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## China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

### Announcement of Interim Results 2021

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the six months ended 30 June 2021. These financial statements prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and Ernst & Young, the Company’s auditor.

#### Financial Highlights

	Six months ended 30 June		
	2021	2020	Change
	RMB'000	RMB'000	%
Revenue	16,543,056	13,055,829	26.71
Profit for the period	2,223,041	1,915,706	16.04
Profit attributable to equity holders of the Company	1,372,152	1,172,986	16.98
	<b>RMB</b>	<b>RMB</b>	<b>%</b>
Basic earnings per share	0.13	0.12	8.33
	<b>MWh</b>	<b>MWh</b>	<b>%</b>
Total power generation	51,530,643	41,645,677	23.74
Total electricity sold	49,441,462	39,979,532	23.67

- As compared to the corresponding period last year, the increase in profit for the period was driven by the accelerated release of the production capacity of the Group’s renewable energy projects, and their continuous increase in electricity sales and profit contribution.
- The electricity sales of wind power and photovoltaic power generation recorded year-on-year increases of 40.91% and 54.06% respectively, and their profit for the period recorded year-on-year increases of 37.40% and 21.44% respectively.
- As at 30 June 2021, the Group’s clean energy accounted for 47.10% of its total consolidated installed capacity, an increase of 4.60 percentage points as compared with the corresponding period last year.

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

*For the six months ended 30 June 2021*

	<i>Notes</i>	<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2021</b>	2020
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>16,543,056</b>	13,055,829
Other income	4	<b>182,430</b>	101,301
Fuel costs		<b>(7,480,785)</b>	(4,730,481)
Depreciation		<b>(2,902,521)</b>	(2,558,427)
Staff costs		<b>(1,171,728)</b>	(1,169,430)
Repairs and maintenance		<b>(245,048)</b>	(318,828)
Consumables		<b>(151,947)</b>	(130,868)
Other gains and losses, net	5	<b>459,696</b>	319,652
Other operating expenses	6	<b>(816,314)</b>	(781,944)
		<hr/>	<hr/>
Operating profit	7	<b>4,416,839</b>	3,786,804
Finance income	8	<b>95,057</b>	116,520
Finance costs	8	<b>(1,966,549)</b>	(1,684,299)
Share of results of associates		<b>107,246</b>	147,951
Share of results of joint ventures		<b>(814)</b>	13,438
		<hr/>	<hr/>
Profit before taxation		<b>2,651,779</b>	2,380,414
Income tax expense	9	<b>(428,738)</b>	(464,708)
		<hr/>	<hr/>
Profit for the period		<b>2,223,041</b>	1,915,706
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the Company		<b>1,372,152</b>	1,172,986
Non-controlling interests		<b>850,889</b>	742,720
		<hr/>	<hr/>
		<b>2,223,041</b>	1,915,706
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in RMB per share)			
- Basic and diluted	10	<b>0.13</b>	0.12
		<hr/> <hr/>	<hr/> <hr/>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2021*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	<b>2,223,041</b>	1,915,706
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	<b>(43,681)</b>	(221,841)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<b>170</b>	-
Fair value gain/(loss) on debt instruments at FVTOCI, net of tax	<b>2,497</b>	(1,481)
Other comprehensive income for the period, net of tax	<b>(41,014)</b>	(223,322)
Total comprehensive income for the period	<b>2,182,027</b>	1,692,384
Attributable to:		
Equity holders of the Company	<b>1,330,816</b>	955,113
Non-controlling interests	<b>851,211</b>	737,271
Total comprehensive income for the period	<b>2,182,027</b>	1,692,384

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at	
	<i>Notes</i>	30 June 2021	31 December 2020
		Unaudited <i>RMB'000</i>	Audited <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		119,520,919	112,954,766
Right-of-use assets		6,136,885	6,260,964
Prepayments for construction of power plants		1,129,577	3,373,851
Goodwill		1,102,615	1,102,615
Other intangible assets		962,234	989,673
Interests in associates		3,436,932	3,205,222
Interests in joint ventures		1,020,083	1,027,782
Equity instruments at FVTOCI		3,019,644	3,061,952
Deferred income tax assets		841,808	874,210
Restricted deposits		10,570	9,257
Other non-current assets		5,427,792	4,982,454
		142,609,059	137,842,746
<b>Current assets</b>			
Inventories		598,418	697,615
Accounts receivable	12	8,635,514	7,285,981
Prepayments, deposits and other receivables		2,614,011	2,562,193
Amounts due from related parties		3,194,899	1,739,484
Tax recoverable		24,346	64,651
Debt instruments at FVTOCI		340,464	428,856
Restricted deposits		9,725	26,136
Cash and cash equivalents		6,999,116	1,316,351
		22,416,493	14,121,267
<b>Assets associated with disposal groups classified as held for sale</b>	13	4,161,025	3,984,658
<b>Total assets</b>		169,186,577	155,948,671

		As at	
	<i>Notes</i>	<b>30 June 2021 Unaudited RMB'000</b>	31 December 2020 Audited RMB'000
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		17,268,192	17,268,192
Other equity instruments		2,997,600	3,015,740
Reserves		13,113,578	13,113,875
		<u>33,379,370</u>	<u>33,397,807</u>
<b>Non-controlling interests</b>		<u>12,887,598</u>	<u>12,392,110</u>
<b>Total equity</b>		<u><u>46,266,968</u></u>	<u><u>45,789,917</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income		63,015	64,586
Bank borrowings		54,098,842	45,359,108
Borrowings from related parties	14	8,377,460	12,122,460
Other borrowings	15	4,412,378	2,100,000
Lease liabilities	16	3,262,746	3,337,342
Deferred income tax liabilities		1,866,834	1,916,206
Provisions for other long-term liabilities	17	1,885,365	1,868,610
Other non-current liabilities		93,813	112,575
		<u>74,060,453</u>	<u>66,880,887</u>

		As at	
	Notes	30 June 2021 Unaudited RMB'000	31 December 2020 Audited RMB'000
<b>Current liabilities</b>			
Accounts and bills payables	18	1,499,559	993,897
Construction costs payable		8,305,704	6,777,670
Other payables and accrued charges		2,763,157	2,109,049
Amounts due to related parties		1,146,915	1,874,152
Derivative financial instruments		24,257	-
Bank borrowings		20,364,823	21,212,428
Borrowings from related parties	14	7,568,560	2,827,210
Other borrowings	15	4,040,000	3,930,000
Lease liabilities	16	423,177	543,387
Tax payable		292,975	288,401
		<b>46,429,127</b>	40,556,194
<b>Liabilities associated with disposal groups classified as held for sale</b>			
	13	<b>2,430,029</b>	2,721,673
<b>Total liabilities</b>		<b>122,919,609</b>	110,158,754
<b>Total equity and liabilities</b>		<b>169,186,577</b>	155,948,671
<b>Net current liabilities</b>		<b>22,281,638</b>	25,171,942
<b>Total assets less current liabilities</b>		<b>120,327,421</b>	112,670,804

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>		
Net cash generated from operating activities	<b>2,433,837</b>	3,589,510
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and prepayments for construction of power plants	<b>(5,702,443)</b>	(6,543,627)
Payments for right-of-use assets	-	(129,961)
Proceeds from disposal of property, plant and equipment	<b>15,059</b>	69,761
Net cash outflow on disposal of subsidiaries	-	(10,735)
Net cash outflow on acquisitions of subsidiaries	<b>(3,103)</b>	-
Investment in associates	<b>(160,613)</b>	(60,000)
Investment in a joint venture	-	(27,646)
Purchase of equity instruments at FVTOCI	<b>(15,933)</b>	(4,511)
Asset-related government grants received	-	440
Dividend received	<b>73,660</b>	227,356
Interest received	<b>36,767</b>	21,598
Decrease in restricted deposits	<b>15,098</b>	663
Net cash used in investing activities	<b>(5,741,508)</b>	(6,456,662)

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from financing activities</b>		
Drawdown of bank borrowings	<b>27,037,045</b>	11,781,999
Drawdown of borrowings from related parties	<b>3,946,355</b>	10,507,366
Drawdown of other borrowings	<b>3,790,000</b>	510,000
Capital injections from non-controlling shareholders of subsidiaries	<b>113,442</b>	177,873
Proceeds from sales and leaseback transactions	<b>404,001</b>	-
Acquisition of non-controlling interests	<b>(3,263)</b>	-
Repayment of bank borrowings	<b>(19,340,615)</b>	(8,110,753)
Repayment of borrowings from related parties	<b>(3,560,180)</b>	(7,851,993)
Repayment of other borrowings	<b>(1,357,622)</b>	(503,000)
Payments for lease liabilities	<b>(369,461)</b>	(916,753)
Dividend paid	<b>(1,286,543)</b>	(1,274,895)
Dividends paid to non-controlling interests	<b>(363,808)</b>	(633,764)
	<u><b>9,009,351</b></u>	<u>3,686,080</u>
<b>Net cash generated from financing activities</b>		
	<b>9,009,351</b>	3,686,080
<b>Net increase in cash and cash equivalents</b>	<b>5,701,680</b>	818,928
Cash and cash equivalents at 1 January	<b>1,318,331</b>	1,239,057
Exchange loss, net	<b>(15,075)</b>	(2,375)
	<u><b>7,004,936</b></u>	<u>2,055,610</u>
<b>Cash and cash equivalents at 30 June (note)</b>		

Note: As at 30 June 2021, cash and cash equivalents included those cash and cash equivalents as part of disposal groups classified as held for sale of RMB5,820,000 (30 June 2020: RMB6,375,000).



## Notes to the Interim Condensed Consolidated Financial Statements

### 1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021 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 (the “**HKICPA**”). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2020 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 (the “**Listing Rules**”).

The financial information relating to the year ended 31 December 2020 that is included in this interim results announcement as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. 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.

### 2 Accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time in the current period.

#### Application of amendments to HKFRSs

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2

HKFRS 7, HKFRS 4 and HKFRS 16

Amendment to HKFRS 16

COVID-19-Related Rent Concessions

The above amendments had no material impact on the interim condensed consolidated financial statements of the Group.

### 3 Revenue and segment information

Revenue recognized during the period is as follows:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Types of goods:		
Sales of electricity to regional and provincial power grid companies (note (a))	<b>16,497,519</b>	13,018,686
Provision of power generation (note (b))	<b>45,537</b>	37,143
	<b>16,543,056</b>	13,055,829
Timing of revenue recognition:		
At a point in time	<b>16,543,056</b>	13,055,829

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"), and some of these tariff rates followed the market-oriented price mechanism.
- (b) Provision of power generation represents incomes from the provision of power generation to other 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.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from equity instruments at FVTOCI. Other information provided to the CODM is measured in a manner consistent with that in these interim condensed consolidated financial statements.

Segment assets exclude equity instruments at FVTOCI, deferred income tax assets and corporate assets, which are managed on a centralized basis.

Segment liabilities exclude deferred income tax liabilities, derivative financial instruments, tax payable and corporate liabilities, which are managed on a centralized basis.

	Unaudited					
	Six months ended 30 June 2021					
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Unallocated RMB'000	Total RMB'000
<b>Segment revenue</b>						
Sales of electricity	10,331,464	3,164,292	1,477,709	1,524,054	-	16,497,519
Provision of power generation	40,156	-	-	5,381	-	45,537
	<b>10,371,620</b>	<b>3,164,292</b>	<b>1,477,709</b>	<b>1,529,435</b>	<b>-</b>	<b>16,543,056</b>
<b>Segment results</b>	<b>874,317</b>	<b>1,901,037</b>	<b>863,874</b>	<b>802,337</b>	<b>-</b>	<b>4,441,565</b>
Unallocated income	-	-	-	-	125,863	125,863
Unallocated expenses	-	-	-	-	(150,589)	(150,589)
<b>Operating profit/(loss)</b>	<b>874,317</b>	<b>1,901,037</b>	<b>863,874</b>	<b>802,337</b>	<b>(24,726)</b>	<b>4,416,839</b>
Finance income	2,521	6,497	8,492	57,834	19,713	95,057
Finance costs	(615,256)	(632,150)	(277,908)	(403,577)	(37,658)	(1,966,549)
Share of results of associates	30,423	4,937	10,584	14,619	46,683	107,246
Share of results of joint ventures	(40,099)	-	36,705	-	2,580	(814)
<b>Profit before taxation</b>	<b>251,906</b>	<b>1,280,321</b>	<b>641,747</b>	<b>471,213</b>	<b>6,592</b>	<b>2,651,779</b>
Income tax expense	(83,608)	(229,125)	(33,888)	(59,047)	(23,070)	(428,738)
<b>Profit/(loss) for the period</b>	<b>168,298</b>	<b>1,051,196</b>	<b>607,859</b>	<b>412,166</b>	<b>(16,478)</b>	<b>2,223,041</b>
<b>Other segment information</b>						
Capital expenditure						
- Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	1,773,732	148,897	3,373,345	1,385,860	118,131	6,799,965
Depreciation of property, plant and equipment	1,072,887	734,260	440,163	482,622	22,129	2,752,061
Depreciation of right-of-use assets	54,311	18,708	4,195	52,890	20,356	150,460
Amortization of other intangible assets	-	-	-	27,439	-	27,439
Loss on disposal of property, plant and equipment, net	-	3,330	-	-	3,271	6,601

Unaudited  
As at 30 June 2021

	Coal-fired electricity <i>RMB'000</i>	Hydropower electricity <i>RMB'000</i>	Wind power electricity <i>RMB'000</i>	Photovoltaic power electricity <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment assets</b>						
Other segment assets	43,106,172	38,998,358	33,324,018	33,453,821	-	148,882,369
Assets associated with disposal groups classified as held for sale	3,994,449	166,576	-	-	-	4,161,025
Goodwill	67,712	788,266	-	246,637	-	1,102,615
Interests in associates	2,295,508	7,140	154,141	180,998	799,145	3,436,932
Interests in joint ventures	381,667	-	556,989	-	81,427	1,020,083
	<u>49,845,508</u>	<u>39,960,340</u>	<u>34,035,148</u>	<u>33,881,456</u>	<u>880,572</u>	<u>158,603,024</u>
Equity instruments at FVTOCI						3,019,644
Deferred income tax assets						841,808
Other unallocated assets						<u>6,722,101</u>
<b>Total assets per interim condensed consolidated statement of financial position</b>						<b><u><u>169,186,577</u></u></b>
<b>Segment liabilities</b>						
Other segment liabilities	(6,176,892)	(4,081,002)	(3,433,895)	(4,666,768)	-	(18,358,557)
Liabilities associated with disposal groups classified as held for sale	(2,426,511)	(3,518)	-	-	-	(2,430,029)
Borrowings	(34,494,729)	(28,834,053)	(17,148,843)	(16,506,617)	(1,877,821)	(98,862,063)
	<u>(43,098,132)</u>	<u>(32,918,573)</u>	<u>(20,582,738)</u>	<u>(21,173,385)</u>	<u>(1,877,821)</u>	<u>(119,650,649)</u>
Deferred income tax liabilities						(1,866,834)
Derivative financial instruments						(24,257)
Tax payable						(292,975)
Other unallocated liabilities						<u>(1,084,894)</u>
<b>Total liabilities per interim condensed consolidated statement of financial position</b>						<b><u><u>(122,919,609)</u></u></b>

**Unaudited**  
**Six months ended 30 June 2020**

	<b>Coal-fired electricity</b>	<b>Hydropower electricity</b>	<b>Wind power electricity</b>	<b>Photovoltaic power electricity</b>	<b>Unallocated</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment revenue</b>						
Sales of electricity	7,827,768	2,995,129	1,008,735	1,187,054	-	13,018,686
Provision of power generation	32,132	-	-	5,011	-	37,143
	<u>7,859,900</u>	<u>2,995,129</u>	<u>1,008,735</u>	<u>1,192,065</u>	<u>-</u>	<u>13,055,829</u>
<b>Segment results</b>	1,013,094	1,717,786	637,590	631,943	-	4,000,413
Unallocated income	-	-	-	-	85,657	85,657
Unallocated expenses	-	-	-	-	(299,266)	(299,266)
<b>Operating profit/(loss)</b>	1,013,094	1,717,786	637,590	631,943	(213,609)	3,786,804
Finance income	3,322	19,346	12,168	78,205	3,479	116,520
Finance costs	(606,745)	(452,860)	(185,822)	(361,760)	(77,112)	(1,684,299)
Share of results of associates	108,946	-	-	10,014	28,991	147,951
Share of results of joint ventures	17,151	-	-	(5)	(3,708)	13,438
<b>Profit/(loss) before taxation</b>	535,768	1,284,272	463,936	358,397	(261,959)	2,380,414
Income tax expense	(178,647)	(225,492)	(21,536)	(19,002)	(20,031)	(464,708)
<b>Profit/(loss) for the period</b>	<u>357,121</u>	<u>1,058,780</u>	<u>442,400</u>	<u>339,395</u>	<u>(281,990)</u>	<u>1,915,706</u>
<b>Other segment information</b>						
Capital expenditure						
- Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	2,042,555	183,619	3,379,251	2,430,985	183,389	8,219,799
Depreciation of property, plant and equipment	930,717	733,728	339,098	354,139	16,146	2,373,828
Depreciation of right-of-use assets	58,558	26,763	5,855	73,872	19,551	184,599
Amortization of other intangible assets	-	-	-	30,970	-	30,970
(Gain)/loss on disposal of property, plant and equipment, net	(7,361)	(46)	5,334	(10,344)	(9)	(12,426)
Gain on disposal of subsidiaries (pre-tax)	-	(715)	(32,017)	-	-	(32,732)

**Audited**  
**As at 31 December 2020**

	<b>Coal-fired electricity</b>	<b>Hydropower electricity</b>	<b>Wind power electricity</b>	<b>Photovoltaic power electricity</b>	<b>Unallocated</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment assets</b>						
Other segment assets	41,898,139	38,246,694	28,572,751	30,650,832	-	139,368,416
Assets associated with disposal groups classified as held for sale	3,855,304	129,354	-	-	-	3,984,658
Goodwill	67,712	788,266	-	246,637	-	1,102,615
Interests in associates	2,271,342	12,000	97,889	160,124	663,867	3,205,222
Interests in joint ventures	421,766	-	527,169	-	78,847	1,027,782
	<u>48,514,263</u>	<u>39,176,314</u>	<u>29,197,809</u>	<u>31,057,593</u>	<u>742,714</u>	<u>148,688,693</u>
Equity instruments at FVTOCI						3,061,952
Deferred income tax assets						874,210
Other unallocated assets						<u>3,323,816</u>
<b>Total assets per interim condensed consolidated statement of financial position</b>						<u><u>155,948,671</u></u>
<b>Segment liabilities</b>						
Other segment liabilities	(4,893,083)	(4,524,373)	(2,676,620)	(4,457,855)	-	(16,551,931)
Liabilities associated with disposal groups classified as held for sale	(2,717,787)	(3,886)	-	-	-	(2,721,673)
Borrowings	<u>(25,054,902)</u>	<u>(29,442,542)</u>	<u>(14,425,168)</u>	<u>(11,366,615)</u>	<u>(7,261,979)</u>	<u>(87,551,206)</u>
	<u>(32,665,772)</u>	<u>(33,970,801)</u>	<u>(17,101,788)</u>	<u>(15,824,470)</u>	<u>(7,261,979)</u>	<u>(106,824,810)</u>
Deferred income tax liabilities						(1,916,206)
Tax payable						(288,401)
Other unallocated liabilities						<u>(1,129,337)</u>
<b>Total liabilities per interim condensed consolidated statement of financial position</b>						<u><u>(110,158,754)</u></u>

#### 4 Other income

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Rental income	6,072	2,308
Hotel operations income	1,540	3,655
Income from provision of repairs and maintenance services	30,753	26,143
Dividend income	39,962	47,228
Income from provision of IT and other services	104,103	21,967
	<u>182,430</u>	<u>101,301</u>

#### 5 Other gains and losses, net

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Amortization of deferred income	4,581	2,716
Government subsidies	47,437	21,072
(Loss)/gain on disposal of property, plant and equipment, net	(6,601)	12,426
Sales of unused power production quota	66,212	80,684
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	261,514	128,584
Gain on disposal of subsidiaries (pre-tax)	-	32,732
Others	86,553	41,438
	<u>459,696</u>	<u>319,652</u>

#### 6 Other operating expenses

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Amortization of other intangible assets	27,439	30,970
Research and development expenses	14,081	4,247
Lease expenses	7,880	4,757
Reservoir maintenance and usage fees	37,669	42,264
Administrative and selling related expenses	187,750	195,932
Taxes and surcharges	159,504	164,434
Power and heat generation costs	299,551	228,697
Others	82,440	110,643
	<u>816,314</u>	<u>781,944</u>

## 7 Operating profit

Operating profit is stated after charging the following:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Amortization of other intangible assets	27,439	30,970
Depreciation:		
- property, plant and equipment	2,752,061	2,373,828
- right-of-use assets	150,460	184,599
Lease expenses:		
- equipment	1,025	1,213
- leasehold land and buildings	6,855	3,544
Key management personnel compensations	7,477	8,057

## 8 Finance income and finance costs

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>Finance income</b>		
Interest income from bank deposits	30,343	3,038
Interest income from related parties	12,757	18,560
Interest income from discounting effect on clean energy power price premium receivable (Note 12(a))	51,957	94,922
	<u>95,057</u>	<u>116,520</u>
<b>Finance costs</b>		
Interest expense on		
- bank borrowings	1,613,093	831,253
- borrowings from related parties	328,316	820,137
- other borrowings	127,136	88,021
- amounts due to related parties	2,793	10,134
- lease liabilities	99,700	149,743
- provisions for other long-term liabilities (Note 17)	52,022	51,960
	<u>2,223,060</u>	<u>1,951,248</u>
Less: amounts capitalized to property, plant and equipment	<u>(231,435)</u>	<u>(311,697)</u>
	1,991,625	1,639,551
Exchange (gain)/loss, net	<u>(25,076)</u>	<u>44,748</u>
	<u>1,966,549</u>	<u>1,684,299</u>

The weighted average interest rate on capitalized borrowings is approximately 4.13% (2020: 4.24%) per annum.



## 9 Income tax expense

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profits arising in Hong Kong for the six months ended 30 June 2021 (2020: Nil).

The provision for PRC enterprise income tax is calculated based on the statutory tax rate of 25% (2020: 25%) on the estimated assessable profits for the six months ended 30 June 2021 except that certain subsidiaries were either exempted from PRC enterprise income tax or entitled to the preferential tax rates of 7.5%, 12.5% or 15% (2020: 7.5%, 12.5% or 15%).

The amount of income tax recognized represents:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>PRC enterprise income tax</b>		
Charge for the period	420,069	399,100
Under/(over) provision in prior years	11,911	(5,220)
	<u>431,980</u>	<u>393,880</u>
<b>Deferred income tax</b>		
(Credit)/charge for the period	(3,242)	70,828
	<u>428,738</u>	<u>464,708</u>

Share of income tax charge attributable to associates and joint ventures for the six months ended 30 June 2021 of RMB54,873,000 (2020: RMB48,295,000) and RMB1,888,000 (2020: RMB4,782,000) respectively were included in the Group's share of results of associates and joint ventures respectively.

## 10 Earnings per share

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
Profit for the period attributable to equity holders of the Company (RMB'000)	1,372,152	1,172,986
Profit for the period attributable to holders of other equity instruments (RMB'000)	(66,205)	-
Profit for the period attributable to ordinary shareholders of the Company used in the basic earnings per share calculation (RMB'000)	<u>1,305,947</u>	<u>1,172,986</u>
Weighted average number of shares in issue (shares in thousands)	<u>9,806,886</u>	<u>9,806,886</u>
Basic and diluted earnings per share (RMB) (note)	<u>0.13</u>	<u>0.12</u>

Note: The Group had no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2021 and 2020.

## 11 Dividend

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2021 (2020: Nil).

## 12 Accounts receivable

	As at	
	30 June 2021 Unaudited RMB'000	31 December 2020 Audited RMB'000
Accounts receivable from regional and provincial power grid companies (note (a))	9,712,212	8,309,429
Accounts receivable from other companies (note (a))	<u>27,669</u>	<u>14,691</u>
	9,739,881	8,324,120
Notes receivable (note (b))	<u>167,233</u>	<u>179,169</u>
	<u><b>9,907,114</b></u>	<u><b>8,503,289</b></u>
Analyzed for reporting purpose as:		
- Non-current (included in other non-current assets) (note (a))	1,271,600	1,217,308
- Current	<u>8,635,514</u>	<u>7,285,981</u>
	<u><b>9,907,114</b></u>	<u><b>8,503,289</b></u>

Notes:

The analysis below included those accounts receivable as part of disposal groups classified as held for sale (Note 13) of RMB207,666,000 (31 December 2020: RMB117,141,000), which is composed of accounts receivable of RMB205,902,000 (31 December 2020: RMB117,141,000) and notes receivable of RMB1,764,000 (31 December 2020: Nil).

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

	As at	
	30 June 2021 Unaudited RMB'000	31 December 2020 Audited RMB'000
Unbilled	1,271,600	1,217,308
1 to 3 months	<u>8,674,183</u>	<u>7,223,953</u>
	<u><b>9,945,783</b></u>	<u><b>8,441,261</b></u>

To measure the expected credit loss of accounts receivable, accounts receivable and notes receivable have been assessed individually upon the application of HKFRS 9. The loss allowance of the accounts receivable as at 30 June 2021 and at 31 December 2020 was insignificant.

As at 30 June 2021, accounts receivable from regional and provincial power grid companies included clean energy power price premium receivable of RMB1,271,600,000 (31 December 2020: RMB1,217,308,000) which was unbilled and was stated after discounting.

The clean energy power price premium, which was a component of the government-approved on-grid tariff for wind and photovoltaic power generation, was recognized as revenue from sales of electricity in the interim condensed consolidated income statement of the Group for its wind and photovoltaic power projects.

The financial resource for the clean energy power price premium was the national renewable energy fund that was accumulated through a special levy on the consumption of electricity. Pursuant to Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance (the “**MOF**”), the National Development and Reform Commission (the “**NDRC**”) and the National Energy Administration (the “**NEA**”) in March 2012, the standardized application and approval procedures on a project by project basis for the settlement of the tariff premium had come into force since 2012, and such applications were accepted and approved batch by batch jointly by the MOF, the NDRC and the NEA at intervals in form of announcing renewable energy subsidy catalogues (the “**Subsidy Catalogues**”).

In February 2020, the MOF, the NDRC and the NEA jointly issued new guidelines and notices, i.e., Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) (collectively referred to the “**New Guidelines**”). Pursuant to the New Guidelines, the quota of new subsidies were decided based on the scale of subsidy funds, there would not be any new Subsidy Catalogues to be published for tariff premium and as an alternative, grid companies would publish lists of renewable energy projects qualified for tariff premium (the “**Subsidy List**”) periodically after the renewable energy generators have gone through certain approval and information publicity process.

Based on the above New Guidelines and their past experience, the Directors estimated that there were no foreseeable obstacles that would lead to the application not being approved before entering into either the Subsidy Catalogues or the Subsidy List. It was expected that the Group’s wind and photovoltaic power projects would be listed as qualified projects for tariff premium after 30 June 2022 (31 December 2020: obtained after 31 December 2021) and the corresponding premium receivables were estimated to be recovered after twelve months from the reporting date. Therefore, the Directors considered the renewable energy electricity sales contract for projects before entering into the Subsidy Catalogues or the Subsidy List contains a significant financing component. During the six months ended 30 June 2021, the respective clean energy power price premium was adjusted for this financing component based on an effective interest rate of 4.75% (2020: 4.75%) per annum. During the current period, the Group’s revenue was adjusted by RMB58,696,000 (2020: RMB164,284,000) and interest income amounting to RMB51,957,000 (2020: RMB94,922,000) (Note 8) was recognized.

- (b) As at 30 June 2021, notes receivable were bank acceptance notes issued by third parties and were normally with a maturity period within 360 days (31 December 2020: 360 days).
- (c) As at 30 June 2021, certain bank borrowings, certain long-term borrowings from related parties (Note 14(b)), and certain lease liabilities were secured by the rights on certain accounts receivable. The accounts receivable pledged under these debts as at 30 June 2021 amounted to RMB3,823,536,000 (31 December 2020: RMB2,476,191,000).

### 13 Assets and liabilities associated with disposal groups classified as held for sale

#### China Power Shentou Power Generating Company Limited

In 2018, Shanxi Shentou Power Generating Company Limited\*, a wholly-owned subsidiary of the Company, entered into a joint venture agreement to form Sujin Energy Holding Company Limited\* (“**Sujin Energy**”), an associate of the Group, in Shanxi Province of the PRC. And the Company will use its 80% equity interest in China Power Shentou Power Generating Company Limited\* (“**CP Shentou**”) as part of the capital contribution to Sujin Energy. Accordingly, the assets and liabilities attributable to CP Shentou had been classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position as at 31 December 2018.

During the six months ended 30 June 2021 and the year ended 31 December 2020, the above-mentioned capital contribution has not been completed due to certain events which are beyond the Group’s control, including the outbreak of COVID-19 pandemic. There have been epidemic preventive measures going on throughout Mainland China to cope with COVID-19 pandemic since the outbreak. Because the Group remains committed to the sale of CP Shentou, timely actions necessary to respond to the unexpected conditions have been taken, a favourable resolution is expected, and other alternative plans have been considered, the transaction is highly probable to be completed within one year, the assets and liabilities attributable to CP Shentou continued to be classified as a disposal group held for sale and were separately presented in the interim condensed consolidated statement of financial position.

#### Sichuan Xingtie Electrical Equipment Co., Ltd.

In December 2020, Wu Ling Power Corporation\* (“**Wu Ling Power**”), a subsidiary of the Company, entered into a transfer agreement, pursuant to which Wu Ling Power transferred its 70% equity interest in Sichuan Xingtie Electrical Equipment Co., Ltd.\* (“**Sichuan Xingtie**”) to Beijing Guangyao Chunxi Enterprise Management Consulting Partnership (limited partnership), a third party. The above-mentioned transaction is highly probable to complete within one year, and therefore, the assets and liabilities attributable to Sichuan Xingtie are classified as a disposal group held for sale and are separately presented in the interim condensed consolidated statement of financial position as at 30 June 2021.

During the six months ended 30 June 2021 and the year ended 31 December 2020, the operation of CP Shentou was included in the Group’s “Coal-fired electricity” segment for segment reporting.

During the six months ended 30 June 2021, the operation of Sichuan Xingtie was included in the Group’s “Hydropower electricity” segment for segment reporting.

### 14 Borrowings from related parties

	As at	
	30 June 2021 Unaudited RMB’000	31 December 2020 Audited RMB’000
<b>Non-current</b>		
Long-term borrowings from State Power Investment Corporation Limited* (“ <b>SPIC</b> ”) (note (a))	9,203,020	8,758,020
Long-term borrowings from SPIC Financial Company Limited* (“ <b>SPIC Financial</b> ”) (note (b))	3,539,840	3,759,840
Long-term borrowings from other related parties (note (c))	444,600	584,600
	<b>13,187,460</b>	13,102,460
Less: Current portion of long-term borrowings from SPIC	(3,950,000)	(500,000)
Less: Current portion of long-term borrowings from SPIC Financial	(860,000)	(480,000)
	<b>8,377,460</b>	12,122,460

**Current**

Short-term borrowings from SPIC (note (d))	<b>900,000</b>	900,000
Short-term borrowings from China Power International Holding Limited (“CPI Holding”) (note (e))	<b>450,000</b>	-
Short-term borrowings from SPIC Financial (note (f))	<b>550,000</b>	300,000
Short-term borrowings from other related parties (note (g))	<b>858,560</b>	647,210
Current portion of long-term borrowings from SPIC (note (a))	<b>3,950,000</b>	500,000
Current portion of long-term borrowings from SPIC Financial (note (b))	<b>860,000</b>	480,000
	<b>7,568,560</b>	2,827,210
	<b>15,946,020</b>	14,949,670

## Notes:

The analysis below included those borrowings from related parties as part of disposal groups classified as held for sale (Note 13) of RMB400,000,000 (31 December 2020: RMB800,000,000).

- (a) The long-term borrowings from SPIC were unsecured, interest bearing from 3.35% to 4.65% (31 December 2020: 3.45% to 5.15%) per annum and were wholly repayable within five years.
- (b) The long-term borrowings from SPIC Financial of RMB50,000,000 (31 December 2020: RMB50,000,000) was secured against the rights on accounts receivable of a subsidiary (Note 12(c)), interest bearing at 4.51% (31 December 2020: 4.51%) per annum. The remaining balances were unsecured and interest bearing from 3.25% to 4.99% (31 December 2020: 3.50% to 5.23%) per annum.
- (c) The long-term borrowings from other related parties as at 30 June 2021 were unsecured and interest bearing from 4.45% to 5.95% (31 December 2020: 4.66% to 5.95%) per annum.
- (d) The short-term borrowings from SPIC as at 30 June 2021 were unsecured, interest bearing from 1.85% to 2.33% (31 December 2020: 1.85% to 2.20%) per annum and repayable within one year.
- (e) The short-term borrowings from CPI Holding as at 30 June 2021 were unsecured, interest bearing at 3.92% per annum and repayable within one year.
- (f) The short-term borrowings from SPIC Financial as at 30 June 2021 were unsecured, interest bearing from 3.85% to 4.75% (31 December 2020: 3.92% to 4.34%) per annum and repayable within one year.
- (g) The short-term borrowings from other related parties as at 30 June 2021 were unsecured, interest bearing from 3.47% to 4.42% (31 December 2020: 3.47% to 3.75%) per annum and repayable within one year.

## 15 Other borrowings

	As at	
	30 June 2021 Unaudited RMB'000	31 December 2020 Audited RMB'000
<b>Non-current</b>		
Medium-term notes issued by the Company (note (a))	6,000,000	4,000,000
Long-term other borrowings from a third party	412,378	100,000
	6,412,378	4,100,000
Less: Current portion of medium-term notes issued by the Company	(2,000,000)	(2,000,000)
	4,412,378	2,100,000
<b>Current</b>		
Super & short-term commercial paper issued by a subsidiary (note (b))	1,000,000	1,000,000
Super & short-term commercial paper issued by the Company (note (c))	500,000	500,000
Short-term other borrowings from third parties (note (d))	540,000	430,000
Current portion of medium-term notes issued by the Company (note (a))	2,000,000	2,000,000
	4,040,000	3,930,000
	8,452,378	6,030,000

### Notes:

- (a) The balance represented three unsecured RMB denominated medium-term notes, each of RMB2,000,000,000 issued by the Company in October 2018, September 2019 and April 2021 respectively, each for a term of three years, which was interest bearing at 4.15%, 3.55% and 3.54% per annum respectively. As at 30 June 2021, the medium-term note issued in October 2018 was classified and presented as current.
- (b) The balance represented unsecured RMB denominated super & short-term commercial paper of RMB1,000,000,000 (31 December 2020: RMB1,000,000,000) issued by Wu Ling Power in May 2021 (31 December 2020: August 2020) for a term of 260 days (31 December 2020: 270 days), which was interest bearing at 3.00% (31 December 2020: 2.50%) per annum.
- (c) The balance represented unsecured RMB denominated super & short-term commercial paper of RMB500,000,000 (31 December 2020: RMB500,000,000) issued by the Company in February 2021 (31 December 2020: May 2020) for a term of 179 days (31 December 2020: 270 days), which was interest bearing at 3.20% (31 December 2020: 2.00%) per annum.
- (d) The balance was unsecured, interest bearing from 3.92% to 4.35% (31 December 2020: 3.92% to 4.35%) per annum and denominated in RMB.

## 16 Lease liabilities

	As at	
	30 June 2021 Unaudited RMB'000	31 December 2020 Audited RMB'000
Lease liabilities	3,685,923	3,880,729
Less: Current portion of lease liabilities	<u>(423,177)</u>	<u>(543,387)</u>
Non-current portion of lease liabilities	<u><b>3,262,746</b></u>	<u><b>3,337,342</b></u>

## 17 Provisions for other long-term liabilities

Provisions for other long-term liabilities represent the provisions for inundation compensations caused by the construction of certain hydropower plants of the Group.

The provisions were 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 these 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 provisions due to the passage of time was recognized as interest expense.

Analysis of the provisions for inundation compensations as at 30 June 2021 and 31 December 2020 is as follows:

	As at	
	30 June 2021 Unaudited RMB'000	31 December 2020 Audited RMB'000
Non-current liabilities	1,885,365	1,868,610
Current liabilities (included in other payables and accrued charges)	<u>103,836</u>	<u>103,224</u>
	<u><b>1,989,201</b></u>	<u><b>1,971,834</b></u>

The movements of the provisions for inundation compensations for the six months ended 30 June 2021 and 2020 are as follows:

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
At 1 January	1,971,834	1,173,786
Recognition during the period (note)	-	775,305
Interest expense (Note 8)	52,022	51,960
Payment	<u>(34,655)</u>	<u>(15,243)</u>
At 30 June	<u><b>1,989,201</b></u>	<u><b>1,985,808</b></u>

Note: The comparative in 2020 represents the adjustment arising from the Group's reassessment of the inputs used in the net present value model.

## 18 Accounts and bills payables

	As at	
	30 June 2021 Unaudited RMB'000	31 December 2020 Audited RMB'000
Accounts payable (note (a))	1,363,105	657,443
Bills payable (note (b))	136,454	336,454
	<u>1,499,559</u>	<u>993,897</u>

Notes:

The analysis below included those accounts payable as part of disposal groups classified as held for sale (Note 13) of RMB59,421,000 (31 December 2020: RMB73,738,000).

- (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 the invoice date is as follows:

	As at	
	30 June 2021 Unaudited RMB'000	31 December 2020 Audited RMB'000
1 to 6 months	727,121	678,832
7 to 12 months	630,545	74
Over 1 year	64,860	52,275
	<u>1,422,526</u>	<u>731,181</u>

- (b) As at 30 June 2021, bills payable were bills of exchange with a maturity period ranged from 3 to 12 months (31 December 2020: ranged from 3 to 12 months).

## 19 Event after the reporting period

On 12 July 2021, Wu Ling Power entered into three equity transfer agreements with Inner Mongolia Mingyang New Energy Development Company Limited\* (“**Mingyang New Energy**”), pursuant to which Wu Ling Power has conditionally agreed to acquire, and Mingyang New Energy has conditionally agreed to sell the entire equity interests and to assume the shareholder’s loans of the Qingshuihe County Mingyang New Energy Company Limited\*, Xilinhot City Mingyang Wind Power Company Limited\* and Xilinhot City Mingyang Intelligent Energy Company Limited\* (the “**Target Companies**”) for an aggregate consideration of RMB1,490,283,000, which is subject to adjustments on completion. The Target Companies hold four wind power projects with a total power generation installed capacity of 203.6MW located in Inner Mongolia Autonomous Region of the PRC. All of the four wind power projects are now in commercial operation. The Board considers the acquisitions will establish the Group’s clean energy development and presence in Inner Mongolia Autonomous Region. For details, please refer to the announcements of the Company dated 12 July 2021 and 19 July 2021.



## **BUSINESS REVIEW**

In the first half of 2021, the national total electricity consumption in China rose by 16.2% year-on-year and the national power generation recorded a year-on-year increase of 13.7%, among which, hydropower, wind power, photovoltaic power and coal-fired power grew by 1.4%, 44.6%, 24.0% and 15.0% respectively.

In the first half of 2021, the profit attributable to equity holders of the Company amounted to RMB1,372,152,000, representing an increase of 16.98% as compared with the corresponding period last year. Basic earnings per share was approximately RMB0.13 (2020: RMB0.12). As at 30 June 2021, net assets per share (excluding non-controlling interests and other equity instruments) was approximately RMB3.10.

With the Group's new energy projects entered into a peak period of official commercial production, return on investment grew gradually and the proportion of profits contributed by the new energy projects continued to rise. The electricity sales of wind power and photovoltaic power increased year-on-year by 40.91% and 54.06% respectively, and the profit for the period increased year-on-year by 37.40% and 21.44% respectively.

During the period under review, the development and performance of the Group's principal businesses were as follows:

### **Installed Capacity**

As at 30 June 2021, the consolidated installed capacity of the Group's power plants reached 28,429.7MW, representing a year-on-year increase of 3,421.0MW. Among which, the consolidated installed capacity of clean energy including hydropower, wind power, photovoltaic power and natural gas power was 13,389.7MW in total, accounting for approximately 47.10% of the total consolidated installed capacity and representing an increase of 4.60 percentage points as compared with the corresponding period last year.

The Group has been pursuing its transformational development strategy towards the directions of clean, integrated, intelligent and transnational development. During the period under review, the Group's additional installed capacity was 1,583.9MW, all of which were from clean energy projects.

### **Project Development**

Under the national goals of "Carbon Peak" and "Carbon Neutrality", the comprehensive transition of the power industry towards clean energy is an inevitable trend. Following the new round of integrated development of technological and industrial transformation, new industries and new modes of energy usage such as big data, cloud computing and intelligent energy emerge one after another, while sectors such as integrated intelligent energy and energy storage becoming the new drivers of the energy revolution.

### *Offshore Wind Power Projects*

With the release of “The Fourteenth Five-Year Plan for National Economic and Social Development and the Outline of Long-term Goals for 2035 of the PRC (《中國國民經濟和社會發展第十四個五年規劃和 2035 年遠景目標綱要》)”, the national plan specified the strategy to scale up the development of Shandong Peninsula and implement quality and green development, which has provided certainty on the development prospects of the local wind power industry. During the period under review, Haiyang Wind Power, a subsidiary of the Company located in Shandong Province, seized the opportunity to develop the first offshore wind power demonstration project in the province, which is also the first offshore wind power project of the Group. Phase 1 of the wind power generation project has an installed capacity of 300MW, which is scheduled to connect to the power grid for power generation by the end of 2021.

In response to the “Three-year Action Plan for Accelerating the Development of Seaward Economy and Promoting the Construction of a Powerful Region of Marine Economy in Guangxi (2020-2022)\* (《廣西加快發展向海經濟推動海洋強區建設三年行動計劃(2020-2022年)》)”, Changzhou Hydropower, a subsidiary of the Company, entered into a joint venture agreement in June 2021 to jointly develop offshore wind power projects in Guangxi Zhuang Autonomous Region of the PRC. It is expected that it will further enhance the Group’s market position by expanding its scale of operation and the layout of its clean energy bases in the region.

### *Photovoltaic Projects*

Following the commencement of operation of three photovoltaic competitive-bidding projects totalled 440MW in Ningxia Hui Autonomous Region of the PRC last year, another three photovoltaic competitive-bidding projects totalled 550MW have also been put into production successively during the period under review, which further consolidated the development of the Group’s photovoltaic projects in the region and Northwestern China.

The Group also entered into several cooperation agreements with various municipal governments including Heilongjiang Province and Liaoning Province in respect of clean energy projects during the period under review, which will pave way for the further expansion of the Group’s photovoltaic power generation business into Northeastern China.

### *Intelligent Energy Projects*

The Xiaogang Village Project in Anhui Province of the PRC is an integrated smart energy demonstration project of photovoltaic power generation for transformation and digital developments of the rural area that combines ecological energy, smart facilities and green industries. The project aims to enable integrated smart energy to truly connect thousands of households, create a new form of energy structure, and create a new benchmark for rural green development, which can be replicated and extended to all rural areas to achieve national modernization and revitalize rural economic development.

Phase 1 of the project, which included ecological energy projects of agricultural-photovoltaic complementary power generation, intelligent facility projects such as floating photovoltaic, photovoltaic carports, charging piles and intelligent street lamps, as well as green industry projects such as photovoltaic pest control and photovoltaic hydroponic plants factory, has commenced production during the period under review. In May this year, the Group also entered into an investment framework agreement with the local government to officially commence the feasibility study for the development of Phase 2 of the project.

## Overseas Development Project

During the period, Cox's Bazar 66MW Project, the first overseas wind power project of the Group, was officially launched in Bangladesh. The Group will promote the commencement of the project in a safe, high quality and efficient manner, while intensely developing the local market to accelerate the implementation of subsequent projects in Bangladesh.

### Electricity Sales

For the first half of 2021, the details of electricity sold by the Group are set out as follows:

	First half of 2021 MWh	First half of 2020 MWh	Changes %
<b>Total electricity sold</b>	<b>49,441,462</b>	39,979,532	23.67
- Hydropower	<b>12,101,542</b>	11,780,203	2.73
- Wind power	<b>2,928,696</b>	2,078,356	40.91
- Photovoltaic power	<b>3,285,366</b>	2,132,468	54.06
- Coal-fired power	<b>30,589,385</b>	23,988,505	27.52
- Natural gas power	<b>536,473</b>	N/A	N/A

In the first half of 2021, the total electricity sold by the Group amounted to 49,441,462MWh, representing an increase of 23.67% as compared with the corresponding period last year. The changes in electricity sold by each power segment as compared with the corresponding period last year are as follows:

- Hydropower – an increase of 2.73% in electricity sold as the amount of rainfall in the river basins where most of the Group's hydropower plants are located basically remained at the same level during the period.
- Wind power and photovoltaic power – benefitted from the commencement of commercial operation of the large number of new clean energy power generating units from the second half of 2020 to the current period, the electricity sales of wind power and photovoltaic power recorded year-on-year increases of 40.91% and 54.06%, respectively.
- Coal-fired power – an increase of 27.52% in electricity sold as benefitted from the year-on-year growth in power demand during the period, as well as the commencement of commercial operation of the new coal-fired power generating units in the second half of last year.
- Natural gas power – the electricity sold amounted to 536,473MWh during the period as the first natural gas power generation project was officially put into operation in the second half of 2020.

In the first half of 2021, the Group also performed satisfactorily in gaining incentive electricity given the fulfilment of certain specific targets required by the local governments in respect of environmental protection, heating capacity and productivity of certain power generating units.

For the first half of 2021, the details of electricity sold by the Group's main associates and joint ventures are set out as follows:

	<b>First half of 2021 MWh</b>	First half of 2020 MWh	Changes %
<b>Total electricity sold</b>	<b>11,631,040</b>	7,743,101	50.21
Associates			
- Photovoltaic power	<b>52,322</b>	49,831	5.00
- Coal-fired power	<b>9,207,875</b>	6,163,161	49.40
Joint ventures			
- Wind power	<b>678,696</b>	N/A	N/A
- Coal-fired power	<b>1,692,147</b>	1,530,109	10.59

## Heat Sales

In order to strongly support the existing environmental policies promulgated by the PRC government, the Group has carried out in-depth exploration of the heat supply potentials in various regions, strengthened the development of heat market, promoted the construction of centralized heating pipe networks and developed heat and electricity co-generation projects, thereby achieving positive results in various areas such as energy efficiency upgrade and development of heat supply market. For the first half of 2021, the total heat sold by the Group (including an associate and a joint venture) was 14,408,308GJ, representing an increase of 3,868,174GJ or 36.70% as compared with the corresponding period last year.

## Direct Power Supply

The Group has actively participated in the market-oriented reform of national power industry, analyzed the opportunities therein and participated in direct power supply transactions (including competitive bidding for on-grid electricity sales) with a view to securing market share. Subsidiaries in different provinces have also established their electricity sales centers to serve and attract more target customers.

In the first half of 2021, for those coal-fired power plants and clean energy power plants of the Group which participated in direct power supply transactions, their electricity sold through direct power supply transactions amounted to 16,676,039MWh and 4,009,842MWh respectively, together accounting for approximately 41.84% (2020: 37.47%) of the Group's total electricity sold during the period.

For those coal-fired power and hydropower plants of the Group which participated in direct power supply transactions in the first half of 2021, their average tariffs were at a discount of approximately 6.38% and 6.17% (2020: 8.61% and 6.14%) respectively to their respective average on-grid tariffs officially approved by the PRC government (including ultra-low emission tariff). The tariff discount of direct power supply for coal-fired power decreased as compared with the corresponding period last year, mainly due to the increase in coal price during the period, which led to an increase in operating costs of coal-fired power enterprises and less room for downward adjustment of tariff, therefore resulting in a narrowed decline in overall tariff.

### **Average On-Grid Tariff**

For the first half of 2021, the average on-grid tariffs of each of the Group's power segments as compared with the corresponding period last year were as follows:

- Hydropower was RMB261.48/MWh, representing an increase of RMB7.23/MWh. It was mainly attributable to the increase in electricity sales of hydropower plants with higher average on-grid tariffs.
- Wind power was RMB504.56/MWh, representing an increase of RMB19.21/MWh. It was mainly attributable to the Group's newly operating wind power plants during the period which charged a relatively higher average on-grid tariff than that of the existing wind power plants.
- Photovoltaic power was RMB465.53/MWh, representing a decrease of RMB93.48/MWh. It was mainly attributable to the impact of subsidies reduction policy for photovoltaic power tariff and the commencement of operation of the Group's photovoltaic power generation grid parity and competitive-bidding projects, which resulted in a lower average tariff of photovoltaic power.
- Coal-fired power was RMB329.44/MWh, representing an increase of RMB1.79/MWh. It was mainly attributable to the year-on-year decrease in tariff discount of direct power supply.
- Natural gas power was RMB548.66/MWh.

### **Average Utilization Hours of Power Generating Units**

For the first half of 2021, the utilization hours of power generating units of each of the Group's power segments as compared with the corresponding period last year were as follows:

- The average utilization hours of hydropower generating units was 2,241 hours, representing an increase of 67 hours as compared with the corresponding period last year, which was in line with the slight increase in power generation during the period.
- The average utilization hours of wind power generating units was 1,180 hours, representing an increase of 93 hours as compared with the corresponding period last year, which was mainly attributable to the higher average utilization hours of the newly operating generating units.

- The average utilization hours of photovoltaic power stations was 774 hours, representing an increase of 41 hours as compared with the corresponding period last year, which was mainly attributable to the results achieved from effective facility maintenance.
- The average utilization hours of coal-fired power generating units was 2,156 hours, representing an increase of 321 hours as compared with the corresponding period last year, which was mainly attributable to the rebound of electricity consumption driven by the year-on-year increase in power demand during the period, marking a sharp contrast to the decrease in electricity consumption due to the COVID-19 pandemic in the PRC in the first quarter of last year.
- The average utilization hours of natural gas power generating units was 2,012 hours.

## OPERATING RESULTS OF THE FIRST HALF OF 2021

For the first half of 2021, the net profit of the Group amounted to RMB2,223,041,000, representing an increase of RMB307,335,000 or 16.04% as compared with the corresponding period last year.

For the first half of 2021, the net profit (loss) of each operating segment was as follows:

Operating Segment	First half of 2021 RMB'000	First half of 2020 RMB'000	Changes %
- Hydropower	1,051,196	1,058,780	-0.72
- Wind power	607,859	442,400	37.40
- Photovoltaic power	412,166	339,395	21.44
- Coal-fired power	168,298	357,121	-52.87
- Unallocated	(16,478)	(281,990)	N/A
<b>Total</b>	<b>2,223,041</b>	<b>1,915,706</b>	<b>16.04</b>

As compared with the first half of 2020, the changes in net profit were mainly due to the following factors:

### Revenue

The revenue of the Group was derived from the sales of electricity to regional and provincial power grid companies and the provision of power generation to other companies, while the Group recognized its revenue when its performance obligations have been satisfied. For the first half of 2021, the Group recorded a revenue of RMB16,543,056,000, representing an increase of 26.71% as compared with RMB13,055,829,000 of the corresponding period last year.

For the first half of 2021, the details of revenue of each operating segment are set out as follows:

<b>Operating Segment</b>	<b>First half of 2021 RMB'000</b>	<b>First half of 2020 RMB'000</b>	<b>Changes %</b>
- Hydropower	<b>3,164,292</b>	2,995,129	5.65
- Wind power	<b>1,477,709</b>	1,008,735	46.49
- Photovoltaic power	<b>1,529,435</b>	1,192,065	28.30
- Coal-fired power	<b>10,371,620</b>	7,859,900	31.96
<b>Total</b>	<b>16,543,056</b>	13,055,829	26.71

- Revenue from hydropower increased by RMB169,163,000, which is attributable to the increase in average on-grid tariff and the increase in electricity sales of hydropower during the period.
- Revenue from wind power and photovoltaic power increased by RMB806,344,000 in aggregate due to the commencement of commercial operation of various projects.
- Revenue from coal-fired power increased by RMB2,511,720,000, which was attributable to the increase in electricity sales of coal-fired power as compared with the corresponding period last year, benefitted from the year-on-year growth in power demand.

### **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 2021, the operating costs of the Group amounted to RMB12,768,343,000, representing a rise of 31.77% as compared with RMB9,689,978,000 of the corresponding period last year. The increase in operating costs was mainly due to the rise in fuel costs, and the increase in both depreciation and other operating expenses as further explained below.

#### ***Total Fuel Costs***

The total fuel costs increased by RMB2,750,304,000 as a result of the year-on-year surge in coal price and the corresponding increase in fuel consumption in tandem with the increase in electricity sales of coal-fired power.

#### ***Unit Fuel Cost***

The average unit fuel cost of the Group's coal-fired power business was RMB236.03/MWh, representing an increase of 19.69% from that of RMB197.20/MWh of the corresponding period last year. This was mainly attributable to the price hike of coal resulted from the tight supply and demand in the coal market during the period under review. In response to the new characteristics of the prevailing coal market of "highly fluctuating, rapidly evolving and standardized operation", the Group adopted the strategy of "optimizing long-term contract, strengthening market development and increasing import" to exercise control over coal prices. As such, the year-on-year increase in integrated unit cost of standard coal was lower than the average increase of the major coal market indexes.

### ***Depreciation and Staff Costs***

Depreciation of property, plant and equipment and the right-of-use assets and staff costs increased by RMB346,392,000 in aggregate as a result of business expansion and the large number of new power generating units that commenced commercial operation during the period.

### **Other Gains and Losses and Other Operating Expenses**

The net gains from other gains and losses increased by RMB140,044,000, mainly due to the increase in profits on sales of heat, trading of coal, coal by-products, spare parts and others.

Other operating expenses rose by RMB34,370,000 year-on-year, mainly due to the higher power and heat generation costs as a result of the increase in electricity sales and heat sales.

### **Operating Profit**

For the first half of 2021, the Group's operating profit was RMB4,416,839,000, representing an increase of 16.64% as compared with the operating profit of RMB3,786,804,000 of the corresponding period last year.

### **Finance Costs**

For the first half of 2021, the finance costs of the Group amounted to RMB1,966,549,000 (2020: RMB1,684,299,000), representing an increase of RMB282,250,000 or 16.76% as compared with the corresponding period last year. The increase in interest expense was in line with the rise of debts level as a result of the expansion of our asset scale.

### **Share of Results of Associates**

For the first half of 2021, the share of results of associates was profits of RMB107,246,000, representing a decrease of RMB40,705,000 or 27.51% as compared with RMB147,951,000 of the corresponding period last year. The decrease in profits was mainly due to the decrease in net profits of the associates engaging in coal-fired power related business as a result of the year-on-year increase in coal price.

### **Share of Results of Joint Ventures**

For the first half of 2021, the share of results of joint ventures was losses of RMB814,000, representing a decrease in profits of RMB14,252,000 as compared with the profits of RMB13,438,000 of the corresponding period last year. The decrease in profits was mainly due to the decrease in net profits of the joint ventures engaging in coal-fired power related business as a result of the year-on-year increase in coal price.

### **Income Tax Expense**

For the first half of 2021, income tax expense of the Group was RMB428,738,000, representing a decrease of RMB35,970,000 as compared with RMB464,708,000 of the corresponding period last year. The decrease was mainly attributable to the year-on-year decrease in profits from the coal-fired power segment.

### **Interim Dividend**

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2021.



## **EQUITY INSTRUMENTS AT FVTOCI**

As at 30 June 2021, the carrying amount of equity instruments at FVTOCI was RMB3,019,644,000, accounting for 1.78% of total assets, including listed equity securities of RMB2,510,349,000 and unlisted equity investments of RMB509,295,000.

Listed equity securities represent the equity interests in Shanghai Power held by the Group. As at 30 June 2021, the Group held 13.88% of the issued share capital of Shanghai Power, the A shares of which are listed on the Shanghai Stock Exchange. It was categorized into the level 1 financial assets of fair value measurements, and its fair value decreased by 2.95% as compared with RMB2,586,640,000 as at 31 December 2020.

Unlisted equity investments represent the Group's investment in equity of some unlisted companies principally engaged in financial services, coal production, water supply and electricity trading services respectively. They were categorized into the level 3 financial assets of fair value measurements. As at 30 June 2021, the aggregate fair value of unlisted equity investments owned by the Group was RMB527,172,000 (including an unlisted equity investment in the PRC as part of disposal groups classified as held for sale), representing an increase of 6.89% from RMB493,189,000 as at 31 December 2020.

The market approach was the valuation technique and key inputs used for measuring the fair value of the level 3 financial assets above, i.e. fair value of such equity instruments is estimated by calculating the appropriate value ratio based on market multiples derived from a set of comparable listed companies in the same or similar industries. Key inputs were (i) the market value of the said equity interests, (ii) price-to-book ratio of the comparable companies (0.43-2.96), and (iii) the marketability discount (25.60%-30.78%).

The fair value loss on equity instruments at FVTOCI for the six months ended 30 June 2021 of RMB43,681,000 (net of tax) (2020: RMB221,841,000) was recognized in the interim condensed consolidated statement of comprehensive income.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not have any material acquisition or disposal during the period under review.

## **EVENT AFTER THE REPORTING PERIOD**

On 12 July 2021, Wu Ling Power entered into three Equity Transfer Agreements with Mingyang New Energy, pursuant to which Wu Ling Power has conditionally agreed to acquire, and Mingyang New Energy has conditionally agreed to sell the entire equity interests and to assume the Shareholder's Loans of the Target Companies for an aggregated consideration of RMB1,490,283,000, which are subject to adjustments on Completion. The Target Companies hold four wind power projects with a total power generation installed capacity of 203.6MW located in Inner Mongolia Autonomous Region of the PRC. All of the four wind power projects have now commenced commercial operation. The Board considered the Acquisitions will establish the Group's clean energy development and presence in Inner Mongolia Autonomous Region. For details, please refer to the announcements of the Company dated 12 July 2021 and 19 July 2021.

## LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

As at 30 June 2021, cash and cash equivalents of the Group were RMB6,999,116,000 (31 December 2020: RMB1,316,351,000). Current assets amounted to RMB22,416,493,000 (31 December 2020: RMB14,121,267,000), current liabilities amounted to RMB46,429,127,000 (31 December 2020: RMB40,556,194,000) and current ratio was 0.48 (31 December 2020: 0.35).

For the six months ended 30 June 2021, the maximum daily balance of deposit (including accrued interests) placed by the Group with SPIC Financial was approximately RMB3.27 billion (31 December 2020: RMB4.18 billion).

During the period under review, the Group recorded a net increase in cash and cash equivalents (including cash and cash equivalents as part of disposal groups classified as held for sale) of RMB5,701,680,000 (2020: RMB818,928,000). For the six months ended 30 June 2021:

- net cash generated from operating activities amounted to RMB2,433,837,000 (2020: RMB3,589,510,000), which mainly represented the changes in working capital. The decrease in net cash inflow was mainly attributable to the increase in the Group's payment and prepayment for purchases of coal from related parties.
- net cash used in investing activities amounted to RMB5,741,508,000 (2020: RMB6,456,662,000), which mainly represented the cash outflow of capital expenditure on payments for property, plant and equipment and prepayments for construction of power plants. The decrease in cash outflow, as compared with the corresponding period last year, was mainly attributable to the decrease in the Group's payment for property, plant and equipment and prepayments for construction of power plants.
- net cash generated from financing activities amounted to RMB9,009,351,000 (2020: RMB3,686,080,000). The significant increase in net cash inflow, as compared with the corresponding period last year, was mainly attributable to the significant increase in cash inflow from drawdown of bank borrowings.

The financial resources of the Group were mainly derived from cash inflow generated from operating activities, borrowings from banks and related parties, and project financing.

## DEBTS

As at 30 June 2021, total debts of the Group amounted to RMB102,547,986,000 (31 December 2020: RMB91,431,935,000). All debts of the Group are denominated in RMB, Japanese Yen (“JPY”) or United States Dollars (“USD”). As at 30 June 2021, 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 67% (31 December 2020: approximately 66%). The Group's gearing ratio remained stable.

As at 30 June 2021, the amount of borrowings granted by SPIC Financial was approximately RMB4.09 billion (31 December 2020: approximately RMB4.06 billion).

## **SIGNIFICANT FINANCING**

In February 2021, the Company issued the third tranche of super & short-term commercial paper in the PRC in a principal amount of RMB500 million, at the interest rate of 3.20% per annum and with a maturity period of 179 days. The proceeds were fully used for repayment of existing borrowings.

In April 2021, the Company issued the second tranche of medium-term notes in the PRC in a principal amount of RMB2 billion, at the interest rate of 3.54% per annum and with a maturity period of 3 years. The proceeds were fully used for repayment of existing borrowings and bank loans, and replenishment of working capital of the Group.

In May 2021, Wu Ling Power, a subsidiary of the Company, issued the second tranche of super & short-term commercial paper in the PRC in a principal amount of RMB1 billion, at the interest rate of 3.00% per annum and with a maturity period of 260 days. The proceeds were fully used for repayment of existing borrowings.

## **CAPITAL EXPENDITURE**

For the first half of 2021, the capital expenditure of the Group was RMB6,799,965,000 (2020: RMB8,219,799,000). In particular, the capital expenditure for clean energy segments (hydropower, wind power and photovoltaic power) was RMB4,908,102,000 (2020: RMB5,993,855,000), which was mainly applied for the engineering construction of new power plants and power stations; whereas the capital expenditure for coal-fired power segment was RMB1,773,732,000 (2020: RMB2,042,555,000), which was mainly applied for the engineering construction of new coal-fired power generating units and technical upgrade for the existing power generating units. These expenditures were mainly funded by project financing, funds generated from business operations and borrowings from related parties.

## **PLEDGE OF ASSETS**

As at 30 June 2021, the Group pledged certain property, plant and equipment with a net book value of RMB395,640,000 (31 December 2020: RMB262,915,000) to certain banks to secure bank borrowings in the amount of RMB157,645,000 (31 December 2020: RMB129,620,000). In addition, certain bank borrowings, certain borrowings from related parties and certain lease liabilities totaling RMB20,150,392,000 (including bank borrowings as part of disposal groups classified as held for sale) (31 December 2020: RMB19,546,007,000) were secured by the rights on certain accounts receivable. The accounts receivable secured under these borrowings amounted to RMB3,823,536,000 (including accounts receivable as part of disposal groups classified as held for sale) (31 December 2020: RMB2,476,191,000).

## **CONTINGENT LIABILITIES**

As at 30 June 2021, the Group had no material contingent liabilities.

## **FOREIGN EXCHANGE RISKS**

The Group principally operates its businesses in Mainland China with most of its transactions settled in RMB. Apart from certain bank borrowings as well as cash and cash equivalents, the Group's assets and liabilities are mainly denominated in RMB. The Group held borrowings denominated in JPY and USD during the period. Volatility of RMB exchange rate against JPY and USD may increase the exchange risks of the Group, thus affecting its financial position and operating results. As at 30 June 2021, the Group's borrowings denominated in foreign currencies amounted to RMB3,011,489,000 (31 December 2020: RMB3,038,381,000).

In order to prevent the risk of exchange rate fluctuations, the Company entered into a USD forward contract at the beginning of the year. Pursuant to the contract, the Company bought an amount of USD410 million at the agreed price of RMB6.53 for USD1 on 26 July 2021 to repay the Company's bank borrowings of USD410 million due on the same day. No fees were charged in any form under the contract.

The Group will continue to keep track on the movements of exchange rate and, if necessary, take responsive measures to avoid excessive foreign exchange rate risks.

## **FUNDING RISKS**

With the Group's strengthened efforts in developing all kinds of new power projects, funding adequacy will have an increasing impact on the Group's operations and development. The financing market is affected by a number of factors such as the liquidity of the lending market and the economic environment, which in turn may also affect the effectiveness and costs of the Group's borrowing. The Group has always leveraged its capability of accessing the Mainland China and overseas markets to optimize its funding sources, increase the credit facilities and lower its financing costs.

As at 30 June 2021, the Group had sufficient available undrawn financing facilities amounting to RMB17,148,419,000 to safeguard against funding risks.

## **SOCIAL AND ENVIRONMENTAL GOVERNANCE**

### **Operational Safety**

In the first half of 2021, no material accident in the aspects of employees, facilities and environmental protection occurred in the Group.

### **Human Resources**

As at 30 June 2021, the Group had a total of 10,413 (2020: 10,337) full-time employees.

### **Energy Saving**

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

For the first half of 2021, the net coal consumption rate of the Group was 301.35g/kWh, representing a slight decrease of 0.70g/kWh as compared with the corresponding period last year. It was mainly due to the successive commencement of operation of natural gas power projects, which optimized the power generation structure, and hence lowered the average net coal consumption rate.

### **Emission Reduction**

In active response to the policy of “Plan on Establishment of a National Carbon Emission Rights Trading Market (Power Generation Industry)(《全國碳排放權交易市場建設方案(發電行業)》)” and the “Implementation Plan on Setting and Distribution of National Aggregate Carbon Emission Rights Trading Quota 2019-2020 (Power Generation Industry) (《2019-2020年全國碳排放權交易配額總量設定與分配實施方案(發電行業)》)” promulgated by the PRC government, the Group has strengthened the environmental control and rectification measures for its coal-fired power generating units. Currently, more than 90% of the operating coal-fired power generating units have met the standards of ultra-low-emission.

For the first half of 2021, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2020: 100%), and the efficiency ratio of desulphurization reached 99.36% (2020: 99.29%); while the operational ratio of denitration facilities was 100% (2020: 100%) and the efficiency ratio of denitration reached 88.89% (2020: 88.70%).

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

- the emission rate of sulphur dioxide (SO<sub>2</sub>) at 0.082g/kWh, representing a decrease of 0.008g/kWh as compared with the corresponding period last year;
- the emission rate of nitrogen oxide (NO<sub>x</sub>) at 0.148g/kWh, representing a decrease of 0.008g/kWh as compared with the corresponding period last year; and
- the emission rate of flue gas and dusts at 0.009g/kWh, which remained at the same level as that of the corresponding period last year.

### **OUTLOOK FOR THE SECOND HALF OF 2021**

In the second half of 2020, the Chinese government proposed the “30 • 60” target for achieving “Carbon Peak” and “Carbon Neutrality”, which clearly stated that a new power system will be established with new energy as its core. Since 2021, the Chinese government has accelerated the development of the carbon emissions trading market. The relevant strategic goal and policy guidance will bring profound changes to the power industry in its entirety. Given this new market landscape, the Group will face new development opportunities and competitive pressure at the same time.

As such, the Group will prioritize the following tasks in the second half of the year:

**Accelerating the development of clean energy to continuously transform into a low-carbon enterprise.** The Group will step up its efforts in clean energy development to increase the share of clean energy in terms of installed capacity and revenue. Adhering to the principle of controlling and reducing coal consumption and cutting carbon emission, the

Group intends to dispose of part of its equity interests in coal-fired power enterprises with a view to gradually divesting its coal-fired power assets in an orderly manner and achieving the targets of “Carbon Peak” and “Carbon Neutrality” as soon as possible. According to the current development plan, the Group is confident about increasing the proportion of consolidated installed capacity of on-grid clean energy to reach over 50% of the total installed capacity by the end of 2021. The Group aims to be the first enterprise with its proportion of clean energy installed capacity higher than that of coal-fired power among existing major PRC power producers listed in Hong Kong that principally engaged in traditional coal-fired power generation.

**Creating the new landscape of development with a focus on energy transformation.** The Group will accelerate the acquisition of clean energy and integrated intelligent energy projects in various counties, and intensify the cooperation with upstream and downstream strategic partners to tap into the new battlefield of cross-sector and innovative collaboration. Meanwhile, it will promote the implementation of the “green power transportation” and “new energy storage” businesses by fully leveraging the advantages of the Group’s two newly formed platform companies, namely Qiyuanxin Power and Xinyuan Smart Storage. It will also actively develop diversified energy services for asset-light operation including high-end inspection and repair of nuclear energy and establish a high-end electricity services market represented by the inspection and repair business of nuclear power stations, with an aim to expand and strengthen its platform companies of new energy services to further open up new rooms for comprehensive development. At the same time, it will thoroughly study the government’s new energy policies in relation to carbon emissions and carbon emission trading, and strengthen the management of its carbon assets.

**Unlocking potentials and enhancing efficiency to improve the Company’s overall performance.** The Group will strive to increase revenue and reduce costs by putting more efforts in electricity sales and the expansion into energy services market to broaden the sources of revenue. The Group will continue to enhance efficiency of capital use and control its gearing ratio to maintain a healthy capital structure. More importantly, the Group will maintain safe and stable production and operation to ensure highly reliable performance and highly efficient operation of the power generating units.

The Group will actively adapt to the new landscape of the energy market by accelerating its transformation towards clean energy, so as to preserve the growth momentum for production, operation and development, and reward its shareholders.

## **REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY AUDIT COMMITTEE**

The Audit Committee, which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditor of the Company, Ernst & Young, the interim condensed consolidated financial statements for the six months ended 30 June 2021.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2021.

## **CORPORATE GOVERNANCE**

The Company believes that good corporate governance is an essential element in enhancing and safeguarding the interests of shareholders and other stakeholders, and is vital to the healthy and sustainable development of the Group. The Company commits to maintaining a high level of corporate governance by adopting and applying good corporate governance principles and practices. The Company has formed a standardized governance structure and has in place an effective risk management and internal control system.

The Group's corporate governance has been fully disclosed in the "Corporate Governance Report" of the Company's annual report 2020. Save for the code provision of A.2.1 (as specified below), the Company has complied with all the provisions of Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021.

Under the CG Code provision A.2.1, the role of both the chairman and chief executive should be separated and should not be performed by the same individual. The Company briefly deviated from the said provision when Mr. HE Xi concurrently served as both the Chairman of the Board and the President (being the chief executive) of the Company from 12 April 2021 to 23 July 2021.

Upon appointment of Mr. GAO Ping as an executive Director and the President of the Company with effect from 23 July 2021, Mr. HE Xi ceased to hold the role of the President of the Company while still remains as the Chairman of the Board.

Subsequent to the above change, the Company has been in compliance with the CG Code provision of A.2.1 with regard to segregation of the roles of chairman and chief executive.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a set of Code of Conduct for Securities Transactions by 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 inquiries to all Directors, they confirmed that they have fully complied with the Code of Conduct throughout the six months ended 30 June 2021.

## **PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY**

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the Company's websites at [www.chinapower.hk](http://www.chinapower.hk) and [www.irasia.com/listco/hk/chinapower/index.htm](http://www.irasia.com/listco/hk/chinapower/index.htm) respectively.

The interim report 2021 will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the interim report will also be made available for review on the above websites in due course.

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

By Order of the Board  
**China Power International Development Limited**  
**HE Xi**  
*Chairman*

Hong Kong, 19 August 2021

*As at the date of this announcement, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors WANG Xianchun and ZHOU Jie, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.*