華電福新能源股份有限公司

HUADIAN FUXIN ENERGY CORPORATION LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 00816

Interim Report 2012

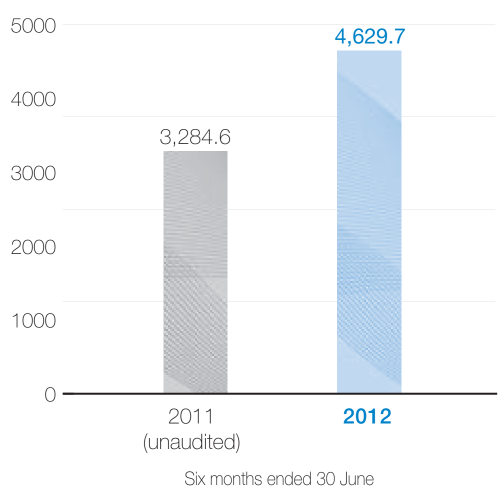
Contents

Interim Results

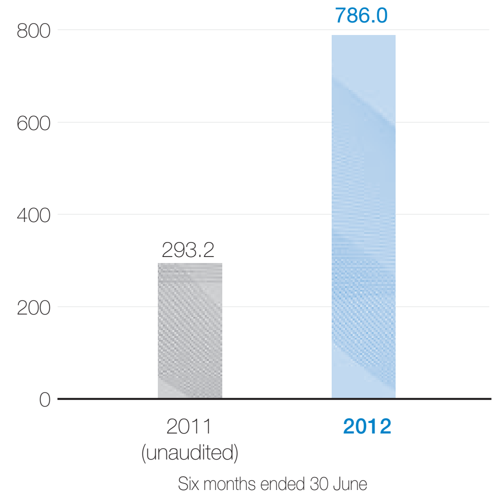
The Board of the Company hereby announces the audited operating results of the Group for the six months ended 30 June 2012, together with the operating results for the Corresponding Period of 2011 for comparison. For the six months ended 30 June 2012, the revenue of the Group amounted to RMB4,629.7 million, representing an increase of 41.0% over the Corresponding Period of 2011; profit before taxation amounted to RMB1,136.9 million, representing an increase of 198.3% over the Corresponding Period of 2011; profit attributable to equity owners of the Company amounted to RMB786.0 million, representing an increase of 168.1% over the Corresponding Period of 2011; earnings per share amounted to approximately RMB13.1 cents, representing an increase of 166.9% over that in the Corresponding Period of 2011.

Key Operating and Financial Information

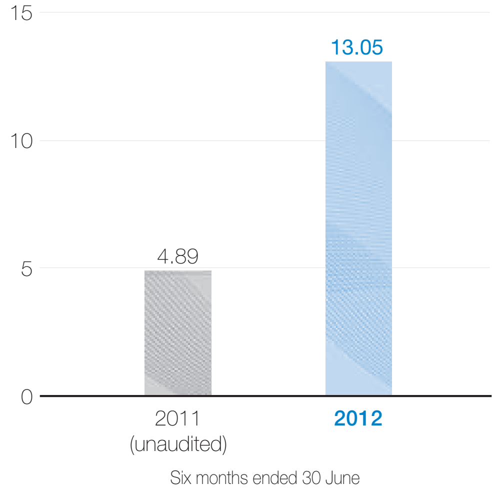
Revenue (RMB million)



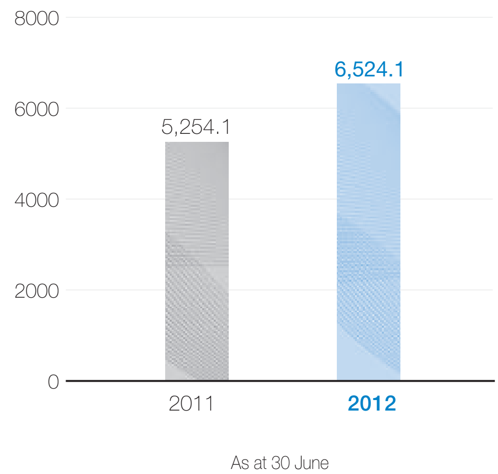
Profit attributable to equity owners of the Company (RMB million)



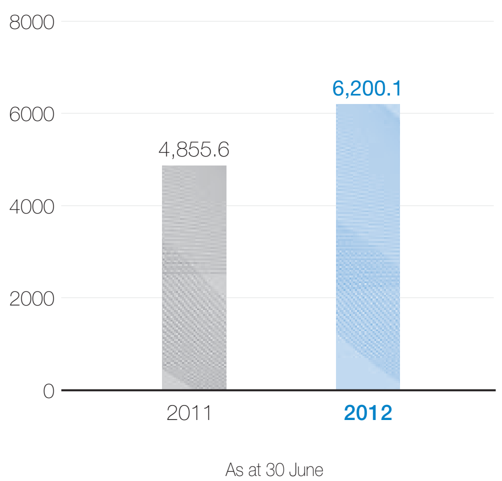
Basic and diluted earnings per share (RMB cents/share)



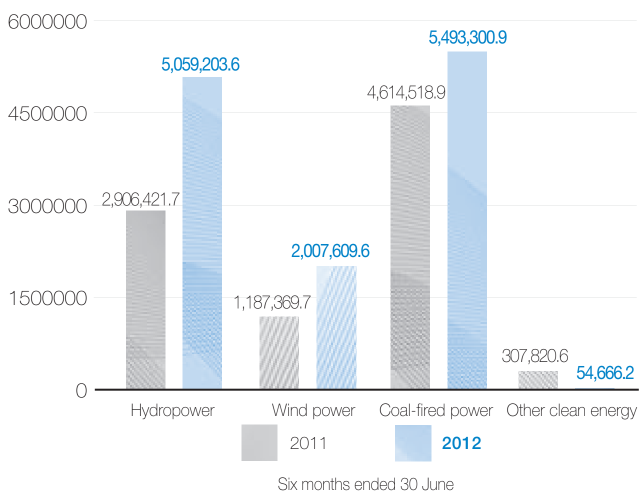
Consolidated installed capacity (MW)



Attributable consolidated installed capacity (MW)



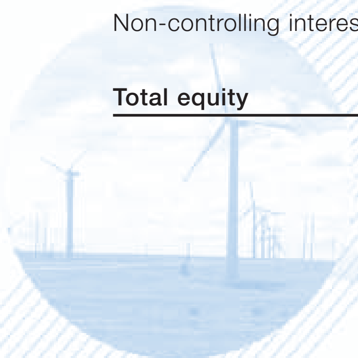
Electricity sales (MWh)



Key Operating and Financial Information

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Revenue	**4,629,739**	3,284,570
Profit before taxation	**1,136,926**	381,148
Income tax	**(169,115)**	(33,710)
Profit and total comprehensive income for the period	**967,811**	347,438
Profit and total comprehensive income attributable to:		
Equity owners of the Company	**786,027**	293,154
Non-controlling interests	**181,784**	54,284
Basic and diluted earnings per share (RMB cents)	**13.05**	4.89

	At 30 June 2012	At 31 December 2011
	RMB'000	RMB'000
Total non-current assets	**46,022,323**	44,234,842
Total current assets	**8,769,242**	5,464,907
Total assets	**54,791,565**	49,699,749
Total current liabilities	**18,206,509**	17,741,658
Total non-current liabilities	**24,572,343**	22,848,236
Total liabilities	**42,778,852**	40,589,894
Net assets	**12,012,713**	9,109,855
Total equity attributable to the equity owners of the Company	**10,147,238**	7,462,193
Non-controlling interests	**1,865,475**	1,647,662
Total equity	**12,012,713**	9,109,855



Since 2012, the world economy has continued to suffer numerous difficulties, while the domestic economy remains healthy generally. In the first half of 2012, the power of the PRC achieved a supply-demand balance as a whole. The overall electricity consumption grew in the PRC by 5.5% over the Corresponding Period of 2011 with the growth rate declining due to factors including economic growth slowdown, and the proportion of power generated by clean energy was 16.9%, representing an increase of 0.9% over the Corresponding Period of 2011. Along with the constant promulgation of the policies and measures for “stabilizing growth” by the PRC government and the gradual materialization of the policy effects, the overall electricity consumption is expected to rally in the second half of 2012 in the PRC. As a leading clean energy company, the Group possesses diversified portfolio of power generating assets, which has not only enabled us to broaden our growth prospects and benefit from various favorable government policies that encourage the development of different clean energy projects, but has also created synergies among different power generating assets and allowed us to decentralize risks while maximizing profit.

I. BUSINESS REVIEW

In the first half of 2012, leveraging the Group’s advantage of “mixed portfolio of hydropower and coal-fired power”, the Group strengthened its production and operation under better management. The Group strived to expand its source of revenue, reinforce cost control and improve the Group’s core competitiveness and profitability by increasing power generation, raising tariff and controlling coal price. Its hydropower, wind power, coal-fired power and other clean energy have become profitable and a significant growth was recorded in its overall results as compared with the Corresponding Period of 2011.

During the six months ended 30 June 2012, profit attributable to equity owners of the Company was RMB786.0 million, representing an increase of 168.1% over the Corresponding Period of 2011; consolidated installed capacity was 6,524.1 MW, representing an increase of 24.2% over the Corresponding Period of 2011; gross generation was 11,726,591.7 MWh, representing an increase of 48.5% over the Corresponding Period of 2011.

The respective consolidated installed capacity of the power generating assets of the Group as at 30 June 2012 and 2011 by type was:

Type	30 June 2012 (MW)	30 June 2011 (MW)	Change ratio
Hydropower	**2,223.4**	2,223.4	0.0%
Wind power	**2,171.3**	1,413.3	53.6%
Coal-fired power	**2,050.0**	1,450.0	41.4%
Other clean energy	**79.4**	167.4	(52.6%)
Total	**6,524.1**	5,254.1	24.2%

The respective attributable consolidated installed capacity of the power generating assets of the Group as at 30 June 2012 and 2011 by type was:

Type	**30 June 2012 (MW)**	30 June 2011 (MW)	Change ratio
Hydropower	**1,627.2**	1,627.2	0.0%
Wind power	**1,955.3**	1,272.2	53.7%
Coal-fired power	**2,090.4**	1,490.4	40.3%
Other clean energy	**527.2**	465.8	13.2%
Total	**6,200.1**	4,855.6	27.7%

The respective gross generation of the power generating assets of the Group for the six months ended 30 June 2012 and 2011 by type was:

Type	**January to June 2012 (MWh)**	January to June 2011 (MWh)	Change ratio
Hydropower	**5,139,161.8**	2,951,714.1	74.1%
Wind power	**2,117,712.3**	1,454,893.1	45.6%
Coal-fired power	**4,414,603.3**	3,177,626.9	38.9%
Other clean energy	**55,114.3**	313,745.9	(82.4%)
Total	**11,726,591.7**	7,897,980.0	48.5%

1. Hydropower business

As at 30 June 2012, the Group had a consolidated hydropower installed capacity of 2,223.4 MW and a capacity under construction of 80.0 MW. In the first half of 2012, the Group recorded gross hydropower generation of 5,139,161.8 MWh, representing an increase of 74.1% over the Corresponding Period of 2011. The Company adhered to the implementation of centralized sales and operation, obtaining a significant breakthrough in managing its tariff. The average on-grid tariff was RMB320.9/MWh, representing an increase of RMB23.6/MWh or 7.9% over the Corresponding Period of 2011, of which, four hydropower projects were approved for increasing tariff by RMB40.0/MWh in December 2011 and twenty-nine hydropower projects were approved for increasing tariff in March 2012.

The Company took advantage of the prosperous opportunity brought by the higher level of precipitation this year, leveraged its forecasting system and key reservoirs and strengthened its comprehensive river dispatch, further enhancing the utilization of hydropower. For the six months ended 30 June 2012, the accumulated levels of precipitation of the seven key reservoirs amounted to 1,318.0 mm, which was 18.0% higher than the average figure of the past years, and was 80.0% higher over the Corresponding Period of 2011, while the average hydropower utilization hours were 2,311.0 hours, which rose by 74.1% over the 1,327.6 hours in the Corresponding Period of 2011.

2. Wind power business

As at 30 June 2012, the Group had a consolidated wind power installed capacity of 2,171.3 MW, representing an increase of 53.6% comparing with 30 June 2011, and a wind power capacity under construction of 1,331.0 MW. In the first half of 2012, the Group recorded gross wind power generation of 2,117,712.3 MWh, representing an increase of 45.6% over the Corresponding Period of 2011. The average on-grid tariff was RMB563.8/MWh, representing an increase of RMB1.7/MWh over the Corresponding Period of 2011. The average wind power utilization hours were 975.3 hours, which was slightly lower than the Corresponding Period of 2011, mainly due to changes of wind resources in some areas, grid transmission limitations and distribution of electricity resources.

In the first half of 2012, the Group continued to optimize the layout of wind power projects with a focus on the quality development, and the pipeline capacity increased to 41,323.0 MW, of which, advanced pipeline and intermediate pipeline amounted to 523.5 MW and 2,820.5 MW, respectively. During construction, the Group proactively boosted the optimization of design, selected first-class equipments with reasonable prices and high quality domestically and internationally and reasonably controlled project costs. It promoted standardized maintenance operations and enhanced soundness of the equipments. Thus, the availability coefficient of wind turbines steadily increased to 97.9% and the operational maintenance costs remained relatively low. The Group proactively propelled the advancement and innovation of wind power technologies to ensure its leading position in the industry, and several national and industrial standards undertaken by the Group were accomplished and passed review successively.

In the first half of 2012, the Group had ten newly registered CDM projects. Net income generated from the CDM projects amounted to RMB111.7 million in the first half of the year, representing an increase of 38.6% over the Corresponding Period of 2011.

3. Coal-fired power business

As at 30 June 2012, the Group had a consolidated installed coal-fired power capacity of 2,050.0 MW, representing an increase of 41.4% comparing with 30 June 2011, and a capacity under construction of 600.0 MW. In the first half of 2012, the Group recorded gross coal-fired power generation of 4,414,603.3 MWh, representing an increase of 38.9% over the Corresponding Period of 2011. The average on-grid tariff was RMB450.1/MWh, representing an increase of RMB23.9/MWh or 5.6% over the Corresponding Period of 2011, mainly because Kemen Power Plant and Fujian Huadian Shaowu Power Generation Company Limited increased tariff by RMB27.4/MWh and Fujian Huadian Zhangping Coal-fired Power Co., Ltd. and Fujian Huadian Yong'an Power Generation Company Limited increased tariff by RMB42.4/MWh in December 2011.

While the electricity demand was declining in the first half of 2012, the Company proactively implemented marketing activities for sales of electricity and, at the same time, strengthened the operation management of its equipment, to achieve higher power generation output. For the six months ended 30 June 2012, Kemen Power Plant recorded an average utilization hours of 2,662.0 hours, representing an increase of 21.0% over the Corresponding Period of 2011, and reported an average standard coal consumption of 302.9 kg/MWh, representing a decrease of 1.8 kg/MWh over the Corresponding Period of 2011. In order to reduce unit fuel cost, the Company enhanced the cost management over procurement of coal, proactively expanded resources for procurement of coal and inquired prices through diverse channels. During the first half of 2012, standard coal cost for Kemen Power Plant was RMB731.0/ton, representing a decline of RMB14.0/ton or 1.9% over the Corresponding Period of 2011.

4. Distributed energy and other clean energy projects

Leveraging our experience and advantages obtained from developing the Guangzhou University Town project, we have gained large quantities of quality pipeline projects in distributed energy areas for development in the future. There were three projects newly approved in the first half of 2012 with an installed capacity of 143.2 MW. As at 30 June 2012, the consolidated installed capacity of the distributed energy projects under construction of the Group amounted to 258.0 MW; the capacity of advanced pipeline projects, intermediate pipeline projects and early pipeline projects was 487.2 MW, 1,522.0 MW and 5,499.0 MW, respectively.

As at 30 June 2012, we also held 39.0% equity interests in four nuclear power generating units under construction (each with 1,000.0 MW). Currently, the construction of the projects develops smoothly, and one generating unit is expected to commence operation each year during 2013 to 2016.

As at 30 June 2012, the Group had a consolidated installed capacity of solar power projects of 79.4 MW with pipeline resources of 550.0 MW. The two biomass energy projects under construction, with a consolidated installed capacity of 25.3 MW, are expected to commence operation in the second half of 2012.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the audited financial statements of the Group together with the accompanying notes.

1. Overview

The Group's profitability was improved substantially for the six months ended 30 June 2012. Profit before taxation for the period increased by 198.3% to RMB1,136.9 million as compared with RMB381.1 million for the Corresponding Period of 2011. Profit attributable to equity owners of the Company for the period amounted to RMB786.0 million, representing an increase of 168.1% as compared with RMB293.2 million for the Corresponding Period of 2011.

2. Revenue

The Group's revenue increased by 41.0% to RMB4,629.7 million for the six months ended 30 June 2012 compared with RMB3,284.6 million in the Corresponding Period of 2011, primarily due to the increase in its revenue from electricity sales of hydropower business.

The Group's revenue from sales of electricity increased by 40.6% to RMB4,495.0 million for the six months ended 30 June 2012 as compared with RMB3,196.4 million for the Corresponding Period of 2011, primarily due to a 39.9% increase in the Group's net generation and a slight increase in its weighted average on-grid tariff. The increase in the Group's net generation reflected its steady business growth during the period, among which, the cumulative net generation of its hydropower business and of its wind power business increased by 74.1% and 69.1% respectively over the Corresponding Period of 2011. The slight increase in the Group's weighted average on-grid tariff was primarily caused by the increase in prices of hydropower and coal-fired power by the PRC government. The respective segment revenue of the Group for the six months ended 30 June 2012 and 2011 is as follows:

Table of Segment Revenue

	January to June of 2012 RMB in millions	January to June of 2011 RMB in millions (unaudited)	Change ratio
Hydropower	**1,378.3**	728.8	89.1%
Wind power	**966.2**	570.2	69.4%
Coal-fired power	**2,181.4**	1,720.7	26.8%
Other clean energy	**77.6**	217.2	(64.3%)

3. Other net income

For the six months ended 30 June 2012, the Group's other net income increased by 77.9% to RMB262.1 million as compared with RMB147.3 million in the Corresponding Period of 2011, primarily due to: (1) a gain of RMB131.8 million from disposal of 28.0% equity interests in Fujian Kemen Port Logistics Co., Ltd. as compared with a gain of RMB64.2 million from disposal of 100.0% equity interests in another subsidiary, Fujian Kemen Power Stage II Generation Co., Ltd. in the Corresponding Period of 2011; and (2) increase in net income from CDM projects. For the six months ended 30 June 2012, the Group's net income from CDM projects increased by 38.6% to RMB111.7 million as compared with RMB80.6 million in the Corresponding Period of 2011.

4. Operating expenses

The Group's operating expenses increased by 18.6% to RMB2,987.5 million for the six months ended 30 June 2012 as compared with RMB2,518.8 million in the Corresponding Period of 2011. This increase was mainly attributable to: the increases in (1) fuel cost of the Group's new generation units; (2) depreciation and amortization expenses of the new generation units; (3) labor costs; (4) cost of repairs and maintenance; and (5) other operating expenses.

For the six months ended 30 June 2012, as the Group's new generation units were put into use, the fuel cost increased from RMB881.5 million in the Corresponding Period of 2011 to RMB1,146.4 million.

The Group's depreciation and amortization expenses increased by 30.1% to RMB771.0 million for the six months ended 30 June 2012 as compared with RMB592.8 million in the Corresponding Period of 2011. This increase was primarily due to the expanded consolidated installed capacity of the Group.

The Group's labor costs increased by 12.0% to RMB330.5 million for the six months ended 30 June 2012 as compared with RMB295.0 million in the Corresponding Period of 2011, primarily due to more employees hired by the Group for managing its expanded business.

The Group's cost of repair and maintenance increased by 40.5% to RMB66.6 million for the six months ended 30 June 2012 as compared with RMB47.4 million in the Corresponding Period of 2011, primarily due to commencement of production of the two additional coal-fired units and the increase in repairing fees in hydropower projects of the Group for the period.

The Group's other operating expenses increased by 39.8% to RMB133.5 million for the six months ended 30 June 2012 as compared with RMB95.5 million in the Corresponding Period of 2011, primarily due to the increased number of projects and the expansion in business scale of the Group.

5. Operating profit

The Group's operating profit increased by 108.6% to RMB1,904.3 million for the six months ended 30 June 2012 as compared with RMB913.1 million in the Corresponding Period of 2011, reflecting the Group's steady business growth during the period. The respective segment operating profit of the Group for the six months ended 30 June 2012 and 2011 is as follows:

Table of Segment Operating Profit

	January to June of 2012 RMB in millions	January to June of 2011 RMB in millions (unaudited)	Change ratio
Hydropower	**874.1**	258.1	238.7%
Wind power	**671.9**	397.0	69.2%
Coal-fired power	**259.5**	202.1	28.4%
Other clean energy	**40.9**	39.3	4.1%

6. Finance income

The Group's finance income increased by 0.3% to RMB32.8 million for the six months ended 30 June 2012 as compared with RMB32.7 million in the Corresponding Period of 2011, which was similar to the Corresponding Period of 2011.

7. Finance expenses

The Group's finance expenses increased by 50.5% to RMB841.6 million for the six months ended 30 June 2012 as compared with RMB559.3 million in the Corresponding Period of 2011, primarily due to the increase in the average balance of our loans as a result of the Group's business growth and the increase in the level of average interest rate.

8. Share of profits/(losses) of the associates and jointly controlled entity

The Group's share of profits of the associates and jointly controlled entity was RMB41.5 million for the six months ended 30 June 2012 as compared with losses of RMB5.3 million in the Corresponding Period of 2011, primarily due to the increase in earnings of associates that we invested in this period.

9. Income tax

The Group's income tax increased by 401.8% to RMB169.1 million for the six months ended 30 June 2012 as compared with RMB33.7 million in the Corresponding Period of 2011. This increase was mainly due to the increase in its operating profit.

10. Profit for the period

The Group's profit increased by 178.6% to RMB967.8 million for the six months ended 30 June 2012 as compared with RMB347.4 million in the Corresponding Period of 2011. Our profit as a percentage of our total revenue increased to 20.9% for the six months ended 30 June 2012 from 10.6% in the Corresponding Period of 2011, primarily because, on one hand, the Group took advantage of the prosperous opportunity brought by the higher level of precipitation this year, strengthened hydropower dispatch, tapped its potential in full and improved utilization of hydropower, thereby achieving a 238.7% growth of operating profit from hydropower segment for the six months ended 30 June 2012 as compared with the Corresponding Period of 2011; on the other hand, the Company persistently selected premium sites to optimize its layout and expand wind power scale, thereby attaining a 69.2% increase in operating profit from wind power segment for the six months ended 30 June 2012 as compared with the Corresponding Period of 2011.

11. Profit attributable to equity owners of the Company

The profit attributable to equity owners of the Company increased by 168.1% to RMB786.0 million for the six months ended 30 June 2012 as compared with RMB293.2 million in the Corresponding Period of 2011.

12. Profit attributable to non-controlling interests

The Group's profit attributable to non-controlling interests increased by 235.4% to RMB181.8 million for the six months ended 30 June 2012 as compared with RMB54.2 million in the Corresponding Period of 2011.

13. Liquidity and sources of capital

The Group's cash and cash equivalents increased by 198.4% to RMB4,442.2 million as at 30 June 2012 as compared with the balance of RMB1,488.5 million as at 31 December 2011, primarily due to the net proceeds from the offering of H shares of the Company amounted to RMB1,957.0 million, which was credited into our account on 28 June 2012. The main sources of the Group's operating capital include: (1) approximately RMB14,047.3 million as at 30 June 2012 of unutilized banking facilities; and (2) approximately RMB4,442.2 million of cash and cash equivalents, of which RMB1,957.0 million represents the increased bank deposits resulted from the net proceeds from the offering of H shares.

As at 30 June 2012, the Group's borrowings increased by 11.1% to RMB33,588.5 million as compared with RMB30,242.3 million as at 31 December 2011, of which RMB10,112.2 million was short-term borrowings (including current portion of long-term borrowings), and RMB23,476.3 million was long-term borrowings.

14. Capital expenditure

The Group's capital expenditure decreased by 11.8% to RMB1,991.4 million for the six months ended 30 June 2012 as compared with RMB2,256.7 million in the Corresponding Period of 2011. Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment.

15. Net gearing ratio

As at 30 June 2012, the Group's net gearing ratio (net debt (i.e., total borrowings minus cash and cash equivalents) divided by total equity) was 242.6%, representing a decrease of 73.0 percentage points as compared with 315.6% as at 31 December 2011, which was mainly due to the increase in cash and cash equivalents from the net proceeds from the offering of H shares of the Company and therefore the shareholders' equity of the Company during the period.

16. Material acquisitions and disposals

The Company disposed of its 28.0% equity interest in Fujian Kemen Port Logistics Co., Ltd. and the net income of the disposal was RMB131.8 million for the six months ended 30 June 2012.

17. Pledge of assets

Some of the Group's loans are secured by property, plant and equipment. As at 30 June 2012, total net carrying value of the pledged assets amounted to RMB9,991.6 million.

18. Contingent liabilities

As at 30 June 2012, the Group provided external guarantee to the banks for loans amounting to RMB270.8 million.

III. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

The development and profitability of our clean energy projects is significantly dependent on the policies and regulations that support such development in the PRC. Since 2005, the PRC government has promulgated a series of laws and regulations. The gross generation and revenue of our hydropower projects are dependent upon hydrological conditions prevailing from time to time in the broad geographic regions in which our existing and future hydropower projects are located. In addition, the resettlement of relocated residents may cause significant cost increases and/or construction delays of our hydropower projects. Our wind power business is highly dependent on wind conditions. The amounts of electricity and revenue generated at a wind power project are highly dependent on wind conditions, which vary across seasons and regions. Our coal-fired power plants are fueled by coal and an increase in coal prices and a disruption in coal supply or its transportation could materially and adversely affect our coal-fired power business. Our distributed energy projects and other natural gas-fired power projects are fueled by natural gas. As such, the sufficient and timely supply of natural gas is essential to our distributed energy business.

2. Competition risk

We may encounter competition from utility companies, which are mainly engaging in other clean energy businesses. In particular, other clean energy technologies may become more competitive and attractive. Competition from such companies may increase if the technology used to generate electricity from these other clean energy sources becomes more sophisticated, or if the PRC government decides to bolster its support of such other clean energy sources. Clean energy resources, such as hydropower and wind power, compete with conventional energy resources, including oil and coal.

3. Risk related to power grid

Power grids planning and construction and wind farm construction in certain regions are out of sync, which will hinder the Group's power transmission upon completion of the projects. In addition, power grids with insufficient transmission capacity may not be able to deliver all the potential electricity that the wind farms could generate when operating under full load, which may decrease the gross generation. In view of this, the Group flexibly adjusted construction strategy and rationally deployed new projects according to the power grid connection conditions. Meanwhile, the Group will continue improving technical innovation to reduce such impact.

4. Exchange rate risk

The Group's transactions are mainly denominated in Renminbi, Euros, United States dollars and Hong Kong dollars. Therefore, the Group is exposed to foreign currency exchange rate risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out and the management will consider hedging the foreign exchange exposure if it has material impact on the Group.

IV. OUTLOOK AND PROSPECTS

Being the only ultimate platform of Huadian to integrate the development of clean energy businesses, the Group will continue to adhere to the diversification development of clean energy. Through developing a variety of clean energy that has collaborative and complementary effects, the Group will grasp opportunities for broader development and maximize the return for shareholders.

1. Hydropower business

With over fifty years of operation and leading position in the hydropower sector in East China, the Group plans to further expand its hydropower business through external acquisitions as well as renovation and expansion of existing projects. By taking advantages of the Group's key reservoirs, strengthening the river dispatch, increasing power generation and raising tariff actively, the Group can further improve the profitability of the Group's hydropower business.

2. Wind power business

The wind power business has been and will continue to be the Group's focus in the foreseeable future. The Group also has strong project pipeline for future development which is believed to provide the Group with a solid foundation for future growth. By leveraging its abundant wind resource reserves, the Group expects to increase its total installed wind power capacity to approximately 3,200.0 MW by the end of 2012.

3. Coal-fired power business

The Group's coal-fired power business constitutes a significant source of revenue and cash flow to support the development of the Group's clean energy. The Group also has two coal-fired generating units under construction, with an aggregate capacity of 600.0 MW which are expected to be completed by the end of 2012.

4. Other clean energy businesses

The Group believes that operating other clean energy projects will diversify the source of revenue and bring the Group a new prospect for business growth. By leveraging its first-mover advantage, the Group plans to further increase its distributed energy projects and also places emphasis on the industry development, market trends and regulatory policies study of nuclear, solar and biomass energy projects, and selectively pursues opportunities to expand other clean energy businesses.

The Company has been committed to ever improving the corporate governance and regarded it as an indispensable part to creating values for shareholders. The Company has established a modern corporate governance structure which comprises a number of independently operated and effectively balanced bodies including general meetings, the Board, the Supervisory Board and senior management with reference to the code provisions as set out in the Corporate Governance Code and the requirements as set out in the Articles of Association of the Company. The Company has adopted the Corporate Governance Code as its code of corporate governance practices.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the reporting period, the Company was in compliance with the code provisions of the Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as the code of conduct and rules governing dealings by all of our Directors, Supervisors and relevant employees (as defined in the Corporate Governance Code) in the securities of the Company. Having made specific enquiry of the Directors and Supervisors of the Company, all Directors and Supervisors have confirmed that they have strictly complied with the required standards regarding securities transactions by Directors as set out in the Model Code and its code of conduct during the reporting period.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure its compliance with the relevant requirements under the Listing Rules and to protect shareholders' interests.

RESPONSIBILITY STATEMENT BY THE DIRECTORS IN RELATION TO THE FINANCIAL STATEMENTS

The Directors confirm that they shall assume the relevant responsibility in relation to the preparation of the financial statements of the Company, ensure that the preparation of the financial statements of the Company complies with the relevant laws and regulations and the applicable accounting standards and also warrant that the financial statements of the Company will be published in a timely manner.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed a sufficient number of independent non-executive directors with appropriate professional qualifications, or appropriate accounting or related financial management expertise in accordance with the requirements of the Listing Rules. The Company appointed a total of three independent non-executive directors, namely Mr. Zhou Xiaoqian, Mr. Yeung Pak Sing and Mr. Zhang Bai.

Corporate Governance

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules. The primary responsibilities of the audit committee are to review the annual internal audit plan of the Company, oversee the appointment, renewal and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors, review and oversee the independence and objectiveness of external auditors and effectiveness of audit procedures, formulate and implement policies in relation to non-audit services provided by external auditors, oversee the quality of internal audit and disclosure of financial information of the Company, review interim and annual financial statements before submission to the Board and oversee the financial reporting system and internal control procedures of the Company, evaluate the effectiveness of the internal control and risk management system to ensure co-ordination between the internal and external auditors and to ensure that the internal audit function is adequately resourced and the relevant staff have sufficient qualifications and experience and are provided with regular training programmes and other similar arrangements.

The audit committee consists of three Directors: Mr. Zhang Bai (independent non-executive director), Mr. Yeung Pak Sing (independent non-executive director) and Mr. Zong Xiaolei (non-executive director). Mr. Zhang Bai serves as the chairman of the audit committee.

On 24 August 2012, the audit committee reviewed and confirmed the announcement of interim results of the Group for the six months ended 30 June 2012, the 2012 interim report and the audited interim financial statements for the six months ended 30 June 2012.

SHARE CAPITAL

As at 30 June 2012, the total share capital of the Company was RMB7,500,000,000.0, divided into 7,500,000,000 shares of RMB1.0 each (among which, 5,850,000,000 shares were domestic shares and 1,650,000,000 shares were H shares).

As at 24 July 2012, upon partial exercise of over-allotment option, the total share capital of the Company was RMB7,622,616,000.0, divided into 7,622,616,000 shares of RMB1.0 each (among which, 5,837,738,400 shares were domestic shares and 1,784,877,600 shares were H shares).

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2012.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the reporting period.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

On 30 June 2012, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong 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 required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 30 June 2012, so far as known to the Directors, the following persons (other than the Directors, chief executives or Supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Class of Share	Capacity	Number of Shares/Underlying Shares Held (Share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
Huadian[1]	Domestic Shares	Beneficial owner/ Interest of corporation controlled by the substantial shareholder	5,287,991,267 (Long position)	90.39%	70.51%
NSSF	H Shares	Beneficial owner	150,000,000 (Long position)	9.09%	2.00%

Name of Shareholder	Class of Share	Capacity	Number of Shares/Underlying Shares Held (Share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
Sinovel Wind Group Co., Ltd	H Shares	Beneficial owner	276,508,000 (Long position)	16.76%	3.69%
CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited	H Shares	Beneficial owner	235,126,000 (Long position)	14.25%	3.14%
Huaneng Renewables (Hong Kong) Limited	H Shares	Beneficial owner	141,076,000 (Long position)	8.55%	1.88%
Shanxi Lu'An Mining Industry Group Co., Ltd.	H Shares	Beneficial owner	141,076,000 (Long position)	8.55%	1.88%
State Grid International Development Limited	H Shares	Beneficial owner	141,076,000 (Long position)	8.55%	1.88%
Bank of America Corporation[(2)]	H Shares	Interests held jointly with another person	225,000,000 (Long position)	13.64%	3.00%
			183,296,000 (Short position)	11.11%	2.44%
China Guodian Corporation[(3)]	H Shares	Interest of corporation controlled by the substantial shareholder	141,062,000 (Long position)	8.55%	1.88%
China Ming Yang Wind Power Group Limited[(4)]	H Shares	Interest of corporation controlled by the substantial shareholder	141,062,000 (Long position)	8.55%	1.88%
CITIC Securities Company Limited[(2) (5)]	H Shares	Interest of corporation controlled by the substantial shareholder/ Interests held jointly with another person	225,000,000 (Long position)	13.64%	3.00%
			183,296,000 (Short position)	11.11%	2.44%
UBS AG[(2)]	H Shares	Beneficial owner/ Interests held jointly with another person	225,000,000 (Long position)	13.64%	3.00%
			183,296,000 (Short position)	11.11%	2.44%

Notes:

(1) Huadian had an interest in the domestic shares of the Company, all of which 5,019,305,801 domestic shares (long position) were held in its capacity as beneficial owner. Huadian, through various subsidiaries, had an interest in the domestic shares of the Company, all of which 268,685,466 domestic shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

(2) Bank of America Corporation, CITIC Securities Company Limited and UBS AG had a joint interest in the H Shares of the Company, all of which 225,000,000 H shares (long position) and 183,296,000 H shares (short position) were held in each of their capacities as interests held jointly with another person.

(3) China Guodian Corporation, through various subsidiaries, had an interest in the H shares of the Company, all of which 141,062,000 H shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

(4) China Ming Yang Wind Power Group Limited, through its subsidiary, Ming Yang Wind Power (International) Co., Limited (明陽風電(國際)有限公司), had an interest in the H shares of the Company, all of which 141,062,000 H shares (long position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

(5) CITIC Securities Company Limited, through various subsidiaries, had an interest in the H shares of the Company, all of which 225,000,000 H shares (long position) and 183,296,000 H shares (short position) were held in its capacity as interest of corporation controlled by the substantial shareholder.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2012, the Group had a total of 7,465 employees. The employee remuneration of the Group comprises basic salary and bonus payment, which is made with reference to the operating results of the Group and results of performance assessment on the employees.

For the six months ended 30 June 2012, staff costs of the Group amounted to RMB330.5 million, representing an increase of 12.0% over the Corresponding Period of 2011, during which, the staff costs of the Group was RMB295.0 million. The increase in staff costs was primarily due to the increase in headcount as a result of business expansion.

MATERIAL LITIGATION

As at 30 June 2012, the Company was not involved in any material litigation or arbitration. So far as the Directors are aware of, no material litigation or claims are pending or threatened against the Company.

SUBSEQUENT EVENTS

In July 2012, the over-allotment option granted by the Company was exercised. The Company issued and allotted an aggregate of 122,616,000 H shares at HKD1.65 each. In connection with the allotment, 12,261,600 domestic state-owned shares of RMB1.00 each owned by Huadian, China Power Engineering Consulting Group Technology Development Co., Ltd., Kunlun Trust Co., Ltd., Guizhou Wujiang Hydropower Development Co., Ltd., China Huadian Engineering (Group) Co., Ltd., Industrial Innovation Capital Management Co., Ltd. and Fujian Datong Chuangye Capital Co., Ltd. were converted into H shares on a one-for-one basis and transferred to the NSSF. After the issuance and allotment of these shares, the registered and issued ordinary shares of the Company are 7,622,616,000 shares with 1,784,877,600 H shares being listed on the Hong Kong Stock Exchange.

Independent Auditor's Report

to the shareholders of
Huadian Fuxin Energy Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated interim financial statements of Huadian Fuxin Energy Corporation Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 22 to 118, which comprise the consolidated and company balance sheets as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2012 and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated interim financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2012, and of the Group's profit and cash flows for the six months ended 30 June 2012 in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTER

Without qualifying our opinion, we draw attention to note 2(b) to the consolidated interim financial statements which states that the comparative amounts of the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement in respect of the six months ended 30 June 2011 and the related explanatory notes disclosed in the consolidated interim financial statements have not been audited and we therefore do not express an audit opinion on them.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 August 2012

Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2012 RMB'000	2011 RMB'000 (unaudited)
Revenue	4	4,629,739	3,284,570
Other net income	5	262,055	147,342
Operating expenses			
Cost of fuel		(1,146,417)	(881,543)
Cost of substituted electricity		(406,477)	(482,324)
Depreciation and amortization		(771,029)	(592,809)
Service concession construction costs		(23,734)	(43,901)
Personnel costs		(330,501)	(295,039)
Repairs and maintenance		(66,590)	(47,417)
Administration expenses		(109,315)	(80,309)
Other operating expenses		(133,478)	(95,454)
		(2,987,541)	(2,518,796)
Operating profit		1,904,253	913,116
Finance income		32,798	32,678
Finance expenses		(841,575)	(559,303)
Net finance expenses	6	(808,777)	(526,625)
Share of profits less losses of associates and jointly controlled entity		41,450	(5,343)
Profit before taxation	7	1,136,926	381,148
Income tax	8	(169,115)	(33,710)
Profit and total comprehensive income for the period		967,811	347,438
Profit and total comprehensive income attributable to:			
Equity owners of the Company		786,027	293,154
Non-controlling interests		181,784	54,284
Profit and total comprehensive income for the period		967,811	347,438
Basic and diluted earnings per share *(RMB cents)*	12	13.05	4.89

The notes on pages 31 to 118 form part of these financial statements.

Consolidated Balance Sheet

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Non-current assets			
Property, plant and equipment	14	39,496,858	38,307,848
Investment properties	15	–	20,085
Lease prepayments	16	597,592	512,142
Intangible assets	17	716,413	700,338
Investments in associates	19	2,614,121	2,174,057
Investment in a jointly controlled entity	20	21,723	22,692
Other investments	21	482,300	482,300
Other non-current assets	22	1,791,282	1,720,900
Deferred tax assets	32(b)	302,034	294,480
Total non-current assets		46,022,323	44,234,842
Current assets			
Inventories	23	265,447	268,376
Trade debtors and bills receivable	24	2,378,242	1,893,349
Prepayments and other current assets	25	1,366,557	1,598,942
Tax recoverable	32(a)	41,935	80,922
Restricted deposits	26	274,871	134,804
Cash and cash equivalents	27	4,442,190	1,488,514
Total current assets		8,769,242	5,464,907
Current liabilities			
Borrowings	28(b)	10,112,199	8,572,845
Obligations under finance leases	29	231,655	219,831
Trade creditors and bills payable	30	1,029,495	974,919
Other payables	31	6,732,217	7,946,654
Deferred income	33	11,104	11,166
Tax payable	32(a)	89,839	16,243
Total current liabilities		18,206,509	17,741,658
Net current liabilities		(9,437,267)	(12,276,751)
Total assets less current liabilities		36,585,056	31,958,091
Non-current liabilities			
Borrowings	28(a)	23,476,302	21,669,460
Obligations under finance leases	29	319,468	444,457
Deferred income	33	212,654	197,657
Deferred tax liabilities	32(b)	563,919	536,662
Total non-current liabilities		24,572,343	22,848,236
NET ASSETS		12,012,713	9,109,855

The notes on pages 31 to 118 form part of these financial statements.

Consolidated Balance Sheet

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
CAPITAL AND RESERVES	34		
Capital		7,500,000	6,000,000
Reserves		2,647,238	1,462,193
Total equity attributable to the equity owners of the Company		10,147,238	7,462,193
Non-controlling interests		1,865,475	1,647,662
TOTAL EQUITY		12,012,713	9,109,855

Approved and authorised for issue by the board of directors on 24 August 2012.

Name: HUANG Xianpei
Position: Chairman

Name: FANG Zheng
Position: Director

The notes on pages 31 to 118 form part of these financial statements.

Balance Sheet

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Non-current assets			
Property, plant and equipment	14	**849,619**	761,380
Lease prepayments	16	**74,625**	74,636
Intangible assets		**4,720**	5,115
Investments in subsidiaries	18	**6,965,854**	6,665,854
Investments in associates	19	**2,216,111**	1,807,157
Other investments	21	**133,845**	133,845
Other non-current assets		**199**	199
Deferred tax assets	32(b)	**28,065**	71,479
Total non-current assets		**10,273,038**	9,519,665
Current assets			
Inventories		**2,153**	2,001
Trade debtors and bills receivable	24	**88,767**	43,287
Prepayments and other current assets	25	**2,274,053**	1,878,928
Restricted deposits	26	**6,005**	12,790
Cash and cash equivalents	27	**2,623,272**	344,132
Total current assets		**4,994,250**	2,281,138
Current liabilities			
Borrowings	28(b)	**5,161,430**	3,717,150
Trade creditors and bills payable		**2,603**	376
Other payables	31	**965,861**	846,440
Total current liabilities		**6,129,894**	4,563,966
Net current liabilities		**(1,135,644)**	(2,282,828)
Total assets less current liabilities		**9,137,394**	7,236,837
Non-current liabilities			
Borrowings	28(a)	**371,000**	503,000
Total non-current liabilities		**371,000**	503,000
NET ASSETS		**8,766,394**	6,733,837

The notes on pages 31 to 118 form part of these financial statements.

Balance Sheet

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
CAPITAL AND RESERVES	34		
Capital		**7,500,000**	6,000,000
Reserves		**1,266,394**	733,837
TOTAL EQUITY		**8,766,394**	6,733,837

Approved and authorised for issue by the board of directors on 24 August 2012.

Name: HUANG Xianpei
Position: Chairman

Name: FANG Zheng
Position: Director

The notes on pages 31 to 118 form part of these financial statements.

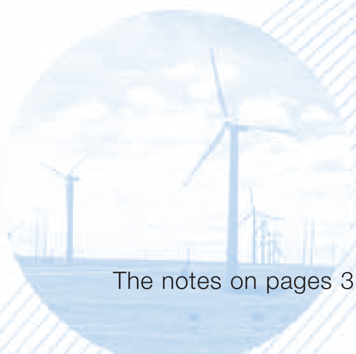
Consolidated Statements of Changes in Equity

	Attributable to the equity owners of the Company						
	Capital RMB'000	Capital reserve RMB'000	Reserve fund RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011	5,088,889	525,625	22,942	1,202,771	6,840,227	1,629,557	8,469,784
Changes in equity for the six months ended 30 June 2011 (unaudited):							
Profit and total comprehensive income for the period (unaudited)	–	–	–	293,154	293,154	54,284	347,438
Capital contributions (unaudited)	–	–	–	–	–	148,083	148,083
Dividends (unaudited)	–	–	–	–	–	(151,126)	(151,126)
Acquisition of non-controlling interests (unaudited)	–	70,000	–	–	70,000	(70,000)	–
At 30 June 2011 (unaudited):	5,088,889	595,625	22,942	1,495,925	7,203,381	1,610,798	8,814,179
At 1 July 2011 (unaudited):	5,088,889	595,625	22,942	1,495,925	7,203,381	1,610,798	8,814,179
Changes in equity for the six months ended 31 December 2011 (unaudited):							
Profit and total comprehensive income for the period (unaudited)	–	–	–	268,471	268,471	22,628	291,099
Capital contributions (unaudited)	–	–	–	–	–	181,440	181,440
Dividends (unaudited)	–	–	–	–	–	(5,600)	(5,600)
Capitalization upon establishment of the Company (unaudited)	911,111	(433,476)	(22,942)	(454,693)	–	–	–
Disposal of interests in a subsidiary with a loss in control (unaudited)	–	–	–	–	–	(147,913)	(147,913)
Acquisition of non-controlling interests (unaudited)	–	(9,659)	–	–	(9,659)	(13,691)	(23,350)
Transfer to reserve fund (unaudited)	–	–	18,745	(18,745)	–	–	–
At 31 December 2011	6,000,000	152,490	18,745	1,290,958	7,462,193	1,647,662	9,109,855
At 1 January 2012	6,000,000	152,490	18,745	1,290,958	7,462,193	1,647,662	9,109,855
Changes in equity for the six months ended 30 June 2012:							
Profit and total comprehensive income for the period	–	–	–	786,027	786,027	181,784	967,811
Capital contributions	–	–	–	–	–	53,782	53,782
Dividends	–	–	–	–	–	(17,753)	(17,753)
Issuance of shares upon public offering, net of issuing expenses	1,500,000	399,018	–	–	1,899,018	–	1,899,018
At 30 June 2012	7,500,000	551,508	18,745	2,076,985	10,147,238	1,865,475	12,012,713

The notes on pages 31 to 118 form part of these financial statements.

Consolidated Cash Flow Statements

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Cash flows from operating activities		
Profit before taxation	1,136,926	381,148
Adjustments for:		
Depreciation and amortization	771,029	592,809
Amortization of deferred income	(7,294)	(2,209)
Net loss on disposal of property, plant and equipment	150	5,621
Interest expenses on financial liabilities	835,863	555,946
Gain on disposal of investment in an associate	(131,822)	–
Gain on disposal of a subsidiary	–	(64,239)
Interest income on financial assets	(19,329)	(25,023)
Foreign exchange differences, net	862	(208)
Dividend income	(13,469)	(7,332)
Share of profits less losses of associates and a jointly controlled entity	(41,450)	5,343
Changes in working capital:		
Decrease/(increase) in inventories	2,929	(251,842)
(Increase)/decrease in trade debtors and bills receivable	(484,893)	293,271
Decrease/(increase) in prepayments and other current assets	42,123	(160,375)
Decrease in trade and other payables	(464,761)	(430,404)
Cash generated from operations	1,626,864	892,506
Income tax paid	(36,829)	(148,914)
Net cash from operating activities	1,590,035	743,592



The notes on pages 31 to 118 form part of these financial statements.

Consolidated Cash Flow Statements

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment, lease prepayments and intangible assets	(2,600,698)	(2,770,225)
Payments for acquisition of financial assets and investments in associates	(537,210)	(351,201)
Payments for acquisition of subsidiaries, net of cash acquired	–	(279,313)
Proceeds from disposal of property, plant and equipment	331	–
Proceeds from disposal of a subsidiary, net of cash disposed of	–	106,232
Proceeds from disposal of investment in an associate	256,000	–
Proceeds from repayment of loans and advances	57,174	–
Dividends received	26,390	16,526
Interest received	43,178	41,062
Net cash used in investing activities	(2,754,835)	(3,236,919)
Cash flows from financing activities		
Net proceeds from issuance of shares under the public offering	1,956,964	–
Capital contributions from the non-controlling equity owners	53,782	48,083
Proceeds from borrowings	7,618,490	9,398,213
Government grant received	22,921	4,980
Repayment of borrowings	(4,303,180)	(5,888,965)
Dividends paid	(17,468)	(60,361)
Interest paid	(1,076,088)	(749,606)
Payment of finance lease obligations	(136,083)	(22,038)
Net cash from financing activities	4,119,338	2,730,306

The notes on pages 31 to 118 form part of these financial statements.

Consolidated Cash Flow Statements

	Six months ended 30 June 2012 RMB'000	2011 RMB'000 (unaudited)
Net increase in cash and cash equivalents	**2,954,538**	236,979
Cash and cash equivalents at beginning of period	**1,488,514**	2,694,683
Effect of foreign exchange rate changes	**(862)**	208
Cash and cash equivalents at end of period	**4,442,190**	2,931,870

Note:

For major non-cash transactions, please refer to note 40.

The notes on pages 31 to 118 form part of these financial statements.

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Huadian Fuxin Energy Corporation Limited (the "Company") was established in the People's Republic of China (the "PRC") on 19 August 2011 as a joint stock company with limited liability and with a registered capital of RMB6,000 million as part of the reorganization (the "Reorganization") of Huadian Fuxin Energy Co., Ltd. ("HFEC"). The Company and its subsidiaries (together the "Group") are mainly engaged in hydropower, wind power, coal-fired power and other clean power generation and sale in the PRC.

Prior to the Reorganisation and establishment of the Company, HFEC was the holding company of the subsidiaries now comprising the Group. China Huadian Corporation ("Huadian"), China Power Engineering Consulting Group Technology Development Co., Ltd. ("CPECG"), Kunlun Trust Co., Ltd. ("Kunlun Trust"), Guizhou Wujiang Hydropower Development Co., Ltd. ("Wujiang Hydropower"), China Huadian Engineering (Group) Co., Ltd. ("Huadian Engineering"), Industrial Innovation Capital Management Co., Ltd. ("Xingye Capital") and Fujian Datong Chuangye Capital Co., Ltd. ("Datong Capital") each held 85.80%, 4.37%, 3.49%, 3.24%, 1.35%, 1.31% and 0.44% equity interest in HFEC respectively immediately before the Reorganization. Upon establishment the Company retained all of the assets and liabilities of HFEC by issuing a total of 6,000,000,000 ordinary shares to HFEC's equity owners proportional to their equity interest, with a par value of RMB1.00 each. Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital assumed 5,148,005,950 (85.80%) shares, 262,008,733 (4.37%) shares, 209,606,987 (3.49%) shares, 194,523,414 (3.24%) shares, 81,051,423 (1.35%) shares, 78,602,620 (1.31%) shares and 26,200,873 (0.44%) shares, respectively.

As there was no change in controlling shareholders, Huadian, before and after the Reorganization as set out above, the consolidated financial statements have been prepared as a Reorganization of business under common control. Accordingly, the relevant assets and liabilities of the companies comprising the Group have been recognized at historical cost.

In June 2012, the Company issued an aggregation of 1,500,000,000 H shares with a nominal value of RMB1.00 each, at a price of HKD1.65 per share by way of an initial public offering (the "IPO") to Hong Kong and overseas investors. In connection with the IPO, 150,000,000 domestic state-owned shares of RMB1.00 each owned by Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital were converted into H shares on a one-for-one basis and transferred to the National Council for Social Security Fund of the PRC (the "NSSF"). As at 28 June 2012, a total of 1,650,000,000 H shares were listed on The Stock Exchange of Hong Kong Limited (the "HKSE").

In July 2012, the over-allotment option granted by the Company was exercised. The Company issued and allotted an aggregate of 122,616,000 H shares at HKD1.65 each. In connection with the allotment, 12,261,600 domestic state-owned shares of RMB1.00 each owned by Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital were converted into H shares on a one-for-one basis and transferred to NSSF. After the issuance and allotment of these shares, the registered and issued ordinary shares of the Company are 7,622,616,000 shares with 1,784,877,600 H shares being listed on HKSE.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting*, and all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and interpretations promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on HKSE. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the six months ended 30 June 2012 comprise the Group and the Group's interest in associates and a jointly controlled entity.

The consolidated financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 30 June 2012 amounting to RMB9,437,267,000. The directors of the Company are of the opinion that, based on a review of the forecasted cash flows, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements (see note 35(b)).

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis by the management. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 41.

The comparative amounts of the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement in respect of the six months ended 30 June 2011 and the related explanatory notes disclosed in the consolidated interim financial statements have not been audited.

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the Group's presentation currency and the functional currency of the Company and its subsidiaries.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with notes 2(q) or (r) depending on the nature of the liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a result gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity (see note 2(e)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)).

(e) Associates and jointly controlled entities

An associate is an entity in which the Group or Company has significant influence, but not control or jointly control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post-acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and items of the investees' other comprehensive income and any impairment losses for the period are recognized in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investments in the associates, or the jointly controlled entities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Associates and jointly controlled entities (continued)

Unrealized profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognized as fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's balance sheet, investments in associates and jointly controlled entities are stated at cost less impairment losses (see note 2(m)).

(f) Other investments in unquoted equity securities

The Group's and the Company's policies for investments in unquoted equity securities, other than investments in subsidiaries, associates, and jointly controlled entities, are as follows:

Investments in unquoted equity securities are initially stated at fair value, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for in the balance sheet at cost less impairment losses (see note 2(m)).

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments.

(g) Business combination for entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the equity owner that controls the Group are accounted for as if the acquisition had occurred at the beginning of the period or, if later, at the date that common control was established. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group's equity owner's consolidated financial statements.

Upon transfer of interest in an entity to another entity that are under the control of the equity owner that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognized directly in equity.

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(n)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(m)). Depreciation is calculated to write off the cost less residual value if applicable, using the straight line method over the estimated useful lives. Rental income from investment properties is accounted for as described in note 2(w)(iv).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(m)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(y)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

–	Buildings and structures	8-55 years
–	Generators and related equipment	4-35 years
–	Motor vehicles	6-10 years
–	Furniture fixtures and others	5-18 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed at each reporting date and adjusted if appropriate.

(j) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Goodwill (continued)

Goodwill is stated at cost less accumulated impairment losses (see note 2(m)). Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

On disposal of a cash generating unit during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(k) Intangible assets (other than goodwill)

The Group recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortization and impairment losses (see note 2(m)).

Other intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(m)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

Amortization of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortized from the date they are available for use and their estimated useful lives are as follows:

–	Concession assets	23 years
–	Software and others	5-10 years

Both the period and method of amortization are reviewed annually.

(l) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leased assets (continued)

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(i). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(m). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Sales and leaseback arrangement resulting in finance lease

A sales and leaseback arrangement which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset is deferred and amortized as an adjustment to the depreciation of the asset. If the sales proceeds are less than the carrying amount of the asset which indicates that the asset may be impaired, an impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount (see note 2(m)). Any deficit of sales proceeds lower than the carrying amount, in the absence of impairment, is also deferred and amortized as an adjustment to the depreciation of the asset.

(iv) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortized cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognized as follows:

– For investment in subsidiaries, associates and jointly controlled entities (including those recognized using the equity method (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(m)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(m)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(i) Impairment of investments in equity securities and other receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- investment properties;
- lease prepayments;
- intangible assets;
- other non-current assets; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognized.

(n) Lease prepayments

Lease prepayments represent cost of land use rights paid to the PRC's land bureau. Lease prepayments are stated at cost, less accumulated amortization and any impairment losses (see note 2(m)). Amortization is charged to profit or less from the date of initial recognition on a straight-line basis over the respective periods of the rights which mainly range from 25 years to 50 years.

(o) Inventories

Inventories, comprising coal, fuel oil, and spare parts for consumption by the power plants, are stated at lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase and where applicable, other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the use.

When inventories are used, the carrying amount of those inventories is recognized as an expense in which the related revenue is recognized, or capitalised to property, plant and equipment when installed, as appropriate. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(r) Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 2(v)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(t) Employee benefits

a. *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for the statutory defined contribution pension plans are recognized as an expense in profit or loss when they are due.

b. *Termination benefits*

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to business combinations, or items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Income tax (continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income tax levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(v) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognized as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 2(v)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(v)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(v)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Sale of electricity and goods

Electricity revenue is recognized when electricity is supplied to the provincial grid companies. Revenue of goods is recognized when the title of the goods has been passed to customers, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Revenue recognition (continued)

(ii) Service concession construction revenue

Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed. Operation or service revenue is recognized in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

(iii) Rendering of services

Revenue from the rendering of services is recognized in profit or loss by reference to the stage of completion of the transaction based on the progress of work performed.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

(v) Dividend income

– Dividend income from unlisted investments is recognized when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognized when the share price of the investment goes ex-dividend.

(vi) Interest income

Interest income is recognized as it accrues using the effective interest method.

(vii) Government grants

Government grants are recognized in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognized as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized initially as deferred income and consequently are recognized in profit or loss on a systematic basis over the useful life of the asset by way of reduced depreciation expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Revenue recognition (continued)

(viii) Certified Emission Reductions ("CERs") income

The Group sells carbon credits known as CERs, generated from the wind farms and other renewable energy facilities which have been registered as Clean Development Mechanism ("CDM") projects with CDM Executive Board ("CDM EB") of the United Nations under the Kyoto Protocol. Revenue in relation to the CERs is recognized when following conditions are met:

– the counterparties have committed to purchase the CERs;

– the sales prices have been agreed; and

– relevant electricity has been generated.

The revenue related to CERs is recognized and recorded in trade receivables for the volume verified by the independent supervisors assigned by CDM EB and in other receivables for the remaining volume.

(x) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 7, Financial instruments: Disclosures – Transfers of financial assets

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to IFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

4 REVENUE

The amount of each significant category of revenue recognized during the periods is as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Sales of electricity		
– Self generation	3,970,178	2,578,547
– Substituted generation (note (i))	524,774	617,881
	4,494,952	3,196,428
Service concession construction revenue (note (ii))	23,734	43,901
Others	111,053	44,241
	4,629,739	3,284,570

Notes:

(i) The substituted generation arrangement allows a coal-fired power plant to purchase the surplus generation of other coal-fired power plants and sell such generation to the local power grid based on the buyer's approved on-grid tariff.

4 REVENUE (continued)

Notes: (continued)

(ii) The Group entered into service concession agreements with local government (the "Grantor") to construct and operate wind power plant during the concession period of 25 years. The Group is responsible for construction and maintenance of the wind power plant during the concession period. At the end of the concession period, the Group needs to dismantle the wind power plant or transfer the ownership of the plant at request of Grantor. Service concession construction revenue recorded during the period represents the revenue recognized during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-constructed.

The Group has recognized intangible assets related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity (see note 17). The Group has not recognized service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plant.

5 OTHER NET INCOME

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Government grants		
– VAT refund (note (i))	2,965	5,116
– Others	11,556	3,277
Net income on CDM projects	111,729	80,598
Net loss on disposal of plant, property and equipment	(150)	(5,621)
Rental income from investment properties	400	72
Gain on disposal of a subsidiary	–	64,239
Gain on disposal of investment in an associate (note (ii))	131,822	–
Net income on sale of coal to Kemen II (note (iii))	–	–
Others	3,733	(339)
	262,055	147,342

Notes:

(i) VAT refund represents the tax rebate equivalent to 50% of the VAT paid entitled to wind power projects pursuant to Caishui [2008] No.156 Notice on VAT Policy Regarding Comprehensive Utilization of Resources and Other Products (關於資源綜合利用及其他產品增值稅政策的通知) jointly issued by Ministry of Finance and State Administration of Taxation ("SAT").

(ii) On 28 March 2012, the Company sold all of its 28% equity interest in an associate, Fujian Kemen Port Logistics Co., Ltd., with a carrying amount of RMB124 million as at 31 December 2011, to an independent third party, for a cash consideration of RMB256 million, which was determined between the Company and the buyer on normal commercial terms with reference to an independent asset valuation report. This disposal resulted in a net gain of RMB131,822,000.

(iii) After the Company disposed its 100% equity interest of Fujian Kemen Power Stage II Generation Co., Ltd ("Kemen II") to Huadian on 29 January 2011, the Group's subsidiary, Fujian Huadian Kemen Power Generation Company Limited, sold the purchased coal to Kemen II without any mark-up. The sales amount for the six months ended 30 June 2012 was RMB39,454,000 (six months ended 30 June 2011: RMB868,968,000 (unaudited)).

6 FINANCE INCOME AND EXPENSES

	Six months ended 30 June 2012 RMB'000	2011 RMB'000 (unaudited)
Interest income on financial assets	19,329	25,023
Dividend income from other investments	13,469	7,332
Reversal for the impairment losses on trade and other receivables	–	115
Foreign exchange gains, net	–	208
Finance income	32,798	32,678
Interest on bank and other borrowings wholly repayable within five years	377,639	220,646
Interest on other loans	694,072	547,393
Interest expense on financial liabilities measured at amortized cost	22,917	7,934
Less: interest expenses capitalized into property, plant and equipment and intangible assets	258,765	220,027
	835,863	555,946
Bank charges and others	4,850	3,357
Foreign exchange loss, net	862	–
Finance expenses	841,575	559,303
Net finance expenses recognized in profit	(808,777)	(526,625)

The borrowing costs have been capitalized at rates of 5.53% to 8.46% per annum for the six months ended 30 June 2012 (six months ended 30 June 2011: 4.75% to 6.80% (unaudited)).

7 PROFIT BEFORE TAXATION

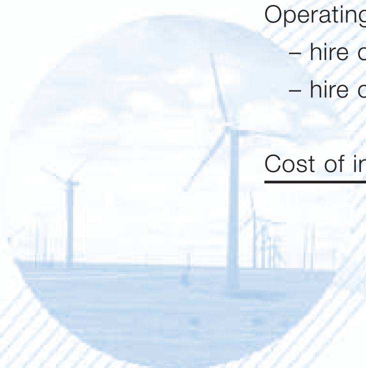
Profit before taxation is arrived at after charging:

(a) Personnel costs

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Salaries, wages and other benefits	286,231	258,612
Contributions to defined contribution retirement plans	44,270	36,427
	330,501	295,039

(b) Other items

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Amortization		
– lease prepayments	3,035	1,674
– intangible assets	8,027	1,537
Depreciation		
– investment property	448	441
– property, plant and equipment	759,519	589,157
Auditors' remuneration		
– audit services	4,164	2,076
– other services	–	–
Operating lease charges		
– hire of machinery	870	164
– hire of properties	10,324	6,699
Cost of inventory	1,185,898	1,750,511



8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Income tax in the consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Current tax		
Provision for the period	152,151	42,877
(Over)/under provision in respect of prior years	(2,739)	1,629
Deferred tax		
Origination and reversal of temporary differences	19,703	(10,796)
Total income tax	169,115	33,710

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Profit before taxation	1,136,926	381,148
Applicable tax rate (note (i))	25%	25%
Notional tax on profit before taxation	284,232	95,287
Effect of non-deductible expenses	3,256	6,394
Effect of non-taxable income	(14,656)	(6,226)
Effect of taxable deemed income	–	17,500
Effect of PRC tax concessions (note (ii))	(78,276)	(73,008)
Effect of unused tax losses not recognized	13,252	1,198
Effect of utilization of previously unrecognized tax losses	(476)	(9,064)
Tax credits for purchase of environmental protection equipment	(35,478)	–
(Over)/under provision in respect of prior years	(2,739)	1,629
Income tax	169,115	33,710

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates: (continued)

Notes:

(i) Provision for income tax represents PRC income tax. On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which took effect on 1 January 2008. The statutory income tax rate under the New Tax Law is 25%. Accordingly, the Group's PRC entities are subject to income tax at 25% unless otherwise specified.

(ii) Prior to 1 January, 2008, based on the then effective tax regulations, certain subsidiaries of the Group, being enterprises located in Xiamen Special Economic Zones, were taxed at a preferential income tax rate of 15%. The New Tax Law and its relevant regulations allow transitional rates of 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards, respectively. Further, certain subsidiaries of the Group, being enterprises engaged in power generation industries in the Western Region, were also taxed at a preferential income tax rate of 15% from 2001 to 2010 and were entitled to tax holidays of 2-year full exemption followed by 3-year 50% reduction in income tax rate from the year they commenced operation. The New Tax Law and its relevant regulations grandfather such preferential tax rate at 15% and the tax holidays until they expire.

In addition, pursuant to CaiShui [2011] No.58, the Group's subsidiaries located in the Western Region are entitled to the preferential income tax rate of 15% from 2011 to 2020.

Certain subsidiaries of the Group, being enterprises engaged in public infrastructure projects, under the New Tax Law and its relevant regulations, are entitled to tax holidays of 3-year full exemption followed by 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived.

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of directors' and supervisors' emoluments are as follows:

For the six months ended 30 June 2012

	Directors' and supervisors' fees RMB'000	Salaries allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Deferred compensation plan RMB'000	Total RMB'000
Executive directors						
Mr. Huang Xianpei (Chairman)	–	100	243	50	37	430
Mr. Fang Zheng	–	108	133	31	25	297
Mr. Huang Shaoxiong	–	50	152	25	18	245
Non-executive directors						
Mr. Wang Xuxiang	–	–	–	–	–	–
Mr. Mao Xishu	–	–	–	–	–	–
Mr. Zong Xiaolei	–	–	–	–	–	–
Independent non-executive directors						
Mr. Zhou Xiaoqian	–	–	–	–	–	–
Mr. Yeung Pak Sing	–	–	–	–	–	–
Mr. Zhang Bai	–	–	–	–	–	–
Supervisors						
Mr. Li Changxu	–	–	–	–	–	–
Mr. Huang Chunqi	–	108	133	31	25	297
Mr. Xu Jin	–	95	121	21	–	237
Mr. Yao Fei	–	–	–	–	–	–
Mr. Huang Yuanhong	–	–	–	–	–	–
Ms. Hu Xiaohong	–	–	–	–	–	–
	–	461	782	158	105	1,506

9 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (continued)

For the six months ended 30 June 2011

	Directors' and supervisors' fees RMB'000 (unaudited)	Salaries allowances and benefits in kind RMB'000 (unaudited)	Discretionary bonuses RMB'000 (unaudited)	Retirement scheme contributions RMB'000 (unaudited)	Deferred compensation plan RMB'000 (unaudited)	Total RMB'000 (unaudited)
Executive directors						
Mr. Huang Xianpei (Chairman)	–	100	183	28	37	348
Mr. Fang Zheng	–	107	190	35	25	357
Mr. Huang Shaoxiong	–	100	183	27	37	347
Non-executive directors						
Mr. Wang Xuxiang	–	–	–	–	–	–
Mr. Mao Xishu	–	–	–	–	–	–
Supervisors						
Mr. Li Changxu	–	–	–	–	–	–
Mr. Huang Chunqi	–	107	190	35	25	357
Mr. Xu Jin	–	94	117	17	–	228
Mr. Yao Fei	–	–	–	–	–	–
Ms. Hu Xiaohong	–	–	–	–	–	–
	–	508	863	142	124	1,637

During the period, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the period.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of director and supervisor and non-director/supervisor included in the five highest paid individuals for the six months ended 30 June 2012 and 2011 are set forth below:

	Six months ended 30 June	
	2012	2011
Director or Supervisor	4	4
Non-director or supervisor	1	1
	5	5

The emoluments of the directors and supervisors are disclosed in note 9. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Salaries and other emoluments	96	96
Discretionary bonuses	173	173
Retirement scheme contributions	41	24
Deferred Compensation Plan	29	29
	339	322

The emoluments of the individuals (non-director/supervisor) with the highest emoluments are within the following bands:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Nil to HKD1,000,000	1	1

During the six months ended 30 June 2012, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (six months ended 30 June 2011: Nil (unaudited)).

11 PROFIT ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

The consolidated profit attributable to equity owners of the Company includes a profit of RMB126,075,000 (six months ended 30 June 2011: RMB70,255,000 (unaudited)) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit for the period:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000 (unaudited)
Consolidated profit attributable to equity owners dealt with in the Company's financial statements	**126,075**	70,255
Final dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the period	**10,200**	205,122
Impairment losses of investment in an associate	**(2,736)**	(17,661)
Company's profit for the period (see note 34(a))	**133,539**	257,716

12 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity owners of the Company for the six months ended 30 June 2012 of RMB786,027,000 (six months ended 30 June 2011: RMB293,154,000 (unaudited)) and the weighted average number of shares in issue for the six months ended 30 June 2012 of 6,024,725,000 (six months ended 30 June 2011: 6,000,000,000).

The weighted average number of shares in issue for the six months ended 30 June 2011 represented the 6,000,000,000 ordinary shares issued and outstanding upon the establishment of the Company on 19 August 2011 as if such shares were outstanding throughout the six months ended 30 June 2011. The weighted average number of shares in issue for the six months ended 30 June 2012 also reflects the issuance of 1,500,000,000 shares in June 2012 in connection with the Company's IPO (see note 34(c)). The weighted average number of shares in issue is set out below:

	Six months ended 30 June	
	2012	2011
	Thousands shares	Thousands shares
Shares issued upon formation of the Company on 19 August 2011 as if such shares were outstanding for the six months ended 30 June 2011	**6,000,000**	6,000,000
Effects of shares issued in 2012	**24,725**	–
	6,024,725	6,000,000

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the periods presented.

13 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments:

- Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.

- Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.

- Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.

- Other clean energy business: this segment mainly constructs, manages and operates other power and heat plants and generates electric power for sale to power grid companies or heat for sale to the resident households.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in associates and jointly controlled entities, investments in financial assets, deferred tax assets and other corporate assets. Segment liabilities include trade and bills payable, other payables and borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and jointly controlled entities, net finance expenses, service concession construction revenue and cost, gain or loss on disposal of subsidiaries and investments in associates and jointly controlled entities, and unallocated head office and corporate revenue and expenses.

13 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2012 and 2011 is set out below:

For the six months ended 30 June 2012

	Hydro power RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Other clean energy business RMB'000	Total RMB'000
Revenue from external customers					
– Sales of electricity	1,371,299	964,368	2,097,907	61,378	4,494,952
– Sales of others	7,046	1,784	83,460	16,198	108,488
Reportable segment revenue	1,378,345	966,152	2,181,367	77,576	4,603,440
Reportable segment profit (operating profit)	874,148	671,934	259,534	40,908	1,846,524
Depreciation and amortization	(200,509)	(344,768)	(203,026)	(20,787)	(769,090)
Interest income	1,966	14,319	1,471	121	17,877
Interest expenses	(144,935)	(354,650)	(183,301)	(13,059)	(695,945)
Reportable segment assets	9,173,073	26,520,063	10,502,623	2,298,197	48,493,956
Expenditures for reportable segment non-current assets during the period	121,667	1,386,374	176,406	306,033	1,990,480
Reportable segment liabilities	5,043,011	22,512,810	8,389,244	1,732,598	37,677,663

13 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

For the six months ended 30 June 2011

	Hydro power RMB'000 (unaudited)	Wind power RMB'000 (unaudited)	Coal-fired power RMB'000 (unaudited)	Other clean energy business RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue from external customers					
– Sales of electricity	727,293	568,911	1,688,595	211,629	3,196,428
– Sales of others	1,530	1,311	32,099	5,524	40,464
Reportable segment revenue	728,823	570,222	1,720,694	217,153	3,236,892
Reportable segment profit (operating profit)	258,078	397,015	202,131	39,292	896,516
Depreciation and amortization	(202,125)	(198,980)	(163,818)	(25,829)	(590,752)
Impairment	–	115	–	–	115
Interest income	1,859	17,490	2,878	599	22,826
Interest expenses	(114,443)	(211,384)	(152,677)	(13,109)	(491,613)
Reportable segment assets	8,975,524	21,694,359	10,209,622	1,343,802	42,223,307
Expenditures for reportable segment non-current assets during the period	68,955	1,523,495	449,407	213,522	2,255,379
Reportable segment liabilities	5,392,972	18,745,674	8,688,168	766,362	33,593,176

13 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Revenue		
Reportable segment revenue	4,603,440	3,236,892
Service concession construction revenue	23,734	43,901
Unallocated head office and corporate revenue	2,565	3,777
Consolidated revenue	4,629,739	3,284,570
Profit		
Reportable segment profit	1,846,524	896,516
Unallocated head office and corporate revenue	2,565	3,777
Share of profits less loss of associates and jointly controlled entity	41,450	(5,343)
Net finance expenses	(808,777)	(526,625)
Unallocated head office and corporate expenses	(76,658)	(51,416)
Gain on disposal of a subsidiary	–	64,239
Gain on disposal of investment in an associate	131,822	–
Consolidated profit before taxation	1,136,926	381,148

13 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, profit, assets and liabilities (continued)

	At 30 June 2012 RMB'000	2011 RMB'000 (unaudited)
Assets		
Reportable segment assets	48,493,956	42,223,307
Inter-segment elimination	(3,861,562)	(3,258,240)
Investments in associates and jointly controlled entity	2,635,844	1,770,622
Other investments	482,300	482,300
Deferred tax assets	302,034	272,121
Tax recoverable	41,935	76,058
Unallocated head office and corporate assets	6,697,058	3,952,968
Consolidated total assets	54,791,565	45,519,136
Liabilities		
Reportable segment liabilities	37,677,663	33,593,176
Inter-segment elimination	(3,861,562)	(3,258,240)
Tax payable	89,839	74,803
Deferred tax liabilities	563,919	473,381
Unallocated head office and corporate liabilities	8,308,993	5,821,837
Consolidated total liabilities	42,778,852	36,704,957

(c) Geographical information

All of the Group's operations are located in the PRC, and therefore no geographic segment information is presented.

(d) Major customers

Revenue from the PRC government controlled power grid companies amounted to RMB4,461,211,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB3,155,208,000 (unaudited)), respectively. Service concession construction revenue is all from the PRC government.

14 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2011	9,631,723	20,736,119	168,922	204,507	12,737,756	43,479,027
Additions	19,701	13,922	32,135	14,837	7,134,773	7,215,368
Acquired through business combination	248,889	25,027	58	–	–	273,974
Transfer from construction in progress	873,078	8,134,026	12,268	23,831	(9,043,203)	–
Disposals	(23,609)	(268,554)	(10,519)	(26,585)	–	(329,267)
Transfer out by the disposal of the subsidiary	(580,863)	(2,871,773)	–	–	(7,402)	(3,460,038)
Transfer out by the disposal of partial interest in a subsidiary with the loss of control	(73,583)	(593,852)	(2,386)	(1,959)	(253)	(672,033)
Net deduction arising from sales and leaseback transaction	–	(899,379)	–	–	37,863	(861,516)
At 31 December 2011	10,095,336	24,275,536	200,478	214,631	10,859,534	45,645,515
At 1 January 2012	10,095,336	24,275,536	200,478	214,631	10,859,534	45,645,515
Additions	29,096	29,182	10,867	6,260	1,850,650	1,926,055
Transfer from construction in progress	90,581	2,260,733	3,708	2,518	(2,357,540)	–
Transfer from investment properties	20,980	–	–	–	–	20,980
Disposals	(610)	(6,903)	(971)	(269)	–	(8,753)
At 30 June 2012	10,235,383	26,558,548	214,082	223,140	10,352,644	47,583,797
Accumulated depreciation and impairment losses						
At 1 January 2011	2,480,074	4,840,968	82,204	107,700	893	7,511,839
Depreciation charge for the year	235,222	949,426	23,123	17,033	–	1,224,804
Written back on disposal	(17,167)	(264,967)	(9,496)	(23,947)	–	(315,577)
Transfer out by the disposal of the subsidiary	(69,236)	(286,530)	–	–	–	(355,766)
Transfer out by the disposal of partial interest in a subsidiary with the loss of control	(7,608)	(65,032)	(954)	(223)	–	(73,817)
Transfer out arising from sales and leaseback transaction	–	(653,816)	–	–	–	(653,816)
At 31 December 2011	2,621,285	4,520,049	94,877	100,563	893	7,337,667
At 1 January 2012	2,621,285	4,520,049	94,877	100,563	893	7,337,667
Depreciation charge for the period	101,482	629,199	13,282	12,238	–	756,201
Transfer from investment properties	1,343	–	–	–	–	1,343
Written back on disposal	(610)	(6,800)	(608)	(254)	–	(8,272)
At 30 June 2012	2,723,500	5,142,448	107,551	112,547	893	8,086,939
Net book value:						
At 31 December 2011	7,474,051	19,755,487	105,601	114,068	10,858,641	38,307,848
At 30 June 2012	7,511,883	21,416,100	106,531	110,593	10,351,751	39,496,858

14 PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Buildings and structures RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Furniture, fixtures and others RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2011	755,038	829,420	40,399	23,942	72,016	1,720,815
Additions	850	878	2,246	1,205	143,369	148,548
Transfer from construction in progress	1,341	22,201	2,700	238	(26,480)	–
Disposals	(2,898)	(13,551)	(2,847)	(767)	–	(20,063)
At 31 December 2011	754,331	838,948	42,498	24,618	188,905	1,849,300
At 1 January 2012	754,331	838,948	42,498	24,618	188,905	1,849,300
Additions	27,096	61	–	99	85,388	112,644
Transfer from construction in progress	–	163	–	55	(218)	–
Disposals	–	(1,481)	(355)	(27)	–	(1,863)
At 30 June 2012	781,427	837,691	42,143	24,745	274,075	1,960,081
Accumulated depreciation and impairment losses						
At 1 January 2011	542,543	468,631	26,081	17,017	893	1,055,165
Depreciation charge for the year	8,993	35,195	4,449	1,682	–	50,319
Written back on disposal	(2,125)	(11,887)	(2,813)	(739)	–	(17,564)
At 31 December 2011	549,411	491,939	27,717	17,960	893	1,087,920
At 1 January 2012	549,411	491,939	27,717	17,960	893	1,087,920
Depreciation charge for the period	3,619	17,803	2,154	818	–	24,394
Written back on disposal	–	(1,481)	(344)	(27)	–	(1,852)
At 30 June 2012	553,030	508,261	29,527	18,751	893	1,110,462
Net book value:						
At 31 December 2011	204,920	347,009	14,781	6,658	188,012	761,380
At 30 June 2012	228,397	329,430	12,616	5,994	273,182	849,619

14 PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's property, plants and buildings are all located in the PRC.

Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's buildings and equipment as well as construction in progress, which had an aggregate net book value of RMB9,991,563,000 as at 30 June 2012 (31 December 2011: RMB9,585,103,000).

Certain properties and equipment of the Group with an aggregate net book value of RMB742,118,000 as at 30 June 2012 (31 December 2011: RMB772,125,000) are accounted for as finance leases with maturity periods of 2 to 20 years.

As at 30 June 2012, the Group is in the process of applying for or changing registration of the ownership certificates for certain of its properties. The directors are of the opinion that the Group is entitled to legally occupy or use these properties.

The analysis of net book value of properties is as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Mainland China:		
Long-term leases	6,736,599	6,750,753
Medium-term leases	775,284	723,298
Total	7,511,883	7,474,051

15 INVESTMENT PROPERTIES

	The Group RMB'000
Cost:	
At 1 January 2011	20,980
At 31 December 2011	20,980
At 1 January 2012	**20,980**
Transfer to property, plant and equipment	**(20,980)**
At 30 June 2012	**–**
Accumulated amortization:	
At 1 January 2011	70
Charge for the year	825
At 31 December 2011	895
At 1 January 2012	**895**
Charge for the period	**448**
Transfer to property, plant and equipment	**(1,343)**
At 30 June 2012	**–**
Net book value:	
At 31 December 2011	20,085
At 30 June 2012	**–**

16 LEASE PREPAYMENTS

	The Group RMB'000	The Company RMB'000
Cost:		
At 1 January 2011	337,611	73,933
Acquired through business combination	24,393	–
Additions	167,590	1,025
At 31 December 2011	529,594	74,958
At 1 January 2012	**529,594**	**74,958**
Additions	**88,678**	**–**
At 30 June 2012	**618,272**	**74,958**
Accumulated amortization:		
At 1 January 2011	8,794	278
Amortization for the year	8,658	44
At 31 December 2011	17,452	322
At 1 January 2012	**17,452**	**322**
Amortization for the period	**3,228**	**11**
At 30 June 2012	**20,680**	**333**
Net book value:		
At 31 December 2011	512,142	74,636
At 30 June 2012	**597,592**	**74,625**

Lease prepayments mainly represent prepayments for acquiring rights to use land, which is all located in the PRC, for own use properties with lease period of 25-50 years.

17 INTANGIBLE ASSETS

	The Group			
	Concession assets	Software and others	Goodwill	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2011	193,291	24,017	401,912	619,220
Additions	45,809	5,571	–	51,380
Acquired through business combination	–	–	47,521	47,521
Transfer out by the disposal of the subsidiary	–	(110)	–	(110)
At 31 December 2011	239,100	29,478	449,433	718,011
At 1 January 2012	**239,100**	**29,478**	**449,433**	**718,011**
Additions	**23,734**	**659**	**–**	**24,393**
At 30 June 2012	**262,834**	**30,137**	**449,433**	**742,404**
Accumulated amortization:				
At 1 January 2011	–	9,186	–	9,186
Charge for the year	5,700	2,787	–	8,487
At 31 December 2011	5,700	11,973	–	17,673
At 1 January 2012	**5,700**	**11,973**	**–**	**17,673**
Charge for the period	**6,565**	**1,753**	**–**	**8,318**
At 30 June 2012	**12,265**	**13,726**	**–**	**25,991**
Net book value:				
At 31 December 2011	233,400	17,505	449,433	700,338
At 30 June 2012	**250,569**	**16,411**	**449,433**	**716,413**

The amortization charge for the period is included in "depreciation and amortization" in the consolidated statement of comprehensive income.

17 INTANGIBLE ASSETS (continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segment. The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period. Cash flows beyond the five-year period are projected using zero growth rates. The cash flows are discounted using a discount rate of 6%-8%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

Management believes any reasonably possible change in the key assumptions on which the CGUs' recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

Key assumption used for the value-in-use calculations is the revenue from electricity sales. Management determined the revenue from electricity sales based on its expectation of electricity volume and the on-grid tariff approved by related government authorities.

18 INVESTMENTS IN SUBSIDIARIES

	The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Unlisted investments, at cost	**6,965,854**	6,665,854

18 INVESTMENTS IN SUBSIDIARIES (continued)

As at 30 June 2012, the subsidiaries of the Company, all of which are unlisted limited liability companies, were listed as follows:

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Fujian Huadian Electric Power Engineering Co., Ltd. 福建華電電力工程有限公司	the PRC 12 July 1999	226,314	100%	100%	–	Investment holding
Fujian Huadian Kemen Power Generation Company Limited 福建華電可門發電有限公司	the PRC 18 September 2003	900,000	100%	100%	–	Coal-fired power generation
Fujian Mianhuatan Hydropower Development Company Limited 福建棉花灘水電開發有限公司 (note ii)	the PRC 17 November 1995	800,000	60%	60%	–	Hydropower generation
Mindong Hydropower Development Company Limited 閩東水電開發有限公司 (note ii)	the PRC 7 March 1997	250,405	51%	51%	–	Hydropower generation
Fujian Huadian Shaowu Power Generation Company Limited 福建華電邵武發電有限公司 (note ii)	the PRC 29 March 2000	10,000	60%	60%	–	Coal-fired power generation
Fujian Huadian Yong'an Power Generation Company Limited 福建華電永安發電有限公司	the PRC 23 October 1989	563,000	100%	100%	–	Coal-fired power generation
Fujian Huadian Zhangping Coal-fired Power Co., Ltd. 福建華電漳平火電有限公司	the PRC 18 November 1991	510,000	100%	100%	–	Coal-fired power generation
Fujian Huadian Quanzhou Power Generation Company Limited 華電福建泉州發電有限公司	the PRC 28 August 2007	20,000	51%	51%	–	Power development and investment

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Fujian Jinhu Power Generation Company Limited 福建省金湖電力有限責任公司 (note ii)	the PRC 3 October 1996	100,000	48%	–	50%	Hydropower generation
Fujian Gaosha Hydropower Company Limited 福建省高砂水電有限公司 (note ii)	the PRC 18 September 1997	66,000	62%	–	62%	Hydropower generation
Fujian Shaxian Chengguan Hydropower Company Limited 福建省沙縣城關水電有限公司 (note ii)	the PRC 3 September 1997	66,000	40%	–	40%	Hydropower generation
Fujian Longyan Wan'anxi Hydropower Company Limited 福建省龍岩萬安溪水力發電有限責任公司(note ii)	the PRC 4 March 1998	40,000	41%	–	41%	Hydropower generation
Fujian Minxing Hydropower Company Limited 福建閩興水電有限公司	the PRC 13 January 2000	81,000	100%	31%	69%	Hydropower generation
Fujian Yong'an Gongchuan Hydropower Company Limited 福建省永安貢川水電站有限公司	the PRC 12 March 1998	50,000	61%	–	61%	Hydropower generation
Fujian Huatou Ximen Power Generation Company Limited 福建華投西門發電有限公司	the PRC 16 June 2005	49,000	100%	–	100%	Hydropower generation
Huadian New Energy Development Company Limited 華電新能源發展有限公司	the PRC 17 September 2007	2,598,026	100%	100%	–	Investment holding
Gansu Huadian Guazhou Wind Power Company Limited 甘肅華電瓜州風力發電有限公司	the PRC 6 January 2009	100,000	100%	–	100%	Wind power generation
Gansu Huadian Yumen Wind Power Company Limited 甘肅華電玉門風力發電有限公司	the PRC 9 November 2009	50,000	100%	–	100%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Huadian Jilin Da'an Wind Power Company Limited 華電吉林大安風力發電有限公司	the PRC 4 March 2009	95,020	100%	–	100%	Wind power generation
Inner Mongolia Huadian Huitengxile Wind Power Company Limited 內蒙古華電輝騰錫勒風力發電有限公司	the PRC 6 September 2005	438,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Bayin Wind Power Company Limited 內蒙古華電巴音風力發電有限公司	the PRC 19 December 2008	10,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Hongnijing Wind Power Company Limited 內蒙古華電紅泥井風力發電有限公司	the PRC 7 July 2009	50,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Wutaohai Wind Power Company Limited 內蒙古華電烏套海風電有限公司	the PRC 29 April 2009	20,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Jieji Wind Power Company Limited 內蒙古華電街基風電有限公司	the PRC 19 May 2009	75,000	100%	–	100%	Wind power generation
Xinjiang Huadian Xiaocaohu Wind Power Company Limited 新疆華電小草湖風力發電有限責任公司	the PRC 31 March 2007	90,000	100%	–	100%	Wind power generation
Xinjiang Huadian Bu'erjin Wind Power Company Limited 新疆華電布爾津風電有限公司	the PRC 8 May 2009	38,000	100%	–	100%	Wind power generation
Xinjiang Huadian Caohu Wind Power Company Limited 新疆華電草湖風電有限公司	the PRC 13 May 2009	40,000	100%	–	100%	Wind power generation
Huadian Tieling Wind Power Company Limited 華電鐵嶺風力發電有限公司	the PRC 9 March 2009	122,500	100%	–	100%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Huadian Tangyuan Wind Power Company Limited 華電湯原風力發電有限公司	the PRC 17 June 2009	75,000	100%	–	100%	Wind power generation
Hunan Huadian Chenzhou Wind Power Company Limited 湖南華電郴州風力發電有限公司	the PRC 11 June 2009	25,000	100%	–	100%	Wind power generation
Zhoushan Huadian Wind Power Company Limited 舟山華電風力發電有限公司	the PRC 21 January 2010	25,000	100%	–	100%	Wind power generation
Huadian (Fuqing) Wind Power Company Limited 華電（福清）風電有限公司	the PRC 18 August 2009	70,000	100%	–	100%	Wind power generation
Huadian Jilin Shuangliao Wind Power Company Limited 華電吉林雙遼風力發電有限公司	the PRC 25 August 2009	9,650	98%	–	98%	Wind power generation
Huadian Jiayuguan Solar Power Company Limited 華電嘉峪關太陽能發電有限公司	the PRC 14 May 2010	40,000	80%	–	80%	Solar power generation
Hebei Huadian Shangyi Wind Power Company Limited 河北華電尚義風力發電有限公司	the PRC 19 May 2009	173,310	70%	–	70%	Wind power generation
Inner Mongolia Huadian Meiguiying Wind Power Company Limited 內蒙古華電玫瑰營風力發電有限公司	the PRC 23 July 2009	158,000	62%	–	62%	Wind power generation
Inner Mongolia Huadian Qintian Wind Power Company Limited 內蒙古華電秦天風電有限公司	the PRC 9 December 2009	55,000	90%	–	90%	Wind power generation
Shanxi Huadian Guangling Wind Power Company Limited 山西華電廣靈風力發電有限公司 (note ii)	the PRC 26 May 2009	180,000	65%	–	65%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Huadian Hulin Wind Power Company Limited 華電虎林風力發電有限公司	the PRC 30 May 2008	87,400	82%	–	82%	Wind power generation
Shanghai Huadian Solar Power Company Limited 上海華電太陽能發展有限公司	the PRC 5 June 2009	8,000	51%	–	51%	Solar power generation
Huadian Shangde Dongtai Solar Power Company Limited 華電尚德東台太陽能發電有限公司	the PRC 26 November 2009	82,222	90%	–	90%	Solar power generation
Hubei Huadian Longgan Lake Biogas Power Company Limited 湖北華電龍感湖沼氣發電有限公司	the PRC 13 July 2009	8,000	86%	–	86%	Biogas power generation
Huadian Baoqing Wind Power Company Limited 華電寶清風力發電有限公司	the PRC 8 March 2010	5,000	100%	–	100%	Wind power generation
Huadian Jilin Gongzhuling Wind Power Company Limited 華電吉林公主嶺風力發電有限公司	the PRC 25 March 2010	1,000	100%	–	100%	Wind power generation
Gansu Huadian Jingtai Wind Power Company Limited 甘肅華電景泰風力發電有限公司	the PRC 9 July 2010	55,000	100%	–	100%	Wind power generation
Huadian Weihai Wind Power Company Limited 華電威海風力發電有限公司	the PRC 25 February 2010	5,000	80%	–	80%	Wind power generation
Guangdong Huadian Qianshan Wind Power Company Limited 廣東華電前山風力發電有限公司	the PRC 20 April 2010	40,000	100%	–	100%	Wind power generation
Jiangsu Huadian Guanyun Wind Power Company Limited 江蘇華電灌雲風力發電有限公司	the PRC 16 February 2006	176,000	51%	–	51%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Inner Mongolia Sansheng Wind Power Company Limited 內蒙古三勝風電有限公司	the PRC 24 August 2009	90,000	90%	–	90%	Wind power generation
Inner Mongolia Huadian Xilin Wind Power Company Limited 內蒙古華電錫林風力發電有限公司	the PRC 1 November 2010	3,000	100%	–	100%	Wind power generation
Taining Jinhu Holiday Hotel Company Limited 福建省泰寧大金湖假日酒店有限公司	the PRC 16 April 1998	3,000	44%	–	90%	Hotel management
Huadian (Xiamen) Energy Company Limited 華電（廈門）能源有限公司（原廈門億業能源投資有限公司）	the PRC 24 November 2003	166,258	100%	100%	–	Investment holding
Fujian Gutian Shuangkoudu Hydropower Generation Company Limited 福建古田雙口渡水電有限公司	the PRC 18 October 2002	49,008	100%	–	100%	Hydropower generation
Zhouningxian Houlongxi Hydropower Generation Company Limited 周寧縣後壟溪水電有限公司 (note ii)	the PRC 30 September 2002	60,000	70%	–	70%	Hydropower generation
Yong'an Fenghai Power Generation Company Limited 永安豐海發電有限公司	the PRC 7 June 2002	43,000	95%	–	95%	Hydropower generation
Yong'an Yinhe Power Generation Company Limited 永安銀河電力有限公司	the PRC 29 September 1998	40,000	100%	100%	–	Hydropower generation
Fujian Jinxi Investment Company Limited 福建省金溪投資有限公司	the PRC 8 February 1996	11,487	100%	–	100%	Hydropower generation
Nanjing Hengying Power Generation Company Limited 南靖恒盈電力有限公司	the PRC 26 February 2003	3,000	100%	–	100%	Hydropower generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Huaan Huashun Power Generation Company Limited 華安華順電力有限公司	the PRC 4 November 2010	500	100%	–	100%	Hydropower generation
Longyan Wanye Investment Company Limited 龍岩萬業投資有限公司	the PRC 19 February 2004	10,000	99%	99%	–	Investment holding
Xiamen Gaoleike Investment Company Limited 廈門高雷克投資有限責任公司	the PRC 14 May 2002	36,000	87%	87%	–	Investment holding
Sanming Boyuan Investment Company Limited 三明博源投資有限公司	the PRC 27 April 2004	15,000	100%	100%	–	Investment holding
Gansu Huadian Aksai Wind Power Company Limited 甘肅華電阿克塞風力發電有限公司	the PRC 20 August 2010	55,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Bayinhanggai Wind Power Company Limited 內蒙古巴音杭蓋風力發電有限公司	the PRC 29 October 2010	5,000	80%	–	80%	Wind power generation
Shanxi Huadian Yanggao Wind Power Company Limited 山西華電陽高風力發電有限公司 (note ii)	the PRC 18 August 2010	10,000	65%	–	65%	Wind power generation
Huadian Tongyu Wind Power Company Limited 華電通榆風力發電有限公司	the PRC 14 September 2010	10,000	100%	–	100%	Wind power generation
Huadian Huachuan Heat Power Company Limited 華電樺川熱力有限公司	the PRC 25 October 2010	21,000	100%	–	100%	Heat power generation
Gansu Huadian Golmud Solar Power Company Limited 華電格爾木太陽能發電有限公司	the PRC 8 October 2010	15,000	100%	–	100%	Solar power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Gansu Huadian Minqin Power Generation Company Limited 甘肅華電民勤發電有限公司	the PRC 3 November 2010	25,000	100%	–	100%	Solar power generation
Heilongjiang Huafu Power Investment Company Limited 黑龍江省華富電力投資有限公司	the PRC 19 July 1996	260,000	80%	–	80%	Investment holding
Harbin ChenHua Power New Technology Development Co., Ltd 哈爾濱辰華電力新技術開發有限責任公司	the PRC 24 August 2000	2,000	80%	–	100%	Provision of wind power technology
Heilongjiang Huafu Wind Power Mulan Company Limited 黑龍江華富風力發電木蘭有限責任公司	the PRC 1 April 2003	30,000	47%	–	59%	Wind power generation
Heilongjiang Huafu Wind Power Muling Company Limited 黑龍江華富風力發電穆棱有限責任公司	the PRC 9 September 2003	186,000	49%	–	61%	Wind power generation
Heilongjiang Dongning Huafu Wind Power Company Limited 黑龍江東寧華富風力發電有限責任公司	the PRC 18 November 2005	126,000	64%	–	80%	Wind power generation
Harbin Yilan Huafu Wind Power Company Limited 哈爾濱依蘭華富風力發電有限公司	the PRC 21 March 2007	176,000	64%	–	80%	Wind power generation
Inner Mongolia Huolinguole Huafu Wind Power Company Limited 內蒙古霍林郭勒市華富風電有限公司	the PRC 17 September 2010	10,000	80%	–	100%	Wind power generation
Bayannao'er Jianjizhongyan Wind Power Company Limited 巴彥淖爾市建技中研風力發電有限責任公司 (原巴彥淖爾市華電蒙中風力發電有限公司) (note ii)	the PRC 3 December 2010	1,000	51%	–	51%	Wind power generation
Maoming Zhong'ao Wind Power Company Limited 茂名市中坳風電有限公司 (note ii)	the PRC 11 July 2005	83,288	51%	–	51%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Inner Mongolia Fulida Wind Power Company Limited 內蒙古富麗達風力發電有限公司	the PRC 15 September 2010	100,000	80%	–	80%	Wind power generation
Huachuan Biomass Cogeneration Heat Power Company Limited 樺川協聯生物質能熱電有限公司	the PRC 29 November 2007	58,000	100%	–	100%	Biomass power generation
Qitaihe Honghao Wind Power Company Limited 七台河宏浩風力發電有限公司 (note ii)	the PRC 24 May 2010	33,333	60%	–	60%	Wind power generation
Qitaihe Fengrun Wind Power Company Limited 七台河豐潤風力發電有限公司	the PRC 16 August 2010	25,000	60%	–	60%	Wind power generation
Huadian Nanning New Energy Company Limited 華電南寧新能源有限公司	the PRC 26 April 2011	90,223	55%	–	55%	Distributed energy power generation
Huadian Shandong Rushan New Energy Company Limited 華電山東乳山新能源有限公司	the PRC 17 May 2011	10,000	100%	–	100%	Wind power generation
Inner Mongolia Huadian Hongtu Wind Power Company Limited 內蒙古華電宏圖風力發電有限公司	the PRC 19 May 2011	3,000	100%	–	100%	Wind power generation
Zhoushan Huadian Xiaosha Wind Power Company Limited 舟山華電小沙風力發電有限公司	the PRC 21 March 2011	7,000	100%	–	100%	Wind power generation
Yunnan Huadian Lianhuashan Wind Power Company Limited 雲南華電蓮花山風力發電有限公司	the PRC 24 May 2011	2,000	100%	–	100%	Wind power generation
Yunnan Huadian Duogu Wind Power Company Limited 雲南華電朵古風力發電有限公司	the PRC 29 March 2011	25,000	100%	–	100%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Jiangxi Huadian Jiujiang Distributer Energy Company Limited. 江西華電九江分佈式能源有限公司	the PRC 25 March 2011	27,000	70%	–	70%	Distributed energy power generation
Inner Mongolia Huadian Guanghui Wind Power Company Limited 內蒙古華電光輝風電有限公司	the PRC 10 August 2011	3,000	100%	–	100%	Wind power generation
Gansu Huadian Huanxian Wind Power Company Limited 甘肅華電環縣風力發電有限公司	the PRC 9 August 2011	56,000	100%	–	100%	Wind power generation
Huadian Hebei Qian'an New Energy Power Generation Company Limited 華電河北遷安新能源發電有限公司	the PRC 2 August 2011	10,000	65%	–	65%	Distributed energy power generation
Tianjin Huadian Beichen Distributer Energy Company Limited 天津華電北宸分佈式能源有限公司	the PRC 4 August 2011	10,000	65%	–	65%	Distributed energy power generation
Zhangping Yongfu Hydropower Development Company Limited 漳平市永福水電發展有限公司	the PRC 17 July 2002	54,064	60%	–	100%	Hydropower generation
Huadian Tao Nan Wind Power Company Limited 華電洮南風力發電有限公司	the PRC 8 November 2011	1,000	90%	–	90%	Wind power generation
Shanghai Huadian Min Hang Energy Power Company Limited 上海華電閔行能源有限公司	the PRC 23 November 2011	50,000	90%	–	90%	Distributed energy power generation
Huadian Xiamen Distributed Energy Power Company Limited 華電（廈門）分佈式能源有限公司	the PRC 8 November 2011	20,000	100%	–	100%	Distributed energy power generation
Xinjiang Huadian Xuehu Wind Power Company Limited 新疆華電雪湖風力發電有限公司 (note iii)	the PRC 17 January 2012	10,000	100%	–	100%	Wind power generation

18 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place and date of establishment	Registered capital (RMB'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Yunnan Huadian Weidi Solar Power Company Limited 雲南華電維的太陽能發電有限公司 (note iii)	the PRC 29 March 2012	9,000	100%	–	100%	Solar power generation
Huadian Taizhou Medical City New Energy Company Limited 華電泰州醫藥城新能源有限公司 (note iii)	the PRC 19 April 2012	8,000	55%	–	55%	Distributed energy power generation

Name of company	Place and date of establishment	Registered capital (USD'000)	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities
Fujian Huadian Zhangping Power Company Limited 福建華電漳平發電有限公司	the PRC 6 November 1992	16,670	100%	100%	–	Coal-fired power generation

Notes:

(i) All of the above entities are limited liability companies. The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) The Company's voting power in these entities attached to the equity interests does not allow the Company to have the power to govern the financial and operating activities of these companies according to the articles of association of these companies. The Company is the biggest equity owner of these companies and no other equity owners individually or in aggregate had the power to control these companies according to the articles of association. Historically, the Company controlled the operation of these entities by appointing senior management, approving annual budget and determining the remuneration of employees, etc. The Company or the Company's subsidiaries had signed the concert party agreements with certain equity owners of these companies, whereby such equity owners have agreed to vote the same as the Company. Such equity owners have also confirmed that the voting in unison with the Company existed since the establishment of these companies. The PRC lawyer of the Company confirmed that the concert party agreements are valid under relevant PRC laws. Considering above mentioned factors, the directors are of the opinion that the Company controlled these entities during the periods presented. Therefore the financial information of these companies is consolidated by the Company during the periods presented (or where the companies were established at a date later than 1 January 2011, for the period from the date of establishment to 30 June 2012).

(iii) These companies were newly set up in 2012.

19 INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Share of net assets	2,614,121	2,174,057	–	–
Unlisted investments, at cost	–	–	2,283,466	1,871,776
Less: impairment loss	–	–	(67,355)	(64,619)
	2,614,121	2,174,057	2,216,111	1,807,157

The following list contains the particulars of associates as at 30 June 2012 which principally affected the results, assets or liabilities of the Group. All of the associates are limited liability companies located in the PRC.

Name of company	Place of establishment	Particular of registered capital RMB'000	Percentage of attributable equity interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Zhonghai Fujian Gas Power Generation Company Limited (中海福建燃氣發電有限公司)	the PRC	90,000	25%	25%	–	Gas power generation
Fujian Fuqing Nuclear Power Company Limited (福建福清核電有限公司)	the PRC	4,037,700	39%	39%	–	Nuclear Power generation
Guangzhou University Town Huadian New Energy Company Limited (廣州大學城華電新能源有限公司)	the PRC	294,360	43%	–	43%	Distribution energy power generation
Pingnanxian Houlongxi Hydropower Company Limited (屏南縣後壟溪水電有限公司)	the PRC	86,000	45%	5%	40%	Hydropower generation

19 INVESTMENTS IN ASSOCIATES (continued)

Summary of financial statements on the associate entities:

	At 30 June 2012		At 31 December 2011	
	100 percent RMB'000	Group's effective interest RMB'000	100 percent RMB'000	Group's effective interest RMB'000
Assets	30,549,047	11,070,104	27,647,028	9,818,402
Liabilities	23,372,198	8,455,983	21,513,394	7,644,345
Equity	7,176,849	2,614,121	6,133,634	2,174,057

	Six months ended 30 June			
	2012		2011 (unaudited)	
	100 percent RMB'000	Group's effective interest RMB'000	100 percent RMB'000	Group's effective interest RMB'000
Revenue	1,831,656	506,735	1,443,724	368,633
Profit/(Loss)	143,993	42,419	13,626	(5,343)

20 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	The Group	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Share of net assets	21,723	22,692

Details of the jointly controlled entity are as follows:

Name of company	Place of establishment	Particular of registered capital RMB'000	Percentage of attributable equity interest: Group's effective interest	Direct	Indirect	Principal activities
Shanghai Huagang Wind Power Company Limited (上海華港風力發電有限公司)	the PRC	44,700	50%	–	50%	Wind power generation

20 INVESTMENT IN A JOINTLY CONTROLLED ENTITY (continued)

Summary of financial statements on the jointly controlled entity:

	At 30 June 2012		At 31 December 2011	
	100 percent RMB'000	Group's effective interest RMB'000	100 percent RMB'000	Group's effective interest RMB'000
Assets	242,032	121,016	225,334	112,667
Liabilities	198,586	99,293	179,950	89,975
Equity	43,446	21,723	45,384	22,692

	Six months ended 30 June			
	2012		2011 (unaudited)	
	100 percent RMB'000	Group's effective interest RMB'000	100 percent RMB'000	Group's effective interest RMB'000
Revenue	8,932	4,466	–	–
Loss	(1,938)	(969)	–	–

21 OTHER INVESTMENTS

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Unquoted equity investments in non-listed companies, at cost	482,300	482,300	133,845	133,845

21 OTHER INVESTMENTS (continued)

The following list contains the particulars of major unquoted equity investments in non-listed companies. All of the unquoted equity investments in non-listed companies are limited liability companies and established in the PRC.

Name of company	Place of Establishment	Particular of registered capital RMB'000	Percentage of attributable equity interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Huadian Coal Industry Group Co., Ltd. (華電煤業集團有限公司)	the PRC	3,657,143	3%	3%	–	Coal supply
China Huadian Finance Co., Ltd. ("Huadian Finance") (中國華電集團財務有限公司)	the PRC	5,000,000	5%	–	5%	Financial service
Inner Mongolia Huhhot Hydro-Power Generation Co., Ltd. (內蒙古呼和浩特抽水蓄能發電有限公司)	the PRC	1,404,626	6%	–	6%	Hydropower generation utilizing pumped storage technology

22 OTHER NON-CURRENT ASSETS

	The Group	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Deductible VAT (note (i))	1,483,300	1,406,349
Deferred differences arising from sales and leaseback resulting in a finance lease	295,884	302,938
Others	12,098	11,613
	1,791,282	1,720,900

Notes:

(i) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and intangible assets, which is deductible from output VAT.

23 INVENTORIES

	The Group	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Coal	164,072	143,826
Fuel oil	20,161	24,624
Spare parts and others	81,214	99,926
	265,447	268,376

24 TRADE DEBTORS AND BILLS RECEIVABLE

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Amounts due from third parties	2,378,380	1,893,487	88,767	43,287
Less: allowance for doubtful accounts	138	138	–	–
	2,378,242	1,893,349	88,767	43,287

The ageing analysis of trade debtors and bills receivable of the Group and the Company is as follows:

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Current	2,378,380	1,893,487	88,767	43,287
Less: allowance for doubtful accounts	138	138	–	–
	2,378,242	1,893,349	88,767	43,287

The Group's trade debtors are mainly electricity sales receivable from local grid companies for whom there was no recent history of default. Generally, the debtors are due within 15-30 days from the date of invoice. Certain wind power projects collect part of receivables tariff premium, representing 30% to 60% of total electricity sales, in 2 to 18 months from the date of recognition of sales, as agreed with local grid companies. The collection of such tariff premium is subject to the allocation of additional funds by relevant government authorities to local grid companies from government designated funds and tariff surcharge payable by end-users, which consequently takes a relatively long time for the grid companies to make settlement. The directors of the Company are of the opinion that these trade and bills receivable from tariff premium are fully recoverable considering there were no bad debt experiences in the past and the tariff premium is funded by the PRC government.

25 PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
CERs receivable	255,127	148,104	–	–
Staff advance	16,458	7,423	1,716	653
Deposits	23,779	2,833	–	–
Receivables from the subsidiaries	–	–	2,255,848	1,827,458
Receivables from other related parties	170,938	636,356	–	40,772
Loan to a third party (note(i))	236,867	235,520	–	–
Deductible VAT (note 22(i))	450,087	437,769	–	–
Prepayment for the coal and spare parts supply	28,360	26,714	–	–
Prepayment for others	91,759	41,440	–	–
Other debtors	93,182	62,783	16,489	10,045
	1,366,557	1,598,942	2,274,053	1,878,928

Notes:

(i) Loan to a third party were at the rate of 13.00% per annum as at 30 June 2012 (31 December 2011: 13.00%).

The Group's prepayments and other current assets of RMB10,465,000 as at 30 June 2012 (31 December 2011: RMB10,465,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognized. The Group does not hold any collateral over these balances.

The Company's prepayments and other current assets of RMB6,670,000 as at 30 June 2012 (31 December 2011: RMB6,670,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognized. The Company does not hold any collateral over these balances.

For the other balances of prepayments and other current assets for the Group and the Company, the management is of the opinion that the counterparties are with good credit quality and the balances are considered fully recoverable.

26 RESTRICTED DEPOSITS

Restricted deposits mainly represent cash pledged as collateral for bills payable, tender bonds and housing maintenance fund designated for specific purposes as requested by PRC regulations.

27 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Cash on hand	1,350	425	8	10
Cash at bank and other financial institutions	4,440,840	1,488,089	2,623,264	344,122
	4,442,190	1,488,514	2,623,272	344,132

28 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Bank loans and loans from financial institutions				
– Secured	14,743,385	8,668,654	–	–
– Unsecured (note(i))	11,601,386	15,782,201	722,500	653,000
Loans from a fellow subsidiary				
– Unsecured (note(ii))	–	200,000	–	–
	26,344,771	24,650,855	722,500	653,000
Less: Current portion of long-term borrowings				
– Bank loans and loans from financial institutions	2,868,469	2,981,395	351,500	150,000
	23,476,302	21,669,460	371,000	503,000

28 BORROWINGS (continued)

(a) The long-term interest-bearing borrowings comprise: (continued)

Notes:

(i) Certain unsecured borrowings were guaranteed by the below entities:

	The Group	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Guarantor		
– Huadian	1,000,000	5,515,900
– Non-controlling interests shareholders	304,000	304,000
	1,304,000	5,819,900

(ii) Loans from a fellow subsidiary represent the loans from Huadian Finance.

(b) The short-term interest-bearing borrowings comprise:

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Bank loans and loans from financial institutions				
– Secured	234,000	10,000	–	–
– Unsecured	7,009,730	5,461,450	4,809,930	3,567,150
Loans from a fellow subsidiary				
– Unsecured (note(i))	–	120,000	–	–
	7,243,730	5,591,450	4,809,930	3,567,150
Add: Current portion of long-term borrowings				
– Bank loans and loans from financial institutions	2,868,469	2,981,395	351,500	150,000
	10,112,199	8,572,845	5,161,430	3,717,150

Note:

(i) Loans from a fellow subsidiary represent the loans from Huadian Finance.

28 BORROWINGS (continued)

(c) The effective interest rates per annum on borrowings are as follows:

	The Group		The Company	
	At 30 June 2012	At 31 December 2011	At 30 June 2012	At 31 December 2011
Long-term				
Bank loans and loans from financial institutions	5.2%-8.46%	5.04%-8.46%	5.99%-7.76%	5.53%- 7.75%
Loan from fellow subsidiaries	–	5.23%-7.05%	–	–
Short-term				
Bank loans and loans from financial institutions	6.05%-7.87%	5.68%-8.20%	6.56%-7.61%	6.06% – 7.54%
Loan from fellow subsidiaries	–	5.23%	–	–

(d) The borrowings are repayable as follows:

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Within 1 year or on demand	10,112,199	8,572,845	5,161,430	3,717,150
After 1 year but within 2 years	3,263,253	2,475,689	20,000	200,000
After 2 years but within 5 years	6,839,754	7,314,423	66,000	28,000
After 5 years	13,373,295	11,879,348	285,000	275,000
	33,588,501	30,242,305	5,532,430	4,220,150

29 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	At 30 June 2012		At 31 December 2011	
	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	231,655	266,560	219,831	245,905
After 1 year but within 2 years	155,913	169,780	259,515	281,075
After 2 years but within 5 years	102,742	132,681	137,476	161,523
After 5 years	60,813	68,004	47,466	84,605
	319,468	370,465	444,457	527,203
	551,123	637,025	664,288	773,108
Less: total future interest expenses		85,902		108,820
Present value of finance lease obligations		551,123		664,288

At inception, the lease periods of the finance lease obligation are approximately 2-20 years. The principal obligations and interest expenses are to be paid at least by month within the lease period.

30 TRADE CREDITORS AND BILLS PAYABLE

	The Group	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Trade creditors to fellow subsidiaries	**56,204**	91,207
Trade creditors to third parties	**366,954**	432,044
Bills payable to fellow subsidiaries	**99,400**	17,856
Bills payable to third parties	**506,937**	433,812
	1,029,495	974,919

The aging analysis for the trade creditors and bills payable is as following:

	The Group	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Due within 3 months or on demand	**461,002**	530,300
Due after 3 months but within 6 months	**334,425**	435,619
Due after 6 months but within 1 year	**234,068**	9,000
	1,029,495	974,919

31 OTHER PAYABLES

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Payables for acquisition of property, plant and equipment and intangible assets	5,423,556	6,125,341	38,748	44,922
Provision for Mianhuatan resettlement compensation (note (i))	40,000	40,000	–	–
Payables to the subsidiaries	–	–	791,280	662,590
Payables to other related parties (note (ii))	412,336	833,657	2,111	70,134
Retention payable (note(iii))	279,130	216,541	98	388
Dividends payable	13,463	13,178	–	–
Payable for acquisition of subsidiary	27,002	43,151	21,965	26,225
Payables for staff related costs	141,371	139,834	1,906	2,453
Payables for other taxes	157,722	286,933	36,994	20,673
Interest payable	80,939	77,304	13,391	7,883
Other accruals and payables	156,698	170,715	59,368	11,172
	6,732,217	7,946,654	965,861	846,440

Notes:

(i) Fujian Mianhuatan Hydropower Development Company Limited (the "Mianhuatan Hydropower"), one of the Company's subsidiaries, owns and operates a hydropower plant (the "Mianhuatan Project") in Longyan, Fujian. The relevant local government authority disputed the amount of resettlement compensation required and requested Mianhuatan Hydropower to increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower engaged the original independent design institute for this hydropower project, Shanghai Investigation, Design & Research Institute (the "Shanghai Institute"), to assess the need to pay any additional resettlement compensation. To support the local government's relocation and resettlement efforts, Mianhuatan Hydropower agreed in principal and prepaid to the local government additional compensation of RMB15 million, RMB15 million, and RMB360 million in 2009, 2010 and 2011, respectively, totaling RMB390 million in advance payments. In addition, the management of Mianhuatan Hydropower has recognized an additional provision of RMB40 million for this dispute as at 31 December 2011. The advance payments of RMB390 million and the provision of RMB40 million have been capitalised in the property, plant and equipment in the historical financial information. After reviewing the assessment report from the Shanghai Institute, Fujian Development and Reform Commission (the "Fujian DRC") and National Development and Reform Commission of the PRC (the "NDRC") will determine the adjusted resettlement compensation for which Mianhuatan Hydropower will be responsible.

31 OTHER PAYABLES (continued)

Notes: (continued)

(ii) Payables to the related parties mainly include the payable for the purchase of property, plant and equipment from the fellow subsidiaries which are unsecured, interest-free and have no fixed terms of repayment.

(iii) Retention payable represents amounts due to equipment suppliers and construction contractors which will be settled upon the expiry of the warranty period.

All of the other payables are expected to be settled within one year or are repayable on demand.

32 INCOME TAX IN THE BALANCE SHEET

(a) Tax payable/(recoverable) in the consolidated balance sheet represents:

	The Group	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Net tax payable at beginning of year	(64,679)	58,312
Provision for the period/year (see note 8(a))	152,151	64,514
Under/(over) provision in respect of prior years (see note 8(a))	(2,739)	1,629
Income tax paid	(36,829)	(189,134)
Net tax payable/(recoverable) at end of period/year	47,904	(64,679)
Representing:		
Tax payable	89,839	16,243
Tax recoverable	(41,935)	(80,922)
	47,904	(64,679)

32 INCOME TAX IN THE BALANCE SHEET (continued)

(b) Deferred tax assets and liabilities recognized:

The Group

The components of deferred tax assets/(liabilities) recognized in the consolidated balance sheet and the movements during the period are as follows:

Deferred tax assets/(liabilities) arising from:	Tax losses	Revaluation deficit	Provision for impairment of assets	Trial run revenue	Deferred income	Expenses deductible on payment basis	Revaluation surplus	Depreciation of property plant and equipment	Tax credits for purchase of environment protection equipment	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	111,465	78,802	50,566	39,113	19,354	20,172	(155,866)	(352,022)	–	2,782	(185,634)
(Charged)/credited to profit or loss	(19,516)	(8,341)	(14,146)	50,760	9,473	757	10,828	(57,314)	–	(2,187)	(29,686)
Acquisition of subsidiaries	–	–	–	–	–	–	(48,746)	–	–	–	(48,746)
Disposal of subsidiaries	–	–	–	–	–	–	–	21,884	–	–	21,884
At 31 December 2011	91,949	70,461	36,420	89,873	28,827	20,929	(193,784)	(387,452)	–	595	(242,182)
At 1 January 2012	91,949	70,461	36,420	89,873	28,827	20,929	(193,784)	(387,452)	–	595	(242,182)
(Charged)/credited to profit or loss (see note 8(a))	(43,187)	(2,008)	(73)	13,882	(440)	7,546	3,775	(34,452)	35,478	(224)	(19,703)
At 30 June 2012	48,762	68,453	36,347	103,755	28,387	28,475	(190,009)	(421,904)	35,478	371	(261,885)

32 INCOME TAX IN THE BALANCE SHEET (continued)

(b) Deferred tax assets and liabilities recognized: (continued)

The Company

The components of deferred tax assets/(liabilities) recognized in the balance sheet and the movements during the period are as follows:

Deferred tax assets/(liabilities) arising from:	Tax losses	Provision for impairment of assets	Expenses deductible on payment basis	Depreciation of property, plant and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	45,700	13,643	3,396	(1,759)	60,980
Credited/(Charged) to profit or loss	7,011	7,115	786	(4,413)	10,499
At 31 December 2011	52,711	20,758	4,182	(6,172)	71,479
At 1 January 2012	**52,711**	**20,758**	**4,182**	**(6,172)**	**71,479**
(Charged)/credited to profit or loss	**(44,031)**	**612**	**2,155**	**(2,150)**	**(43,414)**
At 30 June 2012	**8,680**	**21,370**	**6,337**	**(8,322)**	**28,065**

Reconciliation to the balance sheet

	The Group		The Company	
	At 30 June 2012	At 31 December 2011	**At 30 June 2012**	At 31 December 2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
Net deferred tax asset recognized in the balance sheet	**302,034**	294,480	**28,065**	71,479
Net deferred tax liability recognized in the balance sheet	**(563,919)**	(536,662)	**–**	–
	(261,885)	(242,182)	**28,065**	71,479

32 INCOME TAX IN THE BALANCE SHEET (continued)

(c) Deferred tax assets not recognized:

In according with the accounting policy set out in note 2(u), the Group have not recognized deferred tax assets in respect of unused tax losses of RMB154,749,000 as at 30 June 2012 (31 December 2011: RMB99,184,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. For the unused tax losses as at 30 June 2012, RMB14,793,000, RMB0, RMB19,224,000, RMB39,945,000, RMB27,777,000 and RMB53,010,000, if unused, will expire at the end of year 2012, 2013, 2014, 2015, 2016 and 2017, respectively. Furthermore, the Group have not recognized deferred tax assets in respect of unused tax credit for purchase of environmental protection equipments of RMB33,900,000 as at 30 June 2012 which will expire at the end of year 2016.

(d) Deferred tax liability not recognized

At 30 June 2012, taxable temporary differences relating to undistributed profits and PRC statutory surplus reserve of subsidiaries and associates amounted to RMB2,182,240,000 (31 December 2011: RMB1,543,607,000). No deferred tax liability was recognised in respect of these taxable temporary differences as dividends from subsidiaries and associates are not subject to PRC income tax and the Group has no plan to dispose of these investments in the foreseeable future.

33 DEFERRED INCOME

	The Group RMB'000
At 1 January 2011	124,870
Additions	123,628
Credited to profit or loss	(39,675)
At 31 December 2011	208,823
Less: current portion of deferred income	11,166
	197,657
At 1 January 2012	**208,823**
Additions	**22,921**
Credited to profit or loss	**(7,986)**
At 30 June 2012	**223,758**
Less: current portion of deferred income	**11,104**
	212,654

Deferred income mainly represents subsidies relating to the construction of property, plant and equipment and deferred differences arising from sales and leaseback arrangement resulting in finance lease, which would be recognized as income or an adjustment to the depreciation of the asset on a straight-line basis over the expected useful life of the relevant assets.

34 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the period are set out below:

	Capital RMB'000	Capital reserve RMB'000	Reserve fund RMB'000	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2011	5,088,889	1,055,590	22,942	376,554	6,543,975
Changes in equity for the six months ended 30 June 2011 (unaudited):					
Profit and total comprehensive income for the period (unaudited)	–	–	–	257,716	257,716
At 30 June 2011 (unaudited):	5,088,889	1,055,590	22,942	634,270	6,801,691
At 1 July 2011 (unaudited):	5,088,889	1,055,590	22,942	634,270	6,801,691
Changes in equity for the six months ended 31 December 2011 (unaudited):					
Loss and total comprehensive income for the period (unaudited)	–	–	–	(67,854)	(67,854)
Capitalization upon establishment of the Company (unaudited)	911,111	(433,476)	(22,942)	(454,693)	–
Transfer to reserve fund (unaudited)	–	–	18,745	(18,745)	–
At 31 December 2011	6,000,000	622,114	18,745	92,978	6,733,837
At 1 January 2012	6,000,000	622,114	18,745	92,978	6,733,837
Changes in equity for the six months ended 30 June 2012:					
Profit and total comprehensive income for the period	–	–	–	133,539	133,539
Issuance of shares upon public offering, net of issuing expenses	1,500,000	399,018	–	–	1,899,018
At 30 June 2012	7,500,000	1,021,132	18,745	226,517	8,766,394

34 CAPITAL AND RESERVES (continued)

(b) Dividends

The directors resolved on 24 August 2012 that no dividend is to be distributed for the six months ended 30 June 2012.

Pursuant to the shareholders' committee resolution on 23 August 2011, the Company is to make a distribution to Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital, which represents an amount equal to the net profit attributable to the equity owners of the Company, generated during the period from 31 January 2011, the date on which the Group's assets were valued for establishment as a joint stock limited company, to 19 August 2011, the date on which the Company was established as a joint stock limited company.

(c) Share capital/paid-in capital

	The Group and the Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Issued and fully paid		
5,850,000,000(2011: 6,000,000,000) domestic state-owned ordinary shares of RMB1.00 each	5,850,000	6,000,000
1,650,000,000 H shares of RMB1.00 each	1,650,000	–
	7,500,000	6,000,000

For the purpose of this report, the capital of the Group prior to the establishment of the Company represented the paid-in capital of HFEC.

Pursuant to the approval of establishing Huadian Fuxin Energy Corporation Limited, issued by State-owned Assets Supervision and Administration Commission of the State Council, the Company was established as a joint stock company on 19 August 2011. The Company issued 6,000,000,000 ordinary shares with a par value of RMB1.00 each on 19 August 2011.

In June 2012, the Company issued an aggregation of 1,500,000,000 H shares with a par value of RMB1.00, at a price of HKD1.65 per H share and 150,000,000 domestic state-owned shares of RMB1.00 each owned by Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital were converted into H shares in connection with the IPO. For more details, please refer to note 1.

All shareholders are entitled to receive dividends as declared from time to time except for the Special Distribution to the shareholders as described in note 34(b) and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

34 CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of shares issued and the amount of the net proceeds received from the IPO in June 2012.

Other capital reserve includes the contributions or distributions from/to equity owners, and the difference between the considerations of acquisition or disposal of equity interests from/to non-controlling equity owners and the carrying amount of the proportionate net identifiable assets.

(ii) Statutory surplus reserve

According to the Company Law of the PRC and the Company's Article of Association, the Company is required to transfer 10% of its net profit to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

(e) Distributability of reserves

Following the establishment of the Company, under the Company Law of the PRC and the Company's Articles of Association, net profit can only be distributed as dividends after allowances have been made for the following:

– Making up prior years' cumulative losses, if any;

– Allocations to the reserve fund as set out in note 34(d) (ii) above; and

– Allocations to the discretionary common reserve if approved by the shareholders.

At 30 June 2012, the aggregate amount of reserves available for distribution to equity owners of the Company was RMB226,517,000 (31 December 2011: RMB92,978,000).

34 CAPITAL AND RESERVES (continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratios of the Group as at 30 June 2012 are 78% (31 December 2011: 82%).

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

35 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, trade debtors and bills receivable, prepayments and other current assets, and other financial assets.

Substantially all of the Group's cash and cash equivalents as at 30 June 2012 and 31 December 2011 are deposited in the stated owned/controlled PRC banks, which the directors assessed the credit risk to be insignificant.

The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group have no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 96.47% of total trade debtor and bills receivable as at 30 June 2012 (31 December 2011: 95.61%). For other trade and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

35 FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

The Group provide financial guarantees to third parties and related parties. Except for the financial guarantees extended by the Group as set out in note 37(a), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 37(a).

(b) Liquidity risk

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one period/year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 30 June 2012, the Group has unutilized banking facilities of RMB14,047,297,000. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk. The directors have determined that adequate liquidity exists to finance the future working capital and expenditure requirements of the Group.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group	As at 30 June 2012					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 28(a))	26,344,771	35,215,425	4,268,933	4,767,455	10,152,435	16,026,602
Short-term borrowings (note 28(b))	7,243,730	7,534,938	7,534,938	–	–	–
Obligations under finance leases (note 29)	551,123	637,025	266,560	169,780	132,681	68,004
Trade creditors and bills payable (note 30)	1,029,495	1,029,495	1,029,495	–	–	–
Other payables (note 31)	6,732,217	6,732,217	6,732,217	–	–	–
	41,901,336	51,149,100	19,832,143	4,937,235	10,285,116	16,094,606

35 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The Group	As at 31 December 2011					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 28(a))	24,650,855	31,448,542	4,480,854	3,796,189	10,351,194	12,820,305
Short-term borrowings (note 28(b))	5,591,450	5,806,861	5,806,861	–	–	–
Obligations under finance leases (note 29)	664,288	773,108	245,905	281,075	161,523	84,605
Trade creditors and bills payable (note 30)	974,919	974,919	974,919	–	–	–
Other payables (note 31)	7,946,654	7,946,654	7,946,654	–	–	–
	39,828,166	46,950,084	19,455,193	4,077,264	10,512,717	12,904,910

The Company	As at 30 June 2012					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 28(a))	722,500	884,013	400,042	43,977	130,109	309,885
Short-term borrowings (note 28(b))	4,809,930	4,996,029	4,996,029	–	–	–
Trade creditors and bills payable	2,603	2,603	2,603	–	–	–
Other payables (note 31)	965,861	965,861	965,861	–	–	–
	6,500,894	6,848,506	6,364,535	43,977	130,109	309,885

35 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The Company	As at 31 December 2011					
	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000	1-2 years RMB'000	2-5 years RMB'000	More than 5 years RMB'000
Long-term borrowings (note 28(a))	653,000	797,074	193,178	223,244	92,280	288,372
Short-term borrowings (note 28(b))	3,567,150	3,725,448	3,725,448	–	–	–
Trade creditors and bills payable	376	376	376	–	–	–
Other payables (note 31)	846,440	846,440	846,440	–	–	–
	5,066,966	5,369,338	4,765,442	223,244	92,280	288,372

(c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the six months ended 30 June 2012 and the year ended 31 December 2011, however, the management of the Group did not consider it necessary to use interest rate swaps to hedge their exposure to interest risk.

The following table details the profile of the Group's and the Company's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the balance sheet date. The interest rate and maturity information of the Group's and the Company's borrowings are disclosed in note 28.

35 FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

	The Group	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Net fixed rate borrowings:		
Borrowings	**3,600,150**	2,694,510
Less: Deposits at bank (including restricted deposits)	**–**	3,020
	3,600,150	2,691,490
Net floating rate borrowings:		
Borrowings	**29,988,351**	27,547,795
Obligations under finance leases (note 29)	**551,123**	664,288
Less: Deposits at bank (including restricted deposits)	**4,715,711**	1,619,873
	25,823,763	26,592,210
Total net borrowings	**29,423,913**	29,283,700

	The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Net fixed rate borrowings:		
Borrowings	**1,726,150**	1,716,150
Net floating rate borrowings:		
Borrowings	**3,806,280**	2,504,000
Less: Deposits at bank (including restricted deposits)	**2,629,269**	356,912
	1,177,011	2,147,088
Total net borrowings	**2,903,161**	3,863,238

35 FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

At 30 June 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax of six months and the total equity by approximately RMB73,753,000 (year of 2011: RMB165,520,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the balance sheet date.

The estimated 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The sensitivity analysis is performed on the same basis for the six months ended 30 June 2012 and for the year of 2011.

(d) Currency risk

The Group is exposed to currency risk primarily through the business which give rise to receivables and borrowings and cash balances that are denominated in a foreign currency other than RMB. The currencies giving rise to this risk are primarily Euros, United States dollars and Hong Kong dollars.

(i) Recognized assets and liabilities

Except for CERs sales which were denominated in foreign currencies, all of the revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in United States dollars, and the Company is applying for converting the net IPO proceeds denominated in Hong Kong dollars into RMB.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its equity owners.

35 FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Exposure to currency risk

The following table details the Group's and the Company's exposure at the balance sheet date to currency risk arising from recognized assets or liabilities denominated in a currency other than RMB to which they relate.

The Group	At 30 June 2012			At 31 December 2011		
	USD	EUR	HKD	USD	EUR	HKD
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	–	2,352	1,956,964	–	2,351	–
Other current assets	33,442	268,461	–	27,711	166,523	–
Long-term borrowings	(13,855)	–	–	(30,244)	–	–
Net exposure	19,587	270,813	1,956,964	(2,533)	168,874	–

The Company	At 30 June 2012	At 31 December 2011
	HKD	HKD
	RMB'000	RMB'000
Cash and cash equivalents	1,956,964	–

The followings are USD, EUR and HKD exchange rates to RMB during the six months ended 30 June 2012 and the year ended 31 December 2011:

	Average rate		Reporting date spot rate	
	Six months ended 30 June 2012	Year ended 31 December 2011	30 June 2012	31 December 2011
USD	6.3053	6.4445	6.3249	6.3009
EUR	8.1910	9.0168	7.8710	8.1625
HKD	0.8124	–	0.8152	–

(Expressed in Renminbi unless otherwise stated)

35 FINANCIAL INSTRUMENTS (continued)

(d) Currency risk (continued)

(ii) Exposure to currency risk (continued)

A 5% strengthening of RMB against the following currencies as at 30 June 2012 and 31 December 2011 would have increased/(decreased) the Group's and the Company's profit after tax and the total equity by the amounts shown below.

	The Group		The Company	
	Six months ended 30 June 2012	Year ended 31 December 2011	Six months ended 30 June 2012	Year ended 31 December 2011
USD	(735)	95	–	–
EUR	(10,155)	(6,333)	–	–
HKD	(73,386)	–	(73,386)	–
	(84,276)	(6,238)	(73,386)	–

A 5% weakening of RMB against the above currencies as at 30 June 2012 and 31 December 2011 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for the six months ended 30 June 2012 and for the year of 2011.

35 FINANCIAL INSTRUMENTS (continued)

(e) Fair values

(i) Financial instruments carried at fair value

The amendments to IFRS 7, Financial Instruments: Disclosures require disclosures relating to fair value measurements of financial instruments across three levels of a "fair value hierarchy". The fair value of each financial instrument is categorized in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

As at 30 June 2012, the investments in unquoted equity securities (see note 21) are measured at cost which fair value cannot be measured reliably as these investments in non-listed companies do not have quoted market price in an active market. The Group has no intention to dispose these investments.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments other than the investments in unquoted equity securities carried at cost or amortized cost are not materially different from their fair values as at 30 June 2012 and 31 December 2011.

36 COMMITMENTS

(a) Capital commitments outstanding at 30 June 2012 and 31 December 2011 not provided for in the financial statements were as follows:

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	**At 30 June 2012 RMB'000**	At 31 December 2011 RMB'000
Contracted for	**8,111,959**	9,306,310	**179,389**	487,623
Authorized but not contracted for	**8,747,288**	5,257,267	**225,087**	207,331
	16,859,247	14,563,577	**404,476**	694,954

(b) At 30 June 2012 and 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	**At 30 June 2012 RMB'000**	At 31 December 2011 RMB'000
Within 1 year	**20,999**	15,579	**4,748**	5,736
After 1 year but within 5 years	**50,204**	45,863	**2,403**	3,876
More than 5 years	**123,999**	124,820	**–**	–
	195,202	186,262	**7,151**	9,612

The Group leases certain buildings through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals.

37 CONTINGENT LIABILITIES

(a) Financial guarantees issued

The Group and the Company issued financial guarantees to banks in respect of the bank loans granted to certain third parties or related parties as follows:

	The Group		The Company	
	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000	**At 30 June 2012 RMB'000**	At 31 December 2011 RMB'000
Financial guarantees to banks for:				
– A subsidiary	**–**	–	**75,000**	60,180
– Associates and a jointly controlled entity	**142,300**	149,300	**–**	–
– A third party	**128,500**	145,000	**–**	–
	270,800	294,300	**75,000**	60,180

As at the balance sheet date, the directors do not consider it probable that a claim will be made against the Group and the Company under any of the guarantees.

(b) Contingent liability in respect of taxes on CDM revenue

Up to date, there have been no rules issued on whether the revenue from sales of CERs is subject to any VAT or business tax. Based on the discussions with local tax authorities, the directors of the Company are of the opinion that no such taxes will be applicable to the revenue from sales of CERs. Therefore, the Group has not made any provision on such contingencies.

(c) Contingent liability in respect of the resettlement compensation for Mianhuatan Hydropower

As set out in note 31(i), Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the Fujian DRC and the NDRC. Mianhuatan Hydropower has prepaid aggregated amount of RMB390 million during the years ended 31 December 2009, 2010 and 2011 in relation to this dispute and has recognised a provision of RMB40 million during the year ended 31 December 2011 based on the assessment of the circumstances.

During the six months ended 30 June 2012, Huadian, the ultimate holding company, has undertaken to indemnify the Group against its losses, claims, charges and expenses arising from the relocation and resettlement of local residents in relation to Mianhuatan Project if the additional compensation the NDRC requires the Group to pay were to exceed the RMB40 million.

38 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under Huadian and has significant transactions and relationships with the subsidiaries of Huadian.

The principal related party transactions which were carried out in the ordinary course of business are as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Purchase of electricity from		
Fellow subsidiaries (note (i))	**267,900**	–
Purchase of coal shipping service from		
Fellow subsidiaries	**14,686**	28,538
Purchase of construction service and construction materials from		
Fellow subsidiaries	**85,328**	195,061
Office rental and property management service provided by		
Fellow subsidiaries	**7,000**	5,548
Leasing out the fixed assets and providing operating service to		
Fellow subsidiaries	**26,320**	21,933
Providing CDM management service to		
Fellow subsidiaries	**2,550**	3,748

38 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000 (unaudited)
Sales of coal to		
A fellow subsidiary (note 5(iii))	39,454	868,968
Purchases of coal from		
Fellow subsidiaries	86,687	818,978
Working capital provided to/(get back from)		
Huadian	(28,061)	19,256
Associates	(29,113)	–
Loan guarantees released from		
Associates and jointly controlled entity	7,000	–
Loan guarantees provided/(revoked) by		
Huadian	(4,515,900)	519,400
Loans received from/(repayment to)		
Huadian Finance	(320,000)	770,000
Huadian	–	(2,070,000)
Interest expenses		
Huadian Finance	2,139	34,543
Huadian	–	19,789
Interest income		
Huadian Finance	–	2,472
Disposal of a subsidiary to		
Huadian	–	206,500

Note:

(i) The amount represented the purchase of electricity from the fellow subsidiary under substituted generation agreements.

38 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 25, 28, 30, 31, and 37 (a).

(c) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "government-related entities").

Apart from transactions mentioned above, the Group conducts a majority of its business activities with government-related entities in the ordinary course of business. These transactions are carried out at terms similar to those that would be entered into with non-government-related entities. Transactions with other government-related entities included but are not limited to the following:

- Sales of electricity;
- Depositing and borrowing money;
- Purchase of materials and receiving construction work services; and
- Service concession arrangements.

The tariff of electricity is regulated by relevant government. The Group prices its other services and products based on commercial negotiations. The Group has also established its approval processes for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

For the six months ended 30 June 2012, revenue from the sales of electricity made to the provincial power grid companies which are government-related entities accounted for 99.25% of total revenue from the sales of electricity (six months ended 30 June 2011: 98.71% (unaudited)). As at 30 June 2012, the trade and bills receivable due from these power grid companies accounted for 96.47% of total trade and bills receivable (31 December 2011: 95.61%).

The Company and its subsidiaries maintained substantially all of the bank deposits in government-related financial institutions while lenders of substantially all of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

Other collectively significant transactions with government-related entities also included a large portion of equipment and materials purchases, and property, plant and equipment construction services received, and the service concession arrangements.

38 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors and supervisors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000 (unaudited)
Salaries and other emoluments	688	775
Discretionary bonus	1,187	1,335
Retirement scheme contributions	248	221
Deferred compensation plan	169	202
	2,292	2,533

(e) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian Corporation ("Huadian") for its staff. As at 30 June 2012 and 31 December 2011, there was no material outstanding contribution to post-employment benefit plans.

(f) Commitment with related parties

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Capital commitment	2,363,388	2,435,743
Commitment for office rental and property management fee	149,005	156,208
Commitment for the investment in an associate	–	222,300

39 RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 14% to 22% of the total staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group and its staff participate in a retirement plan managed by Huadian to supplement the above mentioned plan. The Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

40 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

Major non-cash transactions

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
		(unaudited)
Capital contributions from non-controlling interest owner	–	100,000

41 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those polices and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgments and estimates used in the preparation of the financial statements.

(a) Impairment losses for bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. The Group bases the estimates on the aging of the receivable balance, debtors' credit-worthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would by higher than estimated.

(b) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, lease prepayments and intangible assets, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flow generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of sale volume, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sale volume, selling price and amount of operating costs.

41 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (continued)

(c) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the net profit in future years.

(d) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(e) Income tax

The Group files income taxes with a number of tax authorities. Judgment is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determinations are uncertain during the ordinary course of business. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences may impact the current income tax and deferred income tax provisions in the periods in which the final tax outcomes became available.

(f) Provision for guarantees

Provision for outstanding guarantees is recognised if it becomes probable that the holders of these guarantees will call upon the Group under the guarantees and the amount of that claim on the Group is expected to exceed the amount currently carried in payables in respect of the guarantee. The Group reviews the financial position of these guarantee holders regularly and estimates the amount to claim on the Group based on historical experience. If the financial position of these guarantee holders were to deteriorate, actual provisions would be higher than estimated.

42 PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its parent and ultimate holding company to be Huadian, which is a state-owned enterprise established in the PRC. Huadian does not produce financial statement available for public use.

(Expressed in Renminbi unless otherwise stated)

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the periods presented and which have not been adopted in preparing the financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income	1 July 2012
IFRS 10, Consolidated financial statements	1 January 2013
IFRS 11, Joint arrangements	1 January 2013
IFRS 12, Disclosure of interests in other entities	1 January 2013
IFRS 13, Fair value measurement	1 January 2013
IAS 27, Separate Financial Statements (2011)	1 January 2013
IAS 28, Investment in associates and joint ventures (2011)	1 January 2013
Revised IAS 19, Employee benefits	1 January 2013
Amendments to IFRS 7, Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
Amendments to IAS 32, Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
IFRS 9, Financial instruments (2010)	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far the Group believes that the adoption of these new IFRSs is unlikely to have a significant impact on the Group's results of operations and financial position.

44 SUBSEQUENT EVENTS

In July 2012, the over-allotment option granted by the Company was exercised. The Company issued and allotted an aggregate of 122,616,000 H shares at HKD1.65 each. In connection with the allotment, 12,261,600 domestic state-owned shares of RMB1.00 each owned by Huadian, CPECG, Kunlun Trust, Wujiang Hydropower, Huadian Engineering, Xingye Capital and Datong Capital were converted into H shares on a one-for-one basis and transferred to NSSF. After the issuance and allotment of these shares, the registered and issued ordinary shares of the Company are 7,622,616,000 shares with 1,784,877,600 H shares being listed on HKSE.

Definition and Glossary of Technical Terms

"attributable consolidated installed capacity"	calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity, usually denominated in MW
"availability factor"	the amount of time that a power generator is able to produce electricity over a certain period, divided by the amount of time in such period
"average utilization hours"	the gross generation in a specified period divided by the average installed capacity in such period
"biomass"	plant material, vegetation or agricultural waste used as a fuel or energy source
"Board"	the board of directors of the Company
"CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"Company", "we" or "us"	Huadian Fuxin Energy Corporation Limited
"consolidated installed capacity"	the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects. As of 30 June 2012, all of our operating wind power projects were connected to local power grids
"Corporate Governance Code"	the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Corresponding Period of 2011"	the six months ended 30 June 2011
"Directors"	the director(s) of the Company
"electricity sales"	the actual amount of electricity sold by a power plant in a particular period, which equals gross power generation less consolidated auxiliary electricity
"gross generation"	for a specified period, the total amount of electricity produced by a power generating project during that period
"Group"	Huadian Fuxin Energy Corporation Limited and its subsidiaries
"GW"	gigawatt, a unit of power. 1 GW = 1,000 MW
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

Definition and Glossary of Technical Terms

"Huadian"	China Huadian Corporation
"Kemen Power Plant"	Fujian Kemen Power Generation Co., Ltd. (福建省可門發電有限責任公司), a company incorporated in the PRC and a wholly-owned subsidiary of our Company
"kW"	kilowatt, a unit of power. 1 kW = 1,000 watts
"kWh"	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"MW"	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
"MWh"	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh
"NSSF"	National Council for Social Security Fund of the People's Republic of China
"on-grid tariff"	the selling price of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB per kWh (such on-grid tariff includes value-added tax)
"pipeline projects"	power generating projects that we reserved for future development after entering into development agreements with local PRC governments
"PRC"	the People's Republic of China
"reporting period"	during the period from 28 June 2012 (being the date on which the Company was listed on the Hong Kong Stock Exchange) to 30 June 2012
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Supervisors"	supervisor(s) of the Company

Corporate Information

LEGAL NAME OF THE COMPANY

華電福新能源股份有限公司

ENGLISH NAME OF THE COMPANY

Huadian Fuxin Energy Corporation Limited

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MEMBERS OF THE BOARD

Executive Directors

Mr. Huang Xianpei *(Chairman of the Board)*
Mr. Fang Zheng *(President)*
Mr. Huang Shaoxiong

Non-executive Directors

Mr. Mao Xishu
Mr. Wang Xuxiang
Mr. Zong Xiaolei

Corporate Information

Independent Non-executive Directors

Mr. Zhou Xiaoqian
Mr. Yeung Pak Sing
Mr. Zhang Bai

COMMITTEES OF THE BOARD

Audit Committee

Mr. Zhang Bai *(Independent Non-executive Director) (Chairman)*
Mr. Yeung Pak Sing *(Independent Non-executive Director)*
Mr. Zong Xiaolei *(Non-executive Director)*

Nomination Committee

Mr. Zhou Xiaoqian *(Independent Non-executive Director) (Chairman)*
Mr. Huang Xianpei *(Executive Director and Chairman)*
Mr. Yeung Pak Sing *(Independent Non-executive Director)*

Remuneration and Assessment Committee

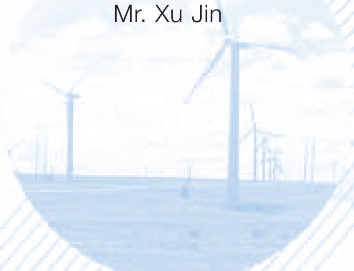
Mr. Zhou Xiaoqian *(Independent Non-executive Director) (Chairman)*
Mr. Zhang Bai *(Independent Non-executive Directors)*
Mr. Huang Shaoxiong *(Executive Director)*

Strategic Committee

Mr. Fang Zheng *(Executive Director and President) (Chairman)*
Mr. Mao Xishu *(Non-executive Director)*
Mr. Zhou Xiaoqian *(Independent Non-executive Director)*

SUPERVISORS

Mr. Li Changxu
Mr. Yao Fei
Mr. Huang Chunqi
Mr. Huang Yuanhong
Ms. Hu Xiaohong
Mr. Xu Jin



Corporate Information

JOINT COMPANY SECRETARIES

Mr. Liu Lei
Ms. Mok Ming Wai

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Huang Xianpei

AUTHORIZED REPRESENTATIVES

Mr. Fang Zheng
Ms. Mok Ming Wai

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