# 華電國際電力股份有限公司
# Huadian Power International Corporation Limited*

*(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "PRC"))*

(Stock Code: 1071)

## 2014 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of Huadian Power International Corporation Limited* (the "**Company**") hereby announces the summary of the unaudited interim consolidated financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2014 (the "**Period**") prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

## FINANCIAL AND BUSINESS SUMMARIES

- Power generation amounted to approximately 87.94 million MWh, representing an increase of approximately 7.56% over the corresponding period in 2013;
- The on-grid power sold amounted to approximately 82.34 million MWh, representing an increase of approximately 7.64% over the corresponding period in 2013;
- Turnover amounted to approximately RMB33,517 million, representing an increase of approximately 6.67% over the corresponding period in 2013;
- Profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB2,765 million, representing an increase of approximately 57.08% over the corresponding period in 2013; and
- Earnings per share was approximately RMB0.375.

The Board of the Company hereby announces the unaudited operating results for the Period and the comparison between such results and the relevant results of the corresponding period in 2013. During the Period, turnover of the Group amounted to approximately RMB33,517 million, representing an increase of approximately 6.67% over the corresponding period in 2013; profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB2,765 million, representing an increase of approximately 57.08% over the corresponding period in 2013; earnings per share was approximately RMB0.375; net asset value per share (excluding non-controlling interests) amounted to approximately RMB3.27.

The Board did not recommand to declare any interim dividend for the Period.

The Group's interim financial statements for the Period are unaudited, but they have been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, in accordance with the 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. The unmodified review report addressed to the Board will be included in the interim report to be sent to the Company's shareholders in due course. The audit committee of the Company (the "**Audit Committee**") has also reviewed the 2014 interim results and the relevant financial information of the Group.

## MAJOR ASSETS

The Group is one of the largest comprehensive energy companies in the PRC, and primarily engages in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects, and the development, construction and operation of coal mines. The power plants and companies affiliated with the Group are mostly strategically located in the vicinity of electricity load centres or coal mining regions.

As at the date of this announcement, the number of controlled power plants of the Group which have commenced operations totaled 42, with the total controlled installed capacity amounting to 37,321 MW, including 33,842 MW of controlled installed capacity attributable to coal- or gas-fired generating units, and 3,479 MW of controlled installed capacity attributable to renewable energy generating units such as hydropower, wind power, solar power and biomass energy power generating units. The number of coal mining enterprises controlled or invested by the Company totaled 17, with coal resources reserves of approximately 2.2 billion tonnes and expected coal production capacity of approximately 10 million tonnes/year. The details are as follows:

### 1) Details of controlled coal- or gas-fired generating units are as follows:

| | Name of power plant/company | Installed capacity *(MW)* | Equity interest held by the Company | Generating units |
|---|---|---|---|---|
| 1 | Zouxian Plant | 2,575 | 100% | 1 × 635MW + 1 × 600MW + 4 × 335MW |
| 2 | Shiliquan Plant | 800 | 100% | 2 × 330MW + 1 × 140MW |
| 3 | Laicheng Plant | 1,200 | 100% | 4 × 300MW |
| 4 | Huadian Zouxian Power Generation Company Limited ("Zouxian Company") | 2,000 | 69% | 2 × 1,000MW |
| 5 | Huadian Laizhou Power Generation Company Limited ("Laizhou Company") | 2,000 | 75% | 2 × 1,000MW |
| 6 | Huadian Weifang Power Generation Company Limited ("Weifang Company") | 2,000 | 45% | 2 × 670MW + 2 × 330MW |
| 7 | Huadian Qingdao Power Generation Company Limited ("Qingdao Company") | 1,220 | 55% | 1 × 320MW + 3 × 300MW |
| 8 | Huadian Zibo Thermal Power Company Limited ("Zibo Company") | 950 | 100% | 2 × 330MW + 2 × 145MW |
| 9 | Huadian Zhangqiu Power Generation Company Limited ("Zhangqiu Company") | 925 | 87.5% | 1 × 335MW + 1 × 300MW + 2 × 145MW |

| | | | | |
|---|---|---|---|---|
| 10 | Huadian Tengzhou Xinyuan Thermal Power Company Limited (“Tengzhou Company”) | 930 | 93.257% | 2 × 315MW + 2 × 150MW |
| 11 | Shandong Century Electric Power Development Company Limited (“Century Power Company”) | 936 | 84.31% | 4 × 220MW + 2 × 28MW |
| 12 | Huadian Ningxia Lingwu Power Generation Company Limited (“Lingwu Company”) | 3,320 | 65% | 2 × 1,060MW+ 2 × 600MW |
| 13 | Ningxia Zhongning Power Generation Company Limited (“Zhongning Company”) | 660 | 50% | 2 × 330MW |
| 14 | Sichuan Guang’an Power Generation Company Limited (“Guang’an Company”) | 2,400 | 80% | 2 × 600MW + 4 × 300MW |
| 15 | Huadian Xinxiang Power Generation Company Limited (“Xinxiang Company”) | 1,320 | 90% | 2 × 660MW |
| 16 | Huadian Luohe Power Generation Company Limited (“Luohe Company”) | 660 | 75% | 2 × 330MW |
| 17 | Huadian Qudong Power Generation Company Limited (“Qudong Company”) | 660 | 90% | 2 × 330MW |
| 18 | Anhui Huadian Suzhou Power Generation Company Limited (“Suzhou Company”) | 1,260 | 97% | 2 x 630MW |
| 19 | Anhui Huadian Wuhu Power Generation Company Limited (“Wuhu Company”) | 1,320 | 65% | 2 x 660MW |
| 20 | Anhui Huadian Lu’an Power Generation Company Limited (“Lu’an Company”) | 1,320 | 95% | 2 × 660MW |
| 21 | Hangzhou Huadian Banshan Power Generation Company Limited (“Hangzhou Banshan Company”) | 2,680 | 64% | 3 × 415MW + 3 × 390MW + 1 × 135MW + 1 × 130MW |
| 22 | Hangzhou Huadian Xiasha Thermal Power Company Limited (“Xiasha Company”) | 246 | 56% | 1 × 88MW + 2 × 79MW |
| 23 | Hebei Huadian Shijiazhuang Thermal Power Company Limited (“Shijiazhuang Thermal Power Company”) | 1,075 | 82% | 2 × 300MW + 2 × 200MW + 3 × 25MW |
| 24 | Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited (“Luhua Company”) | 660 | 90% | 2 × 330MW |
| 25 | Hebei Huarui Energy Group Corporation Limited (“Huarui Company”) *(Note)* | 1,766.4 | 100% | – |
| 26 | Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) (“Pingshi Power Company”) | 725 | 100% | 2 × 300MW + 1 × 125MW |

*Note:* As at the date of this announcement, the interested installed capacity of Huarui Company held by the Group amounted to 1,766.4 MW. The installed capacity of wind power of Hebei Huadian Yuzhou Wind Power Company Limited, a wholly-owned subsidiary of Huarui Company, amounted to 99 MW.

## 2) Details of controlled renewable energy generating units are as follows:

| | Name of power plant/company | Installed capacity *(MW)* | Equity interest held by the Company | Generating units |
|---|---|---|---|---|
| 1 | Huadian Suzhou Biomass Energy Power Company Limited ("Suzhou Biomass Energy Company") | 25 | 78% | 2 × 12.5 MW |
| 2 | Sichuan Huadian Luding Hydropower Company Limited ("Luding Hydropower Company") | 920 | 100% | 4 × 230 MW |
| 3 | Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("Za-gunao Hydroelectric Company") | 591 | 64% | 3 × 65MW + 3 × 56MW + 3 × 46MW + 3 × 30MW |
| 4 | Lixian Xinghe Ganbao Power Company Limited ("Ganbao Company") | 34 | 100% | 4 × 8.5MW |
| 5 | Lixian Xinghe Power Company Limited ("Lixian Company") | 33 | 100% | 3 × 11 MW |
| 6 | Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("Shuiluohe Company") | 324 | 57% | 3 × 70MW + 3 × 38MW |
| 7 | Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("Hebei Hydropower Company") | 57 | 100% | 1×16MW +2 × 15MW +1 × 11MW |
| 8 | Huadian Inner Mongolia Kailu Wind Power Company Limited ("Kailu Wind Power Company") | 399 | 100% | 262 × 1.5MW +2 × 3MW |
| 9 | Huadian Kezuozhongqi Wind Power Company Limited ("Kezuozhongqi Wind Power Company") | 49.5 | 100% | 33 × 1.5MW |
| 10 | Huadian Power International Ningxia New Energy Power Company Limited ("Ningxia New Energy Company") | 448.5 | 100% | 48 × 2MW + 235 × 1.5MW |
| 11 | Hebei Huadian Guyuan Wind Power Company Limited ("Guyuan Wind Power Company") | 250.5 | 100% | 167× 1.5MW |
| 12 | Hebei Huadian Kangbao Wind Power Company Limited ("Kangbao Wind Power Company") | 49.5 | 100% | 24 × 2MW + 1 × 1.5MW |
| 13 | State Development Zhangjiakou Wind Power Company Limited ("Zhangjiakou Wind Power Company") | 100.5 | 100% | 67 × 1.5MW |
| 14 | Huadian Laizhou Wind Power Company Limited ("Laizhou Wind Power Company") | 40.5 | 55% | 27 × 1.5MW |
| 15 | Huadian Laizhou Wind Power Generation Company Limited ("Laizhou Wind Company") | 48 | 100% | 24 x 2 MW |
| 16 | Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("Shangde Solar Company") | 10 | 60% | 10 x 1MW |

### 3) Details of the coal mining enterprises controlled or invested by the Group are as follows:

| | Name of company | Percentage of equity interest held by the Group | Resources reserve *(million tonnes)* | Interested resources reserve *(million tonnes)* | Capacity *(thousand tonnes/year)* |
|---|---|---|---|---|---|
| 1 | Shanxi Shuozhou Pinglu Maohua Bailu Coal Company Limited | 100% | 395 | 395 | 1,200 |
| 2 | Shanxi Shuozhou Pinglu Maohua Wantongyuan Coal Company Limited | 70% | 373 | 261 | 2,100 |
| 3 | Shanxi Shuozhou Pinglu Maohua Dongyi Coal Company Limited | 70% | 128 | 90 | 900 |
| 4 | Shunge Mining Industry Company Limited of Inner Mongolia Alxa League Shunge Mining Group | 100% | 28 | 28 | 450 |
| 5 | Inner Mongolia Haoyuan Coal Company Limited | 85% | 77 | 65 | 1,200 |
| 6 | Inner Mongolia Huatong Ruisheng Energy Company Limited ("Huatong Ruisheng") | 90% | 116 | 104 | 3,000 |
| 7 | Anhui Wenhui New Products Promotion Company Limited | 51% | 39 | 20 | 600 |
| 8 | Ningxia Yinxing Coal Company Limited ("Yinxin Coal") | 50% | 1,037 | 519 | 4,000 |
| 9 | Sichuan Huayingshan Longtan Coal Power Company Limited ("Longtan Company") *(Note)* | 45% | 97 | 44 | 1,500 |
| 10 | Otog Front Banner Changcheng Mine Company Limited | 35% | 111 | 39 | 600 |
| 11 | Inner Mongolia Fucheng Mining Company Limited | 35% | 238 | 83 | 2,400 |
| 12 | Otog Front Banner Zhengtai Trading Company Limited | 35% | 216 | 76 | 2,400 |
| 13 | Otog Front Banner Quanhui Trading Company Limited | 35% | 723 | 253 | 3,000 |
| 14 | Otog Front Banner Baihui Trading Company Limited | 35% | 199 | 70 | 1,800 |
| 15 | Linfen City Changfa Coal Coke Company Limited ("Changfa Coal Coke") *(Note)* | 33% | 117 | 39 | 1,200 |
| 16 | Huadian Coal Industry Group Company Limited | 12.72% | — | — | — |
| 17 | Shandong Luneng Heze Coal Power Development Company Limited | 12.27% | — | — | — |

*Note:* The Group holds 45% and 33% equity interests in Longtan Company and Changfa Coal Coke through its non-wholly-owned subsidiaries, Guang'an Company and Century Power Company, respectively.

### Additional Installed Capacity

From 1 January 2014 up to the date of this announcement, the capacity of the Group's newly-installed generating units amounted to 1,926 MW.

| **Name of project** | **Capacity** *(MW)* |
|---|---|
| Lu'an Company | 1,320 |
| Xiasha Company | 246 |
| Shuiluohe Company | 210 |
| Zhangjiakou Wind Power Company | 100.5 |
| Ningxia New Energy Company | 49.5 |
| **Total** | **1,926** |

### Projects Approved and Under Construction

As at the date of this announcement, the Group's principal generating units approved and under construction are as follows:

| **Generating Units Approved and Under Construction** | **Planned installed capacity** |
|---|---|
| Chongqing Fengjie Project | 2x600MW generating units |
| Shiliquan Plant Expansion Project | 1x600MW generating unit |
| Shuozhou Thermal Power Branch | 2x300MW heat-power co-generating units |
| Qingdao Company Phase III Project | 1x300MW heat-power co-generating units |
| Tianjin Huadian Nanjiang Thermal Power Company Limited ("Nanjiang Thermal Power Company") Phase I Project | 2x300MW heat-power co-generating units |
| Nanjiang Thermal Power Company Phase II Project | 900MW gas-fired generating units |
| Tianjin Huadian Fuyuan Thermal Power Company Limited Project | 2x200MW gas-fired generating units |
| Hangzhou Huadian Jiangdong Thermal Power Company Limited Project | 2x400MW gas-fired generating units |
| Huadian Zhejiang Longyou Thermal Power Company Limited Project | 2x200MW gas-fired generating units |
| Shenzhen Huadian Pingshan Distributed Energy Resources Project | 3 x 100MW gas-fired generating units |
| Hebei Huadian Shijiazhuang Natural Gas Thermal Co-generating Project | 2x 400MW gas-fired generating units |
| Project of Shuiluohe Company | 492MW hydroelectric generating units |
| Project of Ningxia New Energy Company | 746.5MW wind power generating units |
| Project of Kangbao Wind Power Company | 49.5MW wind power generating units |
| Jincheng Wind Power Phase II Project of Laizhou Wind Company | 48MW wind power generating units |
| Huadian Laizhou Wind Power Energy Company Limited Project | 49.8MW wind power generating units |
| Huadian Changyi Wind Power Company Limited ("Changyi Wind Power Company") Project | 49.5MW wind power generating units |
| Huadian Zibo Wind Power Company Limited ("Zibo Wind Power Company") Project | 48MW wind power generating units |
| Huadian Longkou Wind Power Company Limited Project | 49.5MW wind power generating units |
| Phase I Project of Huadian Taierzhuang Wind Farm | 50MW wind power generating units |
| Guangdong Zhanjiang Xuwen Huahai Wind Power Project | 49.5MW wind power generating units |
| Solar Power Generation Project in Taiyangshan, Wuzhong, Ningxia | 10MW solar power generating units |
| Huadian Ningdong Solar Power Phase II Project | 20 MW solar power generating units |
| **Total** | **8,562.3MW** |

# MANAGEMENT DISCUSSION AND ANALYSIS

## (1) Macroeconomic Conditions and Electricity Demand

According to the relevant information and statistics, in the first half of 2014, the gross domestic product ("GDP") of the PRC amounted to RMB26,904.4 billion, representing an increase of 7.4% over the corresponding period in 2013 based on comparable prices. Power consumption of the whole society of the PRC totaled 2,627.6 million MWh, representing an increase of 5.3% over the corresponding period in 2013, with a year-on-year increase of 0.2 percentage point in the growth rate. Specifically, consumption by the primary industry represented a year-on-year decrease of 4.6% and consumption by the secondary and tertiary industries represented year-on-year increases of 5.1% and 6.9%, respectively, while the consumption by urban and rural residents represented a year-on-year increase of 6.6%. In the second half of 2014, China's economy is expected to maintain a steady growth, and the demand for electricity is expected to increase at a stable level. The total electricity supply and demand in China will maintain an overall balance, and the electricity demand and supply will be abundant in certain regions and will be tight in others.

## (2) Power Generation

During the Period, power generated by the Group amounted to approximately 87.94 million MWh, representing an increase of approximately 7.56% over the corresponding period in 2013 and accounting for 47.28% of the annual target of 186.00 million MWh; on-grid power sold amounted to approximately 82.34 million MWh, representing an increase of approximately 7.64% over the corresponding period in 2013; the average utilization of generating units were 2,450 hours, representing an increase of 32 hours over the corresponding period of 2013, and the average utilization of coal-fired generating units were 2,696 hours, representing an increase of 95 hours over the corresponding period of 2013; and coal consumption for power supply was approximately 306.31 g/KWh.

## (3) Turnover and Profit

Turnover of the Group for the Period amounted to approximately RMB33,517 million, representing an increase of approximately 6.67% over the corresponding period in 2013. This was mainly due to an increase in on-grid power sold. Revenue generated from the sale of electricity amounted to approximately RMB31,225 million, representing an increase of approximately 7.85% over the corresponding period in 2013. Revenue generated from the sale of heat amounted to approximately RMB1,746 million, representing an increase of approximately 1.37% over the corresponding period in 2013. Revenue generated from the sale of coal amounted to approximately RMB546 million, representing a decrease of approximately 26.69% over the corresponding period in 2013.

The Group's operating profit for the Period amounted to approximately RMB6,973 million, representing an increase of approximately 24.22% over the corresponding period in 2013. Profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB2,765 million, representing an increase of approximately 57.08% over the corresponding period in 2013, mainly due to the increase in on-grid power sold and the drop in the unit fuel cost of the Group. Earnings per share was approximately RMB0.375.

## (4) Major Operating Expenses

Fuel costs are the major business expenses of the Group. Fuel costs of the Group for the Period amounted to approximately RMB17,093 million, representing a decrease of approximately 0.40% over the corresponding period in 2013. Fuel costs accounted for approximately 64.39% of the operating expenses of the Group. The price of standard coal-into-furnace decreased by 10.60% on a year-on-year basis.

During the Period, depreciation and amortization expenses of the Group amounted to approximately RMB3,944 million, representing an increase of approximately 7.85% over the corresponding period in 2013. This was mainly due to the commencement of operations of new generating units as well as the increase in capital transfer for technical renovation.

During the Period, repairs, maintenance and inspection costs of the Group amounted to approximately RMB1,492 million, representing an increase of approximately 24.84% over the corresponding period in 2013. This was mainly due to the different progress in the repairs of generating units as well as the increase in the cost of materials following the increase in power generation and the number of denitrified generating units.

During the Period, personnel costs of the Group amounted to approximately RMB1,927 million, representing an increase of approximately 21.48% over the corresponding period in 2013, mainly due to the difference in payment schedule of annual remuneration.

During the Period, tax and levies on operation of the Group amounted to approximately RMB263 million, representing an increase of approximately 36.73% over the corresponding period of 2013, mainly due to the reduction of coal price, resulting in decrease in relevant deducted levies.

## (5) Other Revenue and Net Income

During the Period, other revenue and net income of the Group amounted to approximately RMB256 million, representing an increase of approximately 69.97% over the corresponding period of 2013, mainly due to the increase in government grants.

## (6) Finance Costs

During the Period, finance costs of the Group amounted to approximately RMB3,167 million, representing an increase of approximately 3.93% from the corresponding period in 2013. This was mainly due to the commencement of operations of new generating units as well as the increase in the average cost of capital in the capital market.

## (7) Share of Profit of Associates and a Joint Venture

During the Period, profit of associates and a joint venture attributable to the Group amounted to approximately RMB344 million, representing an increase of approximately 39.58% over the corresponding period of 2013, mainly due to increased profit from power generation enterprises invested by the Group.

## (8) Income Tax

Income tax of the Group during the Period amounted to approximately RMB922 million, representing an increase of approximately 42.06% over the corresponding period of 2013, mainly due to the impact of increase in the Group's profit.

### (9) Pledge and Mortgage of Assets

The Company and its subsidiaries, including Qingdao Company, Tengzhou Company, Guang'an Company, Lingwu Company, Suzhou Company, Luding Hydropower Company, Wuhu Company, Shijiazhuang Thermal Power Company, Hangzhou Banshan Company, Za-gunao Hydroelectric Company, Laizhou Company, Zhongning Company, Shuiluohe Company, Ningxia New Energy Company, Changyi Wind Power Company, Zibo Wind Power Company and Zhangjiakou Wind Power Company, have together pledged their income streams in respect of the sale of electricity or trade receivables for sale of electricity as security for loans amounting to approximately RMB17,782 million. In addition, the 75% equity interest held by the Company in Pingshi Power Company was pledged as security for repayment of the long term payables due within one year which was guaranteed by the Company.

The generating units, relevant equipments and land use rights of Pingshi Power Company were mortgaged to secure loans amounting to RMB1,570 million. In addition, the plants and equipment of Shuiluohe Company were mortgaged as security for loans amounting to RMB2,100 million. The mining rights of Shanxi Maohua Energy Investment Company were mortgaged as security for long-term borrowings amounting to RMB490 million.

### (10) Indebtedness

As at 30 June 2014, total borrowings of the Group amounted to approximately RMB85,647 million, of which borrowings denominated in US dollar and the Euro amounted to approximately US$188 million and EUR22 million, respectively. The liability to asset ratio was approximately 80.97%. In addition, the closing balance of super short-term debentures payable, short-term debentures payable, medium-term notes payable (including those due within one year) and debentures issued through non-public offerings to target subscribers of the Group amounted to approximately RMB10,679 million, RMB5,598 million, RMB6,441 million and RMB7,981 million, respectively.

### (11) Contingent Liabilities

As at 30 June 2014, Guang'an Company, a subsidiary of the Group, had provided guarantees to banks for loans amounting to RMB87,057,000 to Longtan Company; Zhongning Company, a subsidiary of the Group, had provided guarantees to banks for loans amounting to RMB18,779,070 to "China Aluminum Ningxia Energy Group Company Limited (formerly known as Ningxia Power Generation Company (Group) Limited)". The Group disposed of all of the equity interests in Ningxia Power Generation Company (Group) Limited in 2012, and both parties agreed to cancel such guarantees. As at 30 June 2014, the cancelation of such guarantees was still in progress.

### (12) Cash and Cash Equivalents

As at 30 June 2014, the Group had cash and cash equivalents of approximately RMB5,530 million.

Save as the information disclosed herein, information with respect to the Group's other matters as set out in paragraph 32 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (The Stock Exchange of Hong Kong Limited is referred as the "Hong Kong Stock Exchange") has not changed materially from that included in the Company's 2013 annual report.

## Business Outlook

China's economy has transformed from the stage of rapid growth to the new stage of high and medium growth. As a significant basic energy industry, the electricity industry still has a relatively large development space. Along with the cyclical changes in the coal and electricity markets, the electricity industry has stepped into a new business cycle.

In the second half of this year, the power generation business will face more intense competition in the market in the environment of overall profitability of power generation enterprises and the low-operational prices of coal. The Group will strengthen its marketing efforts and explore markets such as direct purchase by large consumers, and to increase the efficiency of power generation of clean energy. As for fuel management, the Group will enhance the analysis, research and judgment on the coal market to provide powerful support for its scientific decisions. Therefore, it will control the procurement price with reasonable inventories and increase its bargaining capability with large-scale procurement. As for environmental protection management, the environmental protection standards are becoming more and more stringent, with the enactment of new laws, regulations and policies such as the Environmental Protection Act, Air Pollution Prevention and Control Action Plan, and Environmental Protection Tariff Regulation. In order to adapt to the trend of rigid constraints of environmental protection and low-carbon clean energy, the Group will increase investments in the transformation of environmental protection equipment, establish a wholesome environmental protection regulation system and strictly regulate the rewards and punishment incentive mechanisms to effectively prevent environmental risks.

Confronted with the new reforms, opportunities and challenges, the Group will adhere to the development principle of enhancement of its major business as well as a reasonable development speed to optimize the structures of the industry, region and electricity sources. Through advancing the plats complementation and advantage complementation, the Group will maximize the realization of comprehensive benefits. In the meantime, the Group will expand financing channels to enhance the capital operation through firmly grasping opportunities brought by the continuous improvement of the operations.

## Significant Events and Subsequent Events

### (1) Convening the Extraordinary General Meeting

The Company held the first extraordinary general meeting of 2014 on 13 January 2014. The general meeting considered and approved the resolution in relation to the appointments of Mr. Li Qingkui and Mr. Gou Wei as directors of the sixth session of the Board.

For details, please see the announcement in relation to the voting results of the extraordinary general meeting of the Company dated 13 January 2014.

### (2) Change of the Director

As Mr. Wang Jixin has resigned as a director of the Board due to work reasons, pursuant to the relevant laws and regulations, Mr. Ding Huiping has been appointed as a director of the Company with effect from the conclusion of the annual general meeting on 30 May 2014 to the expiry of the seventh session of the Board.

For details, please see the announcement of the Company dated 30 May 2014.

### (3) Amendments to the Articles of Association of the Company

On 30 May 2014, the Company convened the annual general meeting, at which it considered and approved the amendments to Article 180 and Article 184 of the original Articles of Association, and made relevant revisions and improvements to the contents regarding profit distribution.

For details, please see the announcement of the Company dated 13 January 2014 and 30 May 2014.

### (4) Completion of Subscription of 1,150,000,000 New A Shares with China Huadian Corporation ("China Huadian") (the "A Shares Subscription")

On 18 July 2014, the Company completed a non-public issuance of new A shares of the Company (the "A Shares"), and China Huadian subscribed for 1,150,000,000 new A Shares in cash. In accordance with the Subscription Agreement Regarding Non-public Issuance of A Shares of Huadian Power International Corporation Limited between China Huadian Corporation and Huadian Power International Corporation Limited and the relevant requirements of the Rules Governing the Trading of Stocks on the Shanghai Stock Exchange, if any ex-right or ex-dividend event occurs during the period from the price determination date to the date of issuance, the subscription price per share will be adjusted accordingly. As the 2013 annual general meeting of the Company approved the profit distribution plan of RMB0.225 per share, the ultimate subscription price of the A Shares Subscription was adjusted from the original RMB3.12 per share to RMB2.895 per share. The total proceeds raised amounted to approximately RMB3,329 million, with the net amount of approximately RMB3,311 million, which will be used to supplement the working capital of the Company. Upon completion of the A Shares Subscription, China Huadian and its associates, as the ultimate beneficial owner, held 4,406,923,853 shares in aggregate, representing approximately 51.72% of the enlarged total issued share capital of the Company.

The Board considers that the A Shares Subscription will improve the asset and liability structure of the Company to help the Company to enhance its financing capability and improve the operating conditions.

For details, please see the announcement of the Company dated 21 July 2014.

### (5) Completion of Non-public Issuance of 286,000,000 H Shares (the "Issuance of H Shares")

On 30 July 2014, the Company completed the issuance of an additional 286,000,000 H shares of the Company (the "H Shares"). Ten investors in total subscribed for the H Shares placed by the Company, with the placing price of HK$4.92 per share. The total proceeds raised amounted to approximately HK$1,408 million, with the net amount of approximately HK$1,384 million, all of which will be used to supplement the working capital of the Company.

Upon completion of the Issuance of H Shares, the total share capital of the Company was increased to 8,807,289,800 Shares. The aggregate shareholding of China Huadian and its associates, as the ultimate beneficial owner, decreased to 50.04%.

For details, please see the announcement of the Company dated 30 July 2014.

### (6) Amendments to the Terms of Reference of the Nomination Committee of the Board

On 29 August 2014, the Company held the third meeting of the seventh session of the Board, at which it considered and approved the amendments to the original Terms of Reference of the Nomination Committee of the Board to reflect the policy concerning diversity of the Board members pursuant to the amended Hong Kong Listing Rules.

For details, please refer to the announcement in relation to resolutions of the Board meeting dated 29 August 2014.

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, each of the following persons, not being a director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 30 June 2014 in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 30 June 2014, or was a substantial shareholder (as defined in the Listing Rules) of the Company as at 30 June 2014:

| | | | **Equity Interest as at 30 June 2014** | | |
|---|---|---|---|---|---|
| **Name of shareholder** | **Class of shares** | **Number of shares held** | **Approximate percentage of the total number of shares of the Company in issue** | **Approximate percentage of the total number of A shares of the Company in issue** | **Approximate percentage of the total number of H shares of the Company in issue** |
| China Huadian | A Shares | 3,171,061,853 | 43.02% | 53.38% | – |
| | H Shares | 85,862,000 (L) *(Note)* | 1.16% | – | 6.00% |
| Shandong International Trust Corporation | A Shares | 800,766,729 | 10.86% | 13.48% | – |
| JPMorgan Chase & Co. | H Shares | 143,687,000(L) | 1.95% | – | 10.04% |
| | | 60,394,000(P) | 0.82% | | 4.22% |
| Morgan Stanley | H Shares | 78,435,033(L) | 1.06% | – | 5.48% |
| | | 11,921,803(S) | 0.16% | | 0.83% |

(L): Long position
(S): Shore position
(P): Lending pool

*Note:* So far as the directors of the Company are aware or are given to understand, these 85,862,000 H Shares were held in the name of HKSCC Nominees Limited and were directly held through a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited.

Save as disclosed above and so far as the directors are aware, as at 30 June 2014, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Listing Rules) of the Company.

As described in the paragraph headed "Significant Events and Subsequent Events", the A Share Subscription and new issue of H Shares were completed by the Company on 18 July 2014 and 30 July 2014, respectively. As at the date hereof, the shareholding structure of the Company was as follows:

| | | | **Equity Interest as at the date of this announcement** | | |
|---|---|---|---|---|---|
| **Name of Shareholder** | **Class of Shares** | **Number of Shares Held** | **Approximate Percentage of Shareholding in the Company's Total Issued Share Capital** | **Approximate Percentage of Shareholding in the Company's Total Issued A Shares** | **Approximate Percentage of Shareholding in the Company's Total Issued H Shares** |
| China Huadian | A Shares | 4,321,061,853 | 49.06% | 60.95% | — |
| | H Shares | 85,862,000 *(Note)* | 0.97% | — | 5.00% |
| Public | A Shares | 2,768,994,347 | 31.44% | 39.05% | — |
| | H Shares | 1,631,371,600 | 18.52% | — | 95.00% |

*Note:* To the knowledge of directors of the Company or as far as they were informed, these 85,862,000 H Shares were held in the name of HKSCC Nominees Limited and were directly held through a wholly-owned subsidiary of the China Huadian, namely, China Huadian Hong Kong Company Limited.

## SECURITIES INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND SENIOR MANAGEMENT

As at 30 June 2014, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

| **Name** | **Position in the Company** | **Number of A Shares of the Company held as personal interest** | **Capacity** |
|---|---|---|---|
| Gou Wei | Non-executive Director | 10,000 *(Note)* | Beneficial owner |

*Note:* Accounted for approximately 0.0001% of the total issued A Shares of the Company on 30 June 2014.

Save as disclosed above, as at 30 June 2014, none of the directors, supervisors, chief executives or members of the senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debenture certificates (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was (i) required 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 interest and short position which any such director, supervisor, chief executive or members of senior management of the Company was taken or deemed to have under such provisions of the SFO) or was (ii) required to be entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise (iii) 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 (the "Model Code") as set out in Appendix 10 to the Listing Rules (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the directors of the Company).

During the Period, the Company has adopted a code of conduct regarding transactions of the directors of the Company in the Company's securities on terms identical to those of the Model Code. Having made specific enquiries of all directors of the Company, the Company understands that all directors of the Company have complied with the required standard set out in the Model Code.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued securities ("securities" having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Listing Rules).

## DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 30 June 2014, the Group's deposits placed with financial institutions or other parties did not include any designated or trust deposits, or any material time deposits which could not be collected by the Group upon maturity.

## MATERIAL LITIGATION

As at 30 June 2014, some members of the Group were parties to certain litigations arising from the Group's ordinary course of business or acquisition of assets. The final outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the management of the Group believes that any possible legal liability which may incur from the aforesaid cases will not have material adverse effect on the financial position and operating results of the Group.

## AUDIT COMMITTEE

The unaudited condensed consolidated financial statements for the Period prepared under the International Accounting Standard 34 "Interim Financial Reporting" have been reviewed by the Company's Audit Committee.

## CORPORATE GOVERNANCE

The Company has always attached great importance to the corporate governance and has continuously implemented management innovation. In strict compliance with the Company Law of the PRC, the Securities Law of the PRC, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange, the Listing Rules and relevant provisions promulgated by domestic and overseas securities regulatory institutions, the Company has improved the structure of corporate governance, enhanced the level of the Company's governance and endeavored to achieve growth and harmonious development of the interests of the Company's shareholders.

The codes on corporate governance practices adopted by the Company include, but not limited to, its Articles of Association, Code on Shareholders' Meetings, Code on Board Practices, Code on Supervisory Committee, the Terms of Reference for the Audit Committee under the Board, the Terms of Reference for the Remuneration and Appraisal Committee under the Board, and the Terms of Reference for the Nomination Committee under the Board, etc.

The Company has established and improved the standardized operating systems of the general meetings, Board, supervisory committees of the Company and its subsidiaries. The independent directors, the Audit Committee and the Supervisory Committee have actively supervised the preparation of regular reports, whereas non-executive directors and supervisors have performed their duties by carrying out annual reviews and the Supervisory Committee has further improved its supervisory duties. The Company has upheld transparency and compliance with information disclosures, and trainings regarding corporate governance and regulatory compliance were provided to the directors, supervisors and secretaries to the board of subsidiaries of the Company. In accordance with the relevant requirements of internal control of the Company, regular assessments were made on the internal control of the Company.

The Board is committed to the principles of corporate governance consistent with prudent management and enhancement of shareholders' value. Transparency, accountability and independence are enshrined under these principles. The Board has reviewed the relevant requirements prescribed under the codes on corporate governance practices adopted by the Company and its actual operations, and has taken the view that the corporate governance practices adopted by the Company during the Period have met the requirements under the code provisions in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules, and approved the Amendments to the original Terms of Reference of the Nomination Committee under the Board. Pursuant to the revised Hong Kong Listing Rules, the Company adopted the Board Member Diversity Policy. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code, the major particulars of which are as follows:

— The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited for Directors and Supervisors and the Code on Trading in Securities of Huadian Power International Corporation Limited* for Employees, which are on terms no less lenient than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), as set out in Appendix 10 to the Hong Kong Listing Rules.

— In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and has stipulated the Working Procedures for the Strategic Committee.

— The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

By order of the Board
**Huadian Power International Corporation Limited***
**Li Qingkui**
*Chairman*

*As at the date of this announcement, the Board comprises:*

*Li Qingkui (Chairman, Non-executive Director), Chen Jianhua (Vice Chairman, Executive Director), Chen Dianlu (Vice Chairman, Non-executive Director), Geng Yuanzhu (Executive Director), Wang Yingli (Non-executive Director), Chen Bin (Non-executive Director), Gou Wei (Non-executive Director), Chu Yu (Non-executive Director), Wang Yuesheng (Independent Non-executive Director), Ning Jiming (Independent Non-executive Director), Yang Jinguan (Independent Non-executive Director) and Ding Huiping (Independent Non-executive Director).*

Beijing, the PRC
29 August 2014

* *For identification purposes only*

## I. SUMMARY OF FINANCIAL INFORMATION IN THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER IFRSs

The consolidated financial information set out below is extracted from the report on review of unaudited condensed consolidated financial statements prepared under IFRSs of the Group as set out in its 2014 interim report.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*FOR THE SIX MONTHS ENDED 30 JUNE 2014*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2014** | 2013 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| | | **(unaudited)** | (unaudited) |
| **Turnover** | 3 | **33,516,736** | 31,419,777 |
| **Operating expenses** | | | |
| Fuel costs | | **(17,092,593)** | (17,161,514) |
| Cost of coal sold | | **(385,338)** | (557,143) |
| Depreciation and amortisation | | **(3,944,262)** | (3,657,323) |
| Repairs, maintenance and inspection | | **(1,492,286)** | (1,195,352) |
| Personnel costs | | **(1,927,185)** | (1,586,382) |
| Administrative expenses | | **(904,292)** | (933,664) |
| Tax and levies on operation | | **(262,779)** | (192,194) |
| Other operating expenses | | **(534,660)** | (522,400) |
| | | **(26,543,395)** | (25,805,972) |
| **Operating profit** | | **6,973,341** | 5,613,805 |
| Investment income | 4 | **2,050** | 1,897 |
| Other revenue and net income | | **255,608** | 150,388 |
| Interest income from bank deposits | | **33,801** | 26,800 |
| Finance costs | 5 | **(3,167,110)** | (3,047,203) |
| Share of profits less losses of associates and a joint venture | | **344,307** | 246,666 |
| **Profit before taxation** | | **4,441,997** | 2,992,353 |
| Income tax | 6 | **(922,135)** | (649,096) |
| **Profit for the period** | 7 | **3,519,862** | 2,343,257 |
| **Other comprehensive income/(expense) for the period (net of tax):** | | | |
| *Items that may be subsequently reclassified to profit or loss:* | | | |
| Net fair value gain/(loss) on available-for-sale investments | 8 | **574** | (5,147) |
| **Total comprehensive income for the period** | | **3,520,436** | 2,338,110 |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**
*FOR THE SIX MONTHS ENDED 30 JUNE 2014*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2014** | 2013 |
| | *Notes* | ***RMB'000*** | *RMB'000* |
| | | **(unaudited)** | (unaudited) |
| **Profit for the period attributable to:** | | | |
| Equity shareholders of the Company | | **2,764,566** | 1,760,023 |
| Non-controlling interests | | **755,296** | 583,234 |
| | | **3,519,862** | 2,343,257 |
| **Total comprehensive income for the period attributable to:** | | | |
| Equity shareholders of the Company | | **2,765,129** | 1,754,876 |
| Non-controlling interests | | **755,307** | 583,234 |
| | | **3,520,436** | 2,338,110 |
| **Basic earnings per share** | 9 | **RMB0.375** | RMB0.239 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 30 JUNE 2014*

| | Notes | **At 30 June 2014** *RMB'000* **(unaudited)** | At 31 December 2013 *RMB'000* (audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **122,346,989** | 119,045,738 |
| Construction in progress | | **18,917,377** | 16,811,390 |
| Lease prepayments | | **1,995,026** | 2,027,296 |
| Intangible assets | | **5,334,116** | 4,644,694 |
| Goodwill | | **1,036,182** | 1,033,120 |
| Interests in associates and a joint venture | | **10,390,112** | 10,329,396 |
| Other investments | | **363,805** | 363,489 |
| Other non-current assets | | **1,919,366** | 1,800,405 |
| Deferred tax assets | | **255,101** | 259,669 |
| | | **162,558,074** | 156,315,197 |
| **Current assets** | | | |
| Inventories | | **3,090,504** | 3,156,314 |
| Trade debtors and bills receivable | 10 | **8,076,953** | 8,402,725 |
| Deposits, other receivables and prepayments | | **2,238,114** | 2,315,572 |
| Tax recoverable | | **127,623** | 84,120 |
| Restricted deposits | | **165,800** | 33,283 |
| Lease prepayments | | **68,844** | 69,369 |
| Cash and cash equivalents | | **5,530,062** | 2,920,016 |
| | | **19,297,900** | 16,981,399 |
| **Current liabilities** | | | |
| Bank loans | | **19,903,047** | 20,602,798 |
| Loans from shareholders | | **990,000** | 1,473,136 |
| State loans | | **10,606** | 10,631 |
| Other loans | | **4,051,705** | 2,266,205 |
| Short-term debentures payable | | **16,277,378** | 17,250,400 |
| Long-term debentures payables-current portion | | **4,989,479** | 1,498,965 |
| Amount due to the parent company | | **5,617** | 14,326 |
| Obligations under finance leases | 11 | **564,878** | 362,372 |
| Trade creditors and bills payable | 12 | **14,462,331** | 12,100,180 |
| Other payables | | **6,157,326** | 6,127,974 |
| Dividend payable | 13 | **290,110** | — |
| Tax payable | | **398,712** | 412,100 |
| | | **68,101,189** | 62,119,087 |
| **Net current liabilities** | | **(48,803,289)** | (45,137,688) |
| **Total assets less current liabilities** | | **113,754,785** | 111,177,509 |

| | Notes | At 30 June 2014 RMB'000 (unaudited) | At 31 December 2013 RMB'000 (audited) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank loans | | **54,267,221** | 50,773,395 |
| Loans from shareholders | | **100,000** | 1,020,407 |
| State loans | | **102,689** | 107,315 |
| Other loans | | **6,221,723** | 6,209,423 |
| Long-term debentures payable | | **9,433,269** | 11,866,318 |
| Obligations under finance leases | 11 | **2,584,077** | 1,128,410 |
| Long-term payables | | **497,143** | 765,181 |
| Provisions | | **83,256** | 80,050 |
| Deferred government grants | | **915,858** | 896,797 |
| Deferred income | | **1,981,307** | 1,990,752 |
| Deferred tax liabilities | | **2,953,279** | 2,859,754 |
| | | **79,139,822** | 77,697,802 |
| **Net assets** | | **34,614,963** | 33,479,707 |
| **Capital and reserves** | | | |
| Share capital | | **7,371,084** | 7,371,084 |
| Reserves | | **16,698,785** | 15,639,437 |
| **Total equity attributable to equity shareholders of the Company** | | **24,069,869** | 23,010,521 |
| **Non-controlling interests** | | **10,545,094** | 10,469,186 |
| **Total equity** | | **34,614,963** | 33,479,707 |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting* as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Excepted as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to International Financial Reporting Standards ("IFRSs").

- IFRS 10 (Amendments), IFRS 12 (Amendments), and IAS 27 (Amendments) - Investment Entities
- IAS 32 (Amendments) - Offsetting Financial Assets and Financial Liabilities
- IAS 39 (Amendments) - Novation of Derivatives and Continuation of Hedge Accounting
- IFRS Interpretations Committee ("IFRIC") 21 - Levies

The application of the above new Interpretation and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### 2. SEGMENT INFORMATION

The chief operating decision makers review the Group's revenue and profit as a whole, which is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in these condensed consolidated financial statements.

### 3. TURNOVER

Turnover represents the sale of electricity, heat and coal. Major components of the Group's turnover are as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Sale of electricity | **31,225,230** | 28,953,254 |
| Sale of heat | **1,745,924** | 1,722,278 |
| Sale of coal | **545,582** | 744,245 |
| | **33,516,736** | 31,419,777 |

## 4. INVESTMENT INCOME

| | Six months ended 30 June 2014 *RMB'000* | 2013 *RMB'000* |
|---|---|---|
| Dividend income from available-for-sale financial assets | **2,050** | 1,897 |

## 5. FINANCE COSTS

| | Six months ended 30 June 2014 *RMB'000* | 2013 *RMB'000* |
|---|---|---|
| Interest on loans and other financial liabilities | **3,457,170** | 3,383,913 |
| Less: interest capitalised | **(323,108)** | (311,043) |
| | **3,134,062** | 3,072,870 |
| Net foreign exchange loss/(gain) | **17,134** | (32,794) |
| Other finance costs | **15,914** | 7,127 |
| | **3,167,110** | 3,047,203 |

The borrowing costs have been capitalised at an average rate of 6.19% per annum (six months ended 30 June 2013: 6.24% per annum) for construction in progress.

## 6. INCOME TAX

| | Six months ended 30 June 2014 *RMB'000* | 2013 *RMB'000* |
|---|---|---|
| **Current tax** | | |
| Charge for the PRC enterprise income tax for the period | **816,946** | 626,440 |
| Under/(over) provision in respect of previous years | **11,805** | (477) |
| | **828,751** | 625,963 |
| **Deferred taxation** | | |
| Origination and reversal of temporary differences and tax losses | **93,384** | 23,133 |
| | **922,135** | 649,096 |

The charge for PRC enterprise income tax is calculated at the statutory rate of 25% (six months ended 30 June 2013: 25%) on the estimated assessable profits of the Group for the six months ended 30 June 2014 determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Company which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (six months ended 30 June 2013: 7.5%, 12.5% or 15%).

## 7. PROFIT FOR THE PERIOD

Profit for the period is arrived at after charging/(crediting):

| | Six months ended 30 June | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Cost of inventories | **18,822,893** | 18,888,206 |
| Amortisation | | |
| — lease prepayments | **34,764** | 32,593 |
| — Intangible assets | **70,835** | 65,726 |
| Depreciation | **3,838,663** | 3,559,004 |
| Operating lease charges in respect of land and buildings | **58,075** | 54,174 |
| Government grants included in other revenue and net income | **(68,679)** | (49,032) |
| Research and development costs recognised as expense | **2,518** | 1,581 |
| Net (gain)/loss on disposal of property, plant and equipment | **(4,159)** | 1,586 |
| Net income from sale of materials | **(180,947)** | (130,092) |

## 8. OTHER COMPREHENSIVE INCOME/(EXPENSE)

| | Six months ended 30 June | |
|---|---|---|
| | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* |
| Available-for-sale equity securities | | |
| Changes in fair value recognised during the period | **653** | (6,862) |
| Net deferred tax (charged)/credited to other comprehensive income | **(79)** | 1,715 |
| Other comprehensive income/(expense), net of income tax | **574** | (5,147) |

## 9. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2014 of RMB2,764,566,000 (six months ended 30 June 2013: RMB1,760,023,000) and 7,371,084,200 shares (30 June 2013: 7,371,084,200 shares).

### (b) Diluted earnings per share

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the six months ended 30 June 2014 and 2013.

## 10. TRADE DEBTORS AND BILLS RECEIVABLE

| | **At 30 June 2014** *RMB'000* | At 31 December 2013 *RMB'000* |
|---|---|---|
| Trade debtors and bills receivable for sale of electricity | **7,171,855** | 7,302,703 |
| Trade debtors and bills receivable for sale of heat | **485,316** | 463,741 |
| Trade debtors and bills receivable for sale of coal | **453,940** | 670,439 |
| | **8,111,111** | 8,436,883 |
| Less: allowance for doubtful debts | **(34,158)** | (34,158) |
| | **8,076,953** | 8,402,725 |

Receivables from sale of electricity and heat are due within 30 days and 90 days from the date of billing, respectively. Receivables from sale of coal are due within 60 days from the date of billing.

The ageing analysis of trade debtors and bills receivable (net of allowance for doubtful debts), presented based on the invoice date, which approximated the revenue recognition date, is as follows:

| | **At 30 June 2014** *RMB'000* | At 31 December 2013 *RMB'000* |
|---|---|---|
| Within 1 year | **7,602,486** | 8,016,756 |
| 1 to 2 years | **235,266** | 274,014 |
| 2 to 3 years | **137,115** | 111,572 |
| Over 3 years | **102,086** | 383 |
| | **8,076,953** | 8,402,725 |

## 11. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases payable as follows:

| | **At 30 June 2014** | | At 31 December 2013 | |
|---|---|---|---|---|
| | **Present value of the minimum lease payments** *RMB'000* | **Total minimum lease payments** *RMB'000* | Present value of the minimum lease payments *RMB'000* | Total minimum lease payments *RMB'000* |
| Within 1 year | **564,878** | **735,831** | 362,372 | 376,437 |
| After 1 year but within 2 years | **523,674** | **679,550** | 277,246 | 305,459 |
| After 2 years but within 5 years | **1,901,086** | **2,161,292** | 646,771 | 821,805 |
| After 5 years | **159,317** | **169,145** | 204,393 | 335,573 |
| | **2,584,077** | **3,009,987** | 1,128,410 | 1,462,837 |
| | **3,148,955** | **3,745,818** | 1,490,782 | 1,839,274 |
| Less: total future interest expenses | | **(596,863)** | | (348,492) |
| Present value of finance lease obligations | | **3,148,955** | | 1,490,782 |

During the current interim period, the Group entered into eight new agreements with independent leasing companies to sell certain of the Group's facilities to those leasing companies and leaseback the facilities for a 5-year period. The Group has an option to purchase these facilities at a nominal price of RMB1 at the end of the lease period. As at 30 June 2014, the carrying amounts of the facilities held under finance lease included in property, plant and equipment and intangible assets amounted to RMB3,821,674,000 and RMB273,616,000 (31 December 2013: RMB1,711,670,000 and RMB282,077,000), respectively.

## 12. TRADE CREDITORS AND BILLS PAYABLE

As at 30 June 2014, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

| | **At 30 June 2014** *RMB'000* | At 31 December 2013 *RMB'000* |
|---|---|---|
| Within 1 year | **11,684,774** | 9,219,493 |
| 1 to 2 years | **1,318,567** | 1,585,383 |
| Over 2 years | **1,458,990** | 1,295,304 |
| | **14,462,331** | 12,100,180 |

## 13. DIVIDENDS

(a) During the current interim period, a final dividend of RMB0.225 per share in respect of the year ended 31 December 2013 (six months ended 30 June 2013: RMB0.065 per share in respect of the year ended 31 December 2012) was declared to the equity shareholders of the Company. The aggregate amount of the final dividend declared amounted to RMB1,658,494,000 (six months ended 30 June 2013: RMB479,120,000).

(b) The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: nil).

## 14. ACQUISITION OF A SUBSIDIARY

**Acquisition of Zhangjiakou Wind Power Company**

On 1 April 2014, the Group acquired 100% interests in Zhangjiakou Wind Power Company. Zhangjiakou Wind Power Company is principally engaged in the generation and sale of electricity and was acquired with the objective of improving the Group's power of generation and sale of electricity in Hebei Province.

***Consideration transferred***

The fair value of the total consideration transferred was RMB225,000,000, which was fully paid in cash by the Group.

***Acquisition-related costs***

Acquisition-related costs amounting to RMB304,000 have been excluded from the cost of acquisition and have been recognised directly as an expense in the period and included in the 'administrative expenses' line item in the condensed consolidated statement of profit or loss and other comprehensive income.

***Assets and liabilities recognised at the date of acquisition:***

| | *RMB'000* |
|---|---|
| Property, plant and equipment | 11,729 |
| Construction in process | 12,693 |
| Intangible assets | 754,178 |
| Trade debtors and bills receivable | 12,001 |
| Deposits, other receivables and prepayments | 296 |
| Cash and cash equivalents | 6,298 |
| Trade creditors and bills payable | (2,320) |
| Other payables | (33,307) |
| Bank loans | (535,000) |
| Deferred tax liabilities | (4,630) |
| | 221,938 |

## 14. ACQUISITION OF A SUBSIDIARY (CONTINUED)

### Acquisition of Zhangjiakou Wind Power Company (Continued)

***Goodwill arising on acquisition***

| | *RMB'000* |
|---|---|
| Consideration transferred | 225,000 |
| Less: recognised amount of identifiable net assets acquired (100%) | (221,938) |
| Goodwill on acquisition | 3,062 |

Goodwill arising in the acquisition of Zhangjiakou Wind Power Company represented the anticipated future operating synergies in the wind power operation from the combination.

The trade and bills receivables acquired with a fair value of RMB12,001,000 at the date of the acquisition had gross contractual amounts of RMB12,001,000.

***Net cash outflow arising on acquisition***

| | *RMB'000* |
|---|---|
| Consideration paid in cash | 225,000 |
| Less: cash and cash equivalent balances acquired | (6,298) |
| | 218,702 |

***Impact of acquisition on the results of the Group***

Included in the profit for the current interim period is RMB1,070,000 loss attributable to Zhangjiakou Wind Power Company. Turnover for the current interim period includes RMB16,825,000 attributable to Zhangjiakou Wind Power Company. Had the acquisition of Zhangjiakou Wind Power Company been effected at the beginning of the current interim period, the total amount of turnover of the Group for the six months ended 30 June 2014 would have been RMB33,531,453,000 and the amount of the profit for the period would have been RMB3,519,833,000.

The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the current interim period, nor is it intended to be a projection of future results.

In determining the 'pro-forma' turnover and profit of the Group had Zhangjiakou Wind Power Company been acquired at the beginning of the current interim period, the directors calculated depreciation and amortisation of property, plant and equipment and intangible assets based on the recognised amounts at the date of the acquisition.

## 15. CONTINGENT LIABILITIES

As at 30 June 2014, certain entity of the Group was one of the parties to certain lawsuits for events incurred before the acquisition date. As at the date of this announcement, above lawsuits were in progress whose final outcomes cannot be determined at present, the directors of the Group considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

## II. SUMMARY OF FINANCIAL INFORMATION IN UNAUDITED INTERIM FINANCIAL REPORT PREPARED UNDER THE CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("CAS")

The consolidated financial information set out below is extracted from the unaudited consolidated financial statement prepared under CAS of the Group as set out in its 2014 interim report.

### CONSOLIDATED BALANCE SHEET AND BALANCE SHEET (UNAUDITED)

*AT 30 JUNE 2014*
*(Expressed in Renminbi'000)*

| | The Group | | The Company | |
|---|---|---|---|---|
| **Item** | **30 June 2014** | 31 December 2013 | **30 June 2014** | 31 December 2013 |
| **Current assets** | | | | |
| Cash at bank and on hand | **5,695,862** | 2,953,299 | **776,206** | 371,814 |
| Bills receivable | **1,294,838** | 1,054,155 | **7,156** | 200 |
| Trade receivables | **6,782,115** | 7,348,570 | **752,750** | 710,228 |
| Prepayments | **606,227** | 709,363 | **5,918** | 27,380 |
| Other receivables | **804,204** | 611,901 | **9,098,927** | 9,263,355 |
| Inventories | **3,090,504** | 3,156,314 | **434,022** | 370,431 |
| Dividends receivable | **225,719** | 186,842 | **935,733** | 168,572 |
| Other current assets | **729,587** | 891,586 | **93,969** | 82,328 |
| **Total current assets** | **19,229,056** | 16,912,030 | **12,104,681** | 10,994,308 |
| **Non-current assets** | | | | |
| Available-for-sale financial assets | **30,598** | 30,282 | **—** | — |
| Long-term receivables | **107,670** | 105,530 | **278,051** | 266,516 |
| Long-term equity investments | **10,706,335** | 10,645,619 | **42,152,000** | 40,058,200 |
| Fixed assets | **113,774,353** | 110,463,122 | **7,541,770** | 7,784,282 |
| Construction in progress | **15,005,377** | 14,703,640 | **2,105,745** | 1,607,249 |
| Construction materials | **241,803** | 781,502 | **65,699** | 3,583 |
| Construction and construction material prepayments | **3,717,995** | 1,374,046 | **1,269,252** | 778,549 |
| Intangible assets | **15,641,400** | 14,985,399 | **110,549** | 115,567 |
| Goodwill | **862,570** | 859,508 | **12,111** | 12,111 |
| Deferred tax assets | **255,318** | 262,292 | **—** | — |
| Other non-current assets | **1,811,696** | 1,694,875 | **56,360** | 26,673 |
| **Total non-current assets** | **162,155,115** | 155,905,815 | **53,591,537** | 50,652,730 |
| **Total assets** | **181,384,171** | 172,817,845 | **65,696,218** | 61,647,038 |

## CONSOLIDATED BALANCE SHEET AND BALANCE SHEET (UNAUDITED) (CONTINUED)

*AT 30 JUNE 2014*

*(Expressed in Renminbi'000)*

| | The Group | | The Company | |
|---|---|---|---|---|
| **Item** | **30 June 2014** | 31 December 2013 | **30 June 2014** | 31 December 2013 |
| **Current liabilities** | | | | |
| Short-term loans | **18,409,493** | 15,066,948 | **8,606,413** | 5,562,356 |
| Bills payable | **1,287,115** | 734,798 | **382,704** | — |
| Trade payables | **13,175,216** | 11,365,382 | **1,647,424** | 838,533 |
| Receipts in advances | **240,828** | 1,021,317 | **3,420** | 4,202 |
| Wages payable | **414,032** | 125,073 | **76,166** | 24,688 |
| Taxes payable | **905,888** | 742,130 | **89,460** | 43,089 |
| Interests payable | **453,079** | 657,604 | **239,898** | 433,790 |
| Dividends payable | **527,685** | 12,906 | **290,110** | — |
| Other payables | **4,034,304** | 3,727,320 | **1,149,929** | 1,283,564 |
| Short-term debentures payable | **16,277,378** | 17,250,400 | **16,277,378** | 17,250,400 |
| Non-current liabilities due within one year | **12,376,171** | 11,415,209 | **5,573,497** | 3,094,091 |
| **Total current liabilities** | **68,101,189** | 62,119,087 | **34,336,399** | 28,534,713 |
| **Non-current liabilities** | | | | |
| Long-term loans | **60,691,633** | 58,110,540 | **3,621,109** | 3,530,217 |
| Debentures payable | **9,433,269** | 11,866,318 | **9,433,269** | 11,866,318 |
| Provisions | **83,256** | 80,050 | **—** | — |
| Long-term payables | **3,081,220** | 1,893,591 | **—** | — |
| Special payables | **13,595** | 12,266 | **5,656** | 5,656 |
| Deferred tax liabilities | **2,871,624** | 2,777,119 | **46,121** | 46,121 |
| Other non-current liabilities | **2,441,734** | 2,418,731 | **28,403** | 23,327 |
| **Total non-current liabilities** | **78,616,331** | 77,158,615 | **13,134,558** | 15,471,639 |
| **Total liabilities** | **146,717,520** | 139,277,702 | **47,470,957** | 44,006,352 |
| **Shareholders' equity** | | | | |
| Share capital | **7,371,084** | 7,371,084 | **7,371,084** | 7,371,084 |
| Capital reserve | **5,716,304** | 5,763,028 | **5,477,561** | 5,487,618 |
| Specific reserve | **138,563** | 60,611 | **76,193** | 23,344 |
| Surplus reserve | **1,624,040** | 1,624,040 | **1,624,040** | 1,624,040 |
| Retained earnings | **9,161,255** | 8,141,640 | **3,676,383** | 3,134,600 |
| **Total equity attributable to equity shareholders of the Company** | **24,011,246** | 22,960,403 | **18,225,261** | 17,640,686 |
| **Minority interests** | **10,655,405** | 10,579,740 | **—** | — |
| **Total shareholders' equity** | **34,666,651** | 33,540,143 | **18,225,261** | 17,640,686 |
| **Total liabilities and shareholders' equity** | **181,384,171** | 172,817,845 | **65,696,218** | 61,647,038 |

**CONSOLIDATED INCOME STATEMENT AND INCOME STATEMENT (UNAUDITED)**
*FOR THE SIX MONTHS ENDED 30 JUNE 2014*
*(Expressed in Renminbi'000)*

| | The Group | | The Company | |
|---|---|---|---|---|
| | For six months ended 30 June | | For six months ended 30 June | |
| **Item** | **2014** | 2013 | **2014** | 2013 |
| **Operating income** | **33,784,430** | 31,599,702 | **4,847,411** | 4,200,628 |
| Less: Operating costs | **25,455,111** | 24,726,608 | **3,807,298** | 3,567,601 |
| Sales taxes and surcharges | **283,705** | 212,595 | **53,970** | 44,263 |
| Administrative expenses | **905,053** | 938,092 | **210,028** | 214,703 |
| Finance expenses | **3,133,309** | 3,020,403 | **853,330** | 754,368 |
| Reversals of assets impairment | **(62)** | — | **—** | — |
| Add: Investment income | **286,408** | 202,002 | **2,275,374** | 514,899 |
| Including: income from investment in associates and a joint venture | **284,358** | 200,105 | **60,234** | 73,076 |
| **Operating profit** | **4,293,722** | 2,904,006 | **2,198,159** | 134,592 |
| Add: Non-operating income | **131,877** | 96,283 | **4,136** | 4,635 |
| Less: Non-operating expenses | **71,932** | 68,304 | **2,018** | 66 |
| Including: losses on disposal of non-current assets | **67** | 4,803 | **13** | 12 |
| **Total profit** | **4,353,667** | 2,931,985 | **2,200,277** | 139,161 |
| Less: Income tax expenses | **925,521** | 655,059 | **—** | — |
| **Net profit** | **3,428,146** | 2,276,926 | **2,200,277** | 139,161 |
| **Attributable to:** | | | | |
| Equity shareholders of the Company | **2,678,109** | 1,694,576 | **2,200,277** | 139,161 |
| Minority interests | **750,037** | 582,350 | **—** | — |
| **Earnings per share** *(RMB)*: | | | | |
| Basic earnings per share | **0.363** | 0.230 | **N/A** | N/A |
| Diluted earnings per share | **0.363** | 0.230 | **N/A** | N/A |

**CONSOLIDATED INCOME STATEMENT AND INCOME STATEMENT (UNAUDITED) (CONTINUED)**
*FOR THE SIX MONTHS ENDED 30 JUNE 2014*
*(Expressed in Renminbi'000)*

| | The Group | | The Company | |
|---|---|---|---|---|
| | For six months ended 30 June | | For six months ended 30 June | |
| Item | 2014 | 2013 | 2014 | 2013 |
| Add: Other comprehensive income/(expenses) | **574** | (5,147) | **307** | — |
| Including: Items that may be subsequently reclassified to profit or loss: | | | | |
| — Gains/(losses) on available-for-sale financial assets | **237** | (5,147) | **—** | — |
| — Share of other comprehensive income of investees accounted for under the equity method | **337** | — | **307** | — |
| **Total comprehensive income** | **3,428,720** | 2,271,779 | **2,200,584** | 139,161 |
| **Attributable to:** | | | | |
| Equity shareholders of the Company | **2,678,672** | 1,689,429 | **2,200,584** | 139,161 |
| Minority interests | **750,048** | 582,350 | **—** | — |

## III. RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSs

**Effects of major differences between the CAS and IFRSs on net profit and net assets are analysed as follows:**

| | | Net profit Six months ended 30 June | | Net assets | |
|---|---|---|---|---|---|
| | | 2014 | 2013 | 30 June 2014 | 31 December 2013 |
| | *Notes* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Amount under CAS | | **3,428,146** | 2,276,926 | **34,666,651** | 33,540,143 |
| Adjustments: | | | | | |
| Business combination involving entities under common control | (i) | **(14,654)** | (14,624) | **478,576** | 493,230 |
| Government grants | (ii) | **14,716** | 12,718 | **(441,835)** | (456,551) |
| Maintenance, production and other similar funds | (iii) | **88,268** | 62,274 | **(6,557)** | (11,857) |
| Taxation impact of the adjustments | | **3,386** | 5,963 | **(81,872)** | (85,258) |
| Amount under IFRSs | | **3,519,862** | 2,343,257 | **34,614,963** | 33,479,707 |

## III. RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSs (CONTINUED)

*Notes:*

(i) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. In preparing the consolidated financial statements, the respective financial statements of subsidiaries are adjusted based on the fair value of individual identifiable assets and liabilities at the date of acquisition. The excess of purchase consideration paid by the Company over its share of fair value of identifiable net assets of the acquired was recognised as goodwill.

In accordance with CAS, assets and liabilities acquired by the Group in business combination involving entities under common control are measured at their carrying value at the date of combination. The excess of carrying value of purchase consideration paid by the Company over its share of carrying value of identifiable net assets of the acquiree for business combination involving entities under common control reduces the share premium of capital reserve or retained profits.

In addition, according to CAS, in respect of business combination involving entities under common control, when preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods (no earlier than the later of both parties were under common control).

(ii) According to IFRSs, conditional government grants should be first recorded in long-term liabilities and amortised to profit or loss using the straight line method over the useful lives of the relevant assets after fulfilling the requirements from the government in respect of the construction projects.

According to CAS, government grants related to assets (required to be recorded in capital reserve pursuant to the relevant government notice) are not recognised as deferred income.

(iii) Pursuant to the relevant PRC regulations for coal mining companies, provision for production maintenance, production safety and other similar funds are accrued by the Group at fixed rates based on coal production volume. Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

According to IFRSs, coal mining companies are required to set aside an amount to a fund for production maintenance, production safety and other similar funds through transferring from retained earnings to specific reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of such expenses whereas specific reserve is offset against retained earnings to the extent of zero.