Net current liabilities		17,492,808	15,427,730
Total assets less current liabilities		68,660,577	68,916,011

The notes on pages 32 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 2017

	Attributable to owners of the Company					
	Share capital (Note 16(a)) RMB'000	Other reserves (Note 17) RMB'000	Retained earnings (Note 17) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017 (audited)	13,534,145	6,012,009	7,720,839	27,266,993	7,327,841	34,594,834
Profit for the period	–	–	425,138	425,138	314,861	739,999
Other comprehensive (expense)/income:						
Fair value loss on available-for-sale financial assets	–	(18,164)	–	(18,164)	–	(18,164)
Deferred tax on fair value loss on available-for-sale financial assets	–	4,541	–	4,541	–	4,541
Total comprehensive income for the period	–	(13,623)	425,138	411,515	314,861	726,376
Lapse of share options	–	(6,175)	6,175	–	–	–
Contributions from non-controlling shareholders of subsidiaries	–	–	–	–	23,476	23,476
Dividends recognized as distribution to non-controlling shareholders of subsidiaries	–	–	–	–	(207,656)	(207,656)
2016 final dividend	–	–	(1,176,826)	(1,176,826)	–	(1,176,826)
Total transactions recognized directly in equity	–	(6,175)	(1,170,651)	(1,176,826)	(184,180)	(1,361,006)
At 30 June 2017 (unaudited)	13,534,145	5,992,211	6,975,326	26,501,682	7,458,522	33,960,204

The notes on pages 32 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 2017

	Attributable to owners of the Company					
	Share capital (Note 16(a)) RMB'000	Other reserves (Note 17) RMB'000	Retained earnings (Note 17) 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 32 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 2017

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash generated from operations	**3,372,814**	5,693,663
Interest paid	**(969,954)**	(838,664)
PRC income tax paid	**(283,534)**	(622,269)
Net cash generated from operating activities	**2,119,326**	4,232,730
Cash flows from investing activities		
Payments for property, plant and equipment and prepayments for construction of power plants	**(3,851,507)**	(3,631,411)
Proceeds from disposal of property, plant and equipment	**7,644**	98,174
Acquisition of a subsidiary	**—**	(34,389)
Dividend received	**518,738**	396,730
Interest received	**19,272**	9,386
Net increase in restricted deposits	**(648)**	(686)
Net cash used in investing activities	**(3,306,501)**	(3,162,196)
Cash flows from financing activities		
Drawdown of bank borrowings	**11,046,900**	5,761,347
Drawdown of borrowings from related parties	**2,191,000**	1,625,000
Proceeds from issue of short-term debentures	**—**	500,000
Contributions from non-controlling shareholders of subsidiaries	**23,476**	7,840
Repayment of bank borrowings	**(6,010,006)**	(5,882,245)
Repayment of borrowings from related parties	**(714,000)**	(260,400)
Repayment of other borrowings	**(3,003,649)**	—
Payments for obligations under finance leases	**(233,100)**	(106,137)
Dividend paid	**(1,166,228)**	(1,706,398)
Dividends paid to non-controlling shareholders of subsidiaries	**(198,578)**	(90,003)
Net cash generated from/(used in) financing activities	**1,935,815**	(150,996)
Net increase in cash and cash equivalents	**748,640**	919,538
Cash and cash equivalents at the beginning of the period	**1,809,415**	1,528,017
Exchange losses	**(10,441)**	(22,343)
Cash and cash equivalents at the end of the period	**2,547,614**	2,425,212

The notes on pages 32 to 60 are an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

(a) The condensed consolidated financial statements of China Power International Development Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the six months ended 30 June 2017 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 2016 as well as with the applicable disclosure requirements of the Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

(b) The financial information relating to the year ended 31 December 2016 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 those 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 2016 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) 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 24 August 2017.

(d) These condensed consolidated financial statements have not been audited.

2. PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those used in the annual financial statements for the year ended 31 December 2016.

Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealized Losses
Amendments to HKFRSs	Amendments to HKFRS 12 "Disclosure of Interests in Other Entities" included in the Annual Improvements to HKFRSs 2014-2016 Cycle

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

3. 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	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of electricity to regional and provincial power grid companies (note (a))	**9,133,706**	10,133,389
Provision of power generation and related services (note (b))	**10,784**	7,763
	9,144,490	10,141,152

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 government authorities in the People's Republic of China (the "PRC").

(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.

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", "Generation and sales of hydropower electricity" and "Generation and sales of wind and photovoltaic power electricity" in the PRC are the reportable segments of the Group meeting the quantitative thresholds required by HKFRS 8.

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, deferred income tax assets, derivative financial instruments and corporate assets, which are managed on a central basis.

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

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	Six months ended 30 June 2017 (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	6,129,276	2,601,797	402,633	9,133,706	–	9,133,706
Provision of power generation and related services	9,956	–	828	10,784	–	10,784
	6,139,232	2,601,797	403,461	9,144,490	–	9,144,490
Segment results	(28,975)	1,651,396	195,143	1,817,564	–	1,817,564
Unallocated income	–	–	–	–	113,237	113,237
Unallocated expenses	–	–	–	–	(250,463)	(250,463)
Operating (loss)/profit	(28,975)	1,651,396	195,143	1,817,564	(137,226)	1,680,338
Finance income	15,890	718	4,374	20,982	5,303	26,285
Finance costs	(360,138)	(507,893)	(81,575)	(949,606)	5,993	(943,613)
Share of profits of associates	117,682	–	2,648	120,330	16,216	136,546
Share of profits/(losses) of joint ventures	8,242	–	–	8,242	(2,287)	5,955
(Loss)/profit before taxation	(247,299)	1,144,221	120,590	1,017,512	(112,001)	905,511
Income tax credit/(expense)	53,598	(253,911)	799	(199,514)	34,002	(165,512)
(Loss)/profit for the period	(193,701)	890,310	121,389	817,998	(77,999)	739,999
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	1,592,231	201,733	1,958,939	3,752,903	40,905	3,793,808
Depreciation of property, plant and equipment	891,202	612,529	147,097	1,650,828	5,105	1,655,933
Amortization of prepaid lease payments	5,713	4,059	591	10,363	974	11,337
Loss on disposal of property, plant and equipment, net	–	125	–	125	–	125

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	As at 30 June 2017 (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	37,904,815	35,613,354	9,991,550	83,509,719	–	83,509,719
Goodwill	67,712	767,453	–	835,165	–	835,165
Interests in associates	2,250,372	–	4,875	2,255,247	398,231	2,653,478
Interests in joint ventures	498,499	–	–	498,499	68,200	566,699
	40,721,398	36,380,807	9,996,425	87,098,630	466,431	87,565,061
Available-for-sale financial assets	–	–	–	–	4,567,645	4,567,645
Deferred income tax assets	–	–	–	–	312,224	312,224
Other unallocated assets	–	–	–	–	2,056,334	2,056,334
Total assets per condensed consolidated statement of financial position	40,721,398	36,380,807	9,996,425	87,098,630	7,402,634	94,501,264
Segment liabilities						
Other segment liabilities	(4,647,306)	(2,537,103)	(994,996)	(8,179,405)	–	(8,179,405)
Borrowings	(19,950,064)	(21,407,543)	(5,367,795)	(46,725,402)	(3,297,769)	(50,023,171)
	(24,597,370)	(23,944,646)	(6,362,791)	(54,904,807)	(3,297,769)	(58,202,576)
Deferred income tax liabilities	–	–	–	–	(1,743,392)	(1,743,392)
Tax payable	–	–	–	–	(185,406)	(185,406)
Other unallocated liabilities	–	–	–	–	(409,686)	(409,686)
Total liabilities per condensed consolidated statement of financial position	(24,597,370)	(23,944,646)	(6,362,791)	(54,904,807)	(5,636,253)	(60,541,060)

3. 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

3. TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	As at 31 December 2016 (audited)					
	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	37,111,227	35,496,057	7,597,493	80,204,777	–	80,204,777
Goodwill	67,712	767,453	–	835,165	–	835,165
Interests in associates	2,641,697	–	2,227	2,643,924	386,006	3,029,930
Interests in joint ventures	490,257	–	–	490,257	70,487	560,744
	40,310,893	36,263,510	7,599,720	84,174,123	456,493	84,630,616
Available-for-sale financial assets	–	–	–	–	4,585,809	4,585,809
Deferred income tax assets	–	–	–	–	244,137	244,137
Derivative financial instruments	–	–	–	–	308,471	308,471
Other unallocated assets	–	–	–	–	1,418,128	1,418,128
Total assets per condensed consolidated statement of financial position	40,310,893	36,263,510	7,599,720	84,174,123	7,013,038	91,187,161
Segment liabilities						
Other segment liabilities	(4,556,939)	(2,321,165)	(662,838)	(7,540,942)	–	(7,540,942)
Borrowings	(18,632,782)	(21,962,678)	(3,336,475)	(43,931,935)	(2,621,600)	(46,553,535)
	(23,189,721)	(24,283,843)	(3,999,313)	(51,472,877)	(2,621,600)	(54,094,477)
Deferred income tax liabilities	–	–	–	–	(1,792,623)	(1,792,623)
Tax payable	–	–	–	–	(177,769)	(177,769)
Other unallocated liabilities	–	–	–	–	(527,458)	(527,458)
Total liabilities per condensed consolidated statement of financial position	(23,189,721)	(24,283,843)	(3,999,313)	(51,472,877)	(5,119,450)	(56,592,327)

4. OTHER INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Rental income	**28,279**	29,550
Hotel operations income	**14,727**	14,521
Income from provision of repairs and maintenance services	**25,524**	11,004
Dividend income (Note 25(a))	**71,133**	95,543
Management fee income (Note 25(a))	**—**	5,888
Income from provision of IT and other services	**9,282**	9,758
Value-added tax ("VAT") refund (note)	**45,102**	105,997
	194,047	272,261

Note:

To support the development of the hydropower industry and standardize the 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. In respect of the period from 1 January 2016 to 31 December 2017, eligible enterprises are entitled to a refund of the portion of actual VAT paid which exceeds 12% of the relevant revenue.

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of deferred income	**1,794**	1,059
Government subsidies	**2,324**	2,620
Loss on disposal of property, plant and equipment, net	**(125)**	(8,726)
Fair value change on derivative financial instruments (Notes 15 and 24.2)	**(110,547)**	(7,724)
Sales of unused power production quota	**107,882**	16,320
Profits on trading of coal, coal by-products and spare parts	**30,760**	28,177
Others	**5,701**	4,088
	37,789	35,814

6. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of prepaid lease payments	**11,337**	8,020
Depreciation:		
– owned property, plant and equipment	**1,612,927**	1,510,254
– property, plant and equipment under finance leases	**43,006**	43,006
Operating lease rental expenses:		
– equipment	**1,099**	1,239
– leasehold land and buildings	**28,419**	24,550

7. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Finance income		
Interest income from bank deposits	**15,965**	8,727
Interest income from CPI Financial Company Limited* ("CPIF") (Note 25(a))	**851**	172
Interest income from a fellow subsidiary (Note 25(a))	**1,577**	—
Interest income from an associate (Note 25(a))	**7,892**	487
	26,285	9,386
Finance costs		
Interest expense on		
– bank borrowings	**772,883**	746,368
– long-term borrowings from related parties (Note 25(b))	**114,960**	83,332
– short-term borrowings from related parties (Note 25(b))	**15,448**	8,941
– long-term other borrowings	**55,023**	68,350
– short-term other borrowings	**45,456**	26,076
– amounts due to related parties (Note 25(b))	**1,785**	947
– obligations under finance leases	**27,248**	37,918
– provisions for other long-term liabilities (Note 21)	**43,584**	45,436
	1,076,387	1,017,368
Less: amounts capitalized	**(91,548)**	(72,538)
	984,839	944,830
Exchange (gains)/losses, net	**(41,226)**	135,862
	943,613	1,080,692

The weighted average interest rate on capitalized borrowings is approximately 4.44% (2016: 4.87%) per annum.

8. 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 2017 (2016: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2016: 25%) on the estimated assessable income for the six months ended 30 June 2017 except as disclosed below.

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC current income tax		
Charge for the period	**278,104**	590,544
Under/(over) provision in prior year	**185**	(2,367)
	278,289	588,177
Deferred income tax		
(Credit)/charge for the period	**(112,777)**	12,180
	165,512	600,357

Share of income tax charge attributable to associates and joint ventures for the six months ended 30 June 2017 of RMB43,702,000 (2016: RMB110,726,000) and RMB1,975,000 (2016: RMB33,381,000) respectively were included in the Group's share of profits of associates/joint ventures for the period.

For the six months ended 30 June 2017 and 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%.

As at 30 June 2017, two subsidiaries of the Group had investment tax credits ("Tax Credits") with an accumulated amount of RMB189,308,000 (31 December 2016: RMB189,308,000) of which RMB103,983,000 (31 December 2016: RMB103,983,000) 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.

9. EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Profit attributable to owners of the Company (RMB'000)	**425,138**	1,926,078
Weighted average number of shares in issue (shares in thousands)	**7,355,165**	7,355,165
Basic earnings per share (RMB)	**0.06**	0.26

(b) Diluted

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

For the six months ended 30 June 2017 and 2016, 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.

	Six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Profit attributable to owners of the Company (RMB'000)	**425,138**	1,926,078
Weighted average number of shares in issue (shares in thousands)	**7,355,165**	7,355,165
Adjustment for share options (shares in thousands)	**2,765**	5,532
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	**7,357,930**	7,360,697
Diluted earnings per share (RMB)	**0.06**	0.26

10. DIVIDEND

During the six months ended 30 June 2017, a final dividend of RMB0.160 (equivalent to HK$0.1805) per ordinary share for the year ended 31 December 2016 (2016: a final dividend of RMB0.232 (equivalent to HK$0.2770) per ordinary share for the year ended 31 December 2015) was declared and paid to the owners of the Company.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

11. CAPITAL EXPENDITURE

During the six months ended 30 June 2017, the Group acquired property, plant and equipment and made prepayments for construction of power plants and prepaid lease payments (2016: acquired property, plant and equipment, made prepayments for construction of power plants) which in aggregate amounted to RMB3,793,808,000 (2016: RMB2,951,153,000).

As at 30 June 2017, certain property, plant and equipment of the Group with carrying amounts of RMB556,311,000 (31 December 2016: RMB571,146,000) were pledged as security for certain long-term bank borrowings of the Group (Note 18(d)).

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Unlisted equity investments in the PRC - at cost	**175,442**	175,442
Equity securities listed in the PRC - at fair value		
– Shanghai Electric Power Co., Ltd.* ("Shanghai Power")	**4,392,203**	4,410,367
	4,567,645	4,585,809
Market value of equity securities listed in the PRC	**4,392,203**	4,410,367

13. RESTRICTED DEPOSITS

Restricted deposits mainly include restricted cash deposits and bank deposits pledged as securities, which are interest bearing at rates ranging from 0.30% to 4.68% (2016: 0.30% to 4.68%) per annum.

The carrying amounts of the restricted deposits as at 30 June 2017 are as follows:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Restricted cash deposits	**45,642**	44,994
Bank deposits secured against current portion of long-term bank borrowings (Note 18(d))	**300,000**	300,000
	345,642	344,994
Analyzed for reporting purpose as:		
– Non-current assets	**7,205**	7,200
– Current assets	**338,437**	337,794
	345,642	344,994

14. ACCOUNTS RECEIVABLE

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Accounts receivable from regional and provincial power grid companies (note (a))	2,458,412	2,119,135
Accounts receivable from other companies (note (a))	2,603	14,047
	2,461,015	2,133,182
Notes receivable (note (c))	302,249	212,812
	2,763,264	2,345,994

Notes:

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

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
1 to 3 months	2,207,405	1,983,371
4 to 6 months	126,833	95,590
Over 6 months	126,777	54,221
	2,461,015	2,133,182

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 2017, accounts receivable that were past due but not impaired amounted to RMB253,610,000 (31 December 2016: RMB149,811,000), which mainly represented the wind and photovoltaic 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 2017, notes receivable were bank acceptance notes issued by third parties and were normally with maturity period of 180 days (31 December 2016: 180 days).

(d) As at 30 June 2017, certain bank borrowings and long-term borrowings from CPIF (Notes 18(d) and 25(c)(vi)) 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 2017 amounted to RMB1,144,449,000 (31 December 2016: RMB1,125,880,000).

15. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Derivative financial instruments - current assets	–	308,471

These derivative financial instruments were not designated as hedging instruments in accordance with HKAS 39. For the six months ended 30 June 2017, a fair value change on termination of the derivative financial instruments of RMB110,547,000 (2016: a fair value change of RMB7,724,000) was recognized in the condensed consolidated income statement as other losses (Note 5).

Derivative financial instruments represented the two option contracts which the Company entered into in 2015 to hedge the foreign currency risk for the short-term USD commercial notes issued by the Company in July 2014. Upon the termination of the derivative financial instruments in June 2017, the Group had realized an accumulated pre-tax gain of RMB56,167,000 when comparing the proceeds receivable of RMB197,924,000 on termination with the acquisition cost of RMB141,757,000 for the two option contracts.

16. SHARE CAPITAL

(a) Share capital

	Number of shares	RMB'000
Ordinary shares, issued and fully paid:		
At 1 January 2016, 31 December 2016 and 30 June 2017	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 2017 are as follows:

			Number of outstanding share options	
Date of grant	**Expiry date**	**Exercise price**	**30 June 2017 (unaudited)**	31 December 2016 (audited)
Directors				
4 April 2007	3 April 2017	HK$4.07	–	804,000
2 July 2008	1 July 2018	HK$2.326	400,000	1,100,000
Senior management and other employees				
4 April 2007	3 April 2017	HK$4.07	–	5,358,000
2 July 2008	1 July 2018	HK$2.326	12,640,000	13,850,000
			13,040,000	21,112,000

Note: Mr. Wang Zichao resigned as an executive Director and a member of the Executive Committee of the Company on 8 June 2017. A total of 700,000 share options granted to him were reclassified from "Directors" to "Senior management and other employees" accordingly.

16. 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:

	2017 (unaudited)		2016 (unaudited)	
	Average exercise price per share (HK$)	**Number of outstanding share options**	Average exercise price per share (HK$)	Number of outstanding share options
At 1 January	**2.835**	**21,112,000**	2.833	27,727,000
Lapsed	**3.657**	**(8,072,000)**	3.019	(4,795,000)
At 30 June	**2.326**	**13,040,000**	2.795	22,932,000

As at 30 June 2017, all outstanding share options were vested and exercisable.

17. 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	Others RMB'000	Other reserves sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2017 (audited)	**306,548**	**2,262,848**	**2,225,802**	**937,074**	**13,889**	**265,848**	**6,012,009**	**7,720,839**	**13,732,848**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**425,138**	**425,138**
Fair value loss on available-for-sale financial assets	**–**	**–**	**(18,164)**	**–**	**–**	**–**	**(18,164)**	**–**	**(18,164)**
Deferred tax on fair value loss on available-for-sale financial assets	**–**	**–**	**4,541**	**–**	**–**	**–**	**4,541**	**–**	**4,541**
Lapse of share options	**–**	**–**	**–**	**–**	**(6,175)**	**–**	**(6,175)**	**6,175**	**–**
2016 final dividend	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,176,826)**	**(1,176,826)**
At 30 June 2017 (unaudited)	**306,548**	**2,262,848**	**2,212,179**	**937,074**	**7,714**	**265,848**	**5,992,211**	**6,975,326**	**12,967,537**
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

18. BANK BORROWINGS

Bank borrowings are analyzed as follows:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Non-current		
Long-term bank borrowings		
– secured (note (d))	**13,250,886**	13,915,815
– unsecured (note (e))	**18,195,246**	14,857,505
	31,446,132	28,773,320
Less: Current portion of long-term bank borrowings	**(5,893,804)**	(4,069,290)
	25,552,328	24,704,030
Current		
Short-term bank borrowings - unsecured	**7,099,765**	4,737,090
Current portion of long-term bank borrowings	**5,893,804**	4,069,290
	12,993,569	8,806,380
	38,545,897	33,510,410

Notes:

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

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
RMB	**36,798,284**	33,071,340
Japanese Yen ("JPY")	**377,447**	380,715
United States Dollars ("USD")	**1,370,166**	58,355
	38,545,897	33,510,410

18. BANK BORROWINGS (CONTINUED)

Notes: (Continued)

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

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Within one year	**5,893,804**	4,069,290
Between one and two years	**5,124,622**	6,380,257
Between two and five years	**8,335,080**	7,166,928
Over five years	**12,092,626**	11,156,845
	31,446,132	28,773,320

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

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Short-term bank borrowings	**3.95%**	4.07%
Long-term bank borrowings (including the current portion of long-term bank borrowings)	**4.43%**	4.57%

(d) As at 30 June 2017, the bank borrowings of the Group are secured as follows:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Secured against the rights on accounts receivable of certain subsidiaries of the Group (Note 14)	**12,678,516**	13,328,995
Secured against property, plant and equipment of certain subsidiaries of the Group (Note 11)	**272,370**	286,820
Secured against bank deposits of a subsidiary of the Group (Note 13)	**300,000**	300,000
	13,250,886	13,915,815

(e) As at 30 June 2017, bank borrowings amounting to RMB377,447,000 (31 December 2016: RMB380,715,000) are guaranteed by Hunan Provincial Finance Bureau.

(f) As at 30 June 2017, the Group had available unutilized banking facilities amounting to RMB16,628,856,000 (31 December 2016: RMB15,344,193,000).

19. OTHER BORROWINGS

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Non-current		
Corporate bonds issued by:		
– the Company (note (a))	–	2,000,000
– a subsidiary (note (b))	998,974	998,514
	998,974	2,998,514
Less: Current portion of corporate bonds issued by the Company (note (a))	–	(2,000,000)
	998,974	998,514
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))	–	500,000
– Commercial notes (note (d))	1,537,789	2,081,100
– Short-term commercial paper issued by the Company (note (e))	2,000,000	2,000,000
	3,537,789	6,581,100
	4,536,763	7,579,614

Notes:

(a) Balance as at 31 December 2016 represented unsecured RMB denominated corporate bonds of RMB2,000,000,000, which were issued by the Company in May 2014 for a term of 3 years at an interest rate of 4.50% per annum. The amount was fully redeemed and settled upon maturity on 9 May 2017.

(b) Balance represents certain long-term corporate bonds 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 State Power Investment Corporation* ("SPIC").

19. OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(c) The unsecured RMB denominated short-term debentures issued by Wu Ling Power were fully repaid during the six months ended 30 June 2017.

(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 2017, commercial notes of USD227,000,000 (approximately RMB1,537,789,000) (31 December 2016: USD300,000,000 (approximately RMB2,081,100,000)) issued by the Company were outstanding. These commercial notes do not bear nominal interest rates but were issued at discount rates ranging from 1.35% to 1.42% (2016: 0.42% to 0.50%) for the six months ended 30 June 2017.

The incidental costs arising from issue of the commercial notes for the six months ended 30 June 2017 amounted to RMB7,369,000 (2016: RMB11,085,000).

(e) Balance represents 2016 first tranche of the short-term commercial paper of RMB2,000,000,000 issued by the Company in October 2016 for a term of 1 year at an interest rate of 2.80% per annum. The short-term commercial paper was unsecured and denominated in RMB.

As at 30 June 2017, the Company had available unutilized short-term commercial paper facilities amounting to RMB3,000,000,000 (31 December 2016: RMB3,000,000,000).

20. OBLIGATIONS UNDER FINANCE LEASES

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Obligations under finance leases	**975,463**	1,181,315
Less: Current portion of obligations under finance leases	**(388,272)**	(430,281)
Non-current portion of obligations under finance leases	**587,191**	751,034

21. PROVISIONS FOR OTHER LONG-TERM LIABILITIES

Provisions for other long-term liabilities represent the provisions 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 local government authorities in the PRC 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 compensations for inundation as at 30 June 2017 is as follows:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Non-current liabilities (included in provisions for other long-term liabilities)	**1,057,402**	1,030,125
Current liabilities (included in other payables and accrued charges)	**135,294**	134,230
	1,192,696	1,164,355

The movement of the provisions for compensations for inundation for the six months ended 30 June 2017 is as follows:

	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
At 1 January	**1,164,355**	1,024,921
Recognized during the period	**—**	3,464
Interest expense (Note 7)	**43,584**	45,436
Payment	**(15,243)**	(49,380)
At 30 June	**1,192,696**	1,024,441

22. ACCOUNTS AND BILLS PAYABLES

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Accounts payable (note (a))	**510,155**	590,222
Bills payable (note (b))	**265,932**	376,927
	776,087	967,149

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 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
1 to 6 months	**449,515**	539,937
7 to 12 months	**20,585**	5,599
Over 1 year	**40,055**	44,686
	510,155	590,222

(b) As at 30 June 2017, bills payable are bills of exchange with maturity period ranging from 3 to 12 months (31 December 2016: 3 to 12 months).

23. CAPITAL COMMITMENTS

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

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Contracted but not provided for:		
– property, plant and equipment	**15,713,859**	11,977,684
– capital contribution to associates	**227,313**	227,313
– capital contribution to a joint venture	**336,000**	—
	16,277,172	12,204,997

24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

24.1 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.

As at 30 June 2017, the Group had net current liabilities of RMB17,492,808,000. 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 2017, the Group had available unutilized facilities from banks, a related party and short-term commercial paper amounting to RMB23,558,856,000 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.

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 2016 annual financial statements.

There has not been any change in the risk management department or risk management policies since the year end of 2016.

24.2 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).

24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Fair value estimation *(Continued)*

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 2017 (unaudited)				
Available-for-sale financial assets				
– equity securities	**4,392,203**	**–**	**–**	**4,392,203**
At 31 December 2016 (audited)				
Available-for-sale financial assets				
– equity securities	4,410,367	–	–	4,410,367
Derivative financial instruments	–	–	308,471	308,471

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.

The following table presents the changes in derivative financial instruments for the six months ended 30 June 2017:

	2017 RMB'000 (unaudited)
At 1 January - assets	**308,471**
Fair value change on termination of derivative financial instruments recognized as other losses (Note 5) in the condensed consolidated income statement	**(110,547)**
Proceeds receivable from termination of derivative financial instruments (note)	**(197,924)**
At 30 June	**–**

Note: The derivative financial instruments were terminated on 28 June 2017, and the proceeds from such termination were fully received on 3 July 2017.

24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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

The fair values of borrowings are as follows:

	30 June 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (audited)
Long-term borrowings (note (a))	**38,069,119**	36,746,233
Short-term borrowings (note (b))	**12,064,954**	9,818,190
	50,134,073	46,564,423

Notes:

(a) Balance represents the aggregate fair values of the long-term bank borrowings, corporate bonds and borrowings from SPIC and CPIF.

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

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

- Accounts receivable
- Deposits and 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

25. RELATED PARTY TRANSACTIONS

The Group is controlled by China Power International Holding Limited ("CPIH"), an intermediate holding company which directly holds approximately 28.47% (31 December 2016: 28.47%) of the Company's shares, and indirectly holds approximately 27.14% (31 December 2016: 27.14%) of the Company's shares through China Power Development Limited ("CPDL"). As at 30 June 2017, CPIH owned approximately 55.61% (31 December 2016: 55.61%) 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 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.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Income

	Note	Six months ended 30 June 2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Interest income from:			
– CPIF	(i)	**851**	172
– a fellow subsidiary	(i)	**1,577**	–
– an associate	(i)	**7,892**	487
Dividend income from Shanghai Power	(ii)	**65,393**	90,823
Dividend income from CPIF	(ii)	**5,740**	4,720
Management fee income from CPIH	(iii)	**–**	5,888
Rental income from a fellow subsidiary	(iii)	**27,060**	27,060
Income from provision of repairs and maintenance services to:	(iii)		
– companies controlled by SPIC		**152**	769
– fellow subsidiaries		**2,646**	810
Income from provision of IT and other services to:	(iii)		
– SPIC		**–**	385
– companies controlled by SPIC		**4,864**	5,831
– fellow subsidiaries		**3,597**	2,818
– an associate		**821**	684
Sales of coal, coal by-products and spare parts to:	(iii)		
– companies controlled by SPIC		**2,840**	–
– fellow subsidiaries		**1,271**	56,564
– an associate		**–**	39,713
Provision of power generation and related services to fellow subsidiaries	(iii)	**398**	315

Notes:

(i) Interest income from CPIF, a fellow subsidiary and an associate were charged ranging from 0.35% to 1.38% (2016: 0.35%) per annum, 4.35% per annum (2016: Nil) and ranging from 1.75% to 3.92% (2016: 1.75%) per annum respectively.

(ii) Dividend income received 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.

(iii) These incomes were charged in accordance with the terms of the relevant agreements.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Expenses

	Note	Six months ended 30 June 2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Purchases of coal, coal by-products and spare parts from:	(i)		
– companies controlled by SPIC		**2,648**	3,125
– fellow subsidiaries		**9,879**	31,668
– a joint venture		**12,692**	15,719
– non-controlling shareholders of subsidiaries		**2,598,262**	1,237,754
Construction costs and other services fees to:	(ii)		
– companies controlled by SPIC		**160,702**	14,248
– fellow subsidiaries		**77,821**	93,004
Interest expenses to:	(iii)		
– SPIC		**94,991**	76,221
– CPIF		**28,296**	8,018
– CPIH		**947**	947
– fellow subsidiaries		**7,121**	8,034
– an associate		**838**	—
Operating lease rental expenses in respect of leasehold land and buildings:	(i)		
– SPIC		**8,533**	8,533
– CPIH		**9,418**	10,454

Notes:

(i) These expenses were charged in accordance with the terms of the relevant agreements.

(ii) Construction costs and other services fees were mainly related to construction services, repairs and maintenance services, transportation services and other services which were charged based on mutually agreed prices.

(iii) Interest expenses to SPIC, CPIF, CPIH, fellow subsidiaries and an associate were charged at interest rates ranging from 2.88% to 5.58% (2016: 3.03% to 5.60%) per annum, ranging from 3.92% to 4.41% (2016: 3.91% to 4.75%) per annum, at 1.75% (2016: 1.75%) per annum, at 4.35% (2016: 4.35%) per annum and at 1.38% (2016: Nil) per annum, respectively.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Note	**30 June 2017 RMB'000 (unaudited)**	31 December 2016 RMB'000 (audited)
Prepayments for construction of power plants to companies controlled by SPIC other than CPIF	(i)	**95,094**	—
Deposits at CPIF	(ii)	**422,632**	534,180
Amounts due from:			
– SPIC	(x)	**45**	451
– CPDL	(x)	**172**	172
– CPIH	(x)	**958**	1,234
– CPIF	(x)	**338**	633
– companies controlled by SPIC other than CPIF	(x)	**126,356**	112,874
– fellow subsidiaries	(iii)	**196,165**	132,621
– an associate	(iv)	**461,147**	457,312
– a non-controlling shareholder	(x)	**—**	24,708
Borrowings from:			
– SPIC	(v)	**(5,154,111)**	(4,594,111)
– CPIF	(vi)	**(1,459,000)**	(469,400)
– a fellow subsidiary	(vii)	**(327,400)**	(400,000)
Amounts due to:			
– SPIC	(x)	**(233,446)**	(198,233)
– CPIH	(viii)	**(174,519)**	(165,658)
– CPIF	(x)	**(6,703)**	(525)
– companies controlled by SPIC other than CPIF	(x)	**(212,209)**	(161,502)
– fellow subsidiaries	(x)	**(58,430)**	(104,471)
– a joint venture	(x)	**(2,686)**	(2,315)
– an associate	(ix)	**(136,273)**	(35,238)
– non-controlling shareholders	(x)	**(298,242)**	(176,697)

Notes:

(i) Balances represent prepayments for construction of power plants to companies controlled by SPIC other than CPIF which were paid in accordance with the terms of the relevant agreements.

(ii) Deposits at CPIF are interest bearing at rates ranging from 0.35% to 1.38% (31 December 2016: 0.35% to 1.38%) per annum.

(iii) The amounts due from fellow subsidiaries are unsecured. Except for a balance of RMB78,000,000 (31 December 2016: RMB50,000,000) which is interest bearing at 4.35% (31 December 2016: 4.35%) per annum and repayable within 1 year, the remaining balances are interest free and repayable on demand.

(iv) The amounts due from an associate are unsecured. Except for a balance of RMB455,080,000 (31 December 2016: RMB455,080,000) which is interest bearing ranging from 1.75% to 3.92% (31 December 2016: 1.75% to 3.92%) per annum and repayable within 1 year, the remaining balances are interest free and repayable on demand.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Notes: (Continued)

(v) The borrowings from SPIC are unsecured, interest bearing at rates ranging from 2.88% to 5.58% (31 December 2016: 2.88% to 5.58%) per annum and are wholly repayable within 5 years.

(vi) The borrowings from CPIF of RMB9,000,000 (31 December 2016: RMB9,400,000) are secured against the rights on accounts receivable of a subsidiary of the Group, interest bearing at 4.41% (31 December 2016: 4.41%) per annum. The remaining balances are unsecured and interest bearing at rates ranging from 3.92% to 4.28% (31 December 2016: 3.92% to 4.28%) per annum.

As at 30 June 2017, the Group had available unutilized facilities from CPIF amounting to RMB3,930,000,000 (31 December 2016: RMB5,000,000,000).

(vii) The borrowings from a fellow subsidiary are unsecured, interest bearing at rate of 4.35% (31 December 2016: 4.35%) per annum and repayable within one year.

(viii) The amounts due to CPIH are unsecured. Except for a balance of RMB106,440,000 (31 December 2016: RMB106,440,000) which is interest bearing at 1.75% (31 December 2016: 1.75%) per annum and repayable within 1 year, the remaining balances are interest free and repayable on demand.

(ix) The amounts due to an associate are unsecured and repayable on demand. Except for a balance of RMB136,273,000 (31 December 2016: RMB35,000,000) which is interest bearing at 1.38% (31 December 2016: 1.38%) per annum, the remaining balances are interest free.

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

(d) For the six months ended 30 June 2017 and 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 the state-owned banks and the related interest expenses

(iii) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables

(iv) purchases of coal from state-owned enterprises and the related payables

(v) reservoir maintenance and usage fees to the PRC government

(vi) service fees to state-owned enterprises

(vii) compensations 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.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Key management personnel compensation

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fees, basic salaries, housing allowance, other allowances and benefit in kind, discretionary bonus, employer's contribution to pension scheme and other benefits	**4,546**	4,624

(f) Guarantees issued by related parties as at 30 June 2017 and 31 December 2016 are set out in Notes 18(e) and 19(b).

* For identification purpose only