



# China Power New Energy Development Company Limited

中國電力新能源發展有限公司\*

Incorporated in Bermuda with limited liability

Stock Code : 0735



## Sustainable DEVELOPMENT

Interim Report 2013



## CORPORATE INFORMATION

### Chairman of the Board

Ms. Li Xiaolin

### Vice Chairman of the Board

Mr. Yin Lian

Mr. Bi Yaxiong (appointed on 1 April 2013)

### Executive Directors

Ms. Li Xiaolin

Mr. Yin Lian

Mr. Bi Yaxiong (appointed on 1 April 2013)

Mr. Zhao Xinyan

Mr. He Hongxin (appointed on 1 April 2013)

Mr. Wang Hao

### Non-Executive Director

Mr. Cheng Chi

### Independent Non-Executive Directors

Mr. Chu Kar Wing

Mr. Wong Kwok Tai

Dr. Li Fang

Ms. Ng Yi Kum (appointed on 28 June 2013)

### Audit Committee

Mr. Chu Kar Wing (*Chairman*)

Mr. Wong Kwok Tai

Dr. Li Fang

Ms. Ng Yi Kum (appointed on 28 June 2013)

### Remuneration Committee

Mr. Chu Kar Wing (*Chairman*)

Mr. Wong Kwok Tai

Dr. Li Fang

Ms. Ng Yi Kum (appointed on 28 June 2013)

### Nomination Committee

Ms. Li Xiaolin (*Chairman*)

Mr. Chu Kar Wing

Mr. Wong Kwok Tai

Dr. Li Fang

Ms. Ng Yi Kum (appointed on 28 June 2013)

### Company Secretary

Mr. Fung Chun Nam

### Auditor

PricewaterhouseCoopers  
(*Certified Public Accountants*)  
22/F, Prince's Building  
Central, Hong Kong

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Head Office and Principal Place of Business in Hong Kong

Rooms 3801-05, 38/F  
China Resources Building  
26 Harbour Road  
Wanchai, Hong Kong

### Principal Share Registrar

HSBC Securities Services  
(Bermuda) Limited  
6 Front Street  
Hamilton HM 11  
Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Hong Kong

### Company Website

[www.cpne.com.hk](http://www.cpne.com.hk)

### Stock Code

735

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## INTERIM RESULTS

The Board of Directors (the “Board”) of China Power New Energy Development Company Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (together, the “Group”) for the six-month period ended 30 June 2013 (the “Period”). The interim financial information has not been audited but has been reviewed by the Audit Committee of the Company and PricewaterhouseCoopers.

The principal activities of the Group are the development, construction, owning, operating and management of clean energy power plants, including but not limited to, wind power generation, hydro power generation, waste-to-energy power generation, natural gas power generation, photovoltaic power generation and other power generation in Mainland China. In addition, we are committed to developing specific projects, such as distributed energy resources of smart electricity system and green smart healthy city. The power generation plants and green energy projects currently owned or controlled by the Group are mainly situated in Guangdong, Fujian, Hainan, Guizhou and Gansu, the electricity generated thereof is sold to Southern Power Grid, East China Power Grid and Northwest Power Grid. The Group is also engaged in investment holding in the clean energy power industry, property investments and securities investments.

### Business Review for the Six-Month Period Ended 30 June 2013

For the six-month period ended 30 June 2013, the Group recorded revenue and tariff adjustment of approximately RMB995,251,000 (for the six-month period ended 30 June 2012: RMB972,739,000), the growth of which was primarily attributed to improvement of curtailment of certain Wind Power Generation Projects as well as the revenue generated from Photovoltaic Power Generation and new Hydro Power Generation Projects.

For the six-month period ended 30 June 2013, the Group’s fuel costs amounted to approximately RMB217,993,000 (for the six-month period ended 30 June 2012: RMB290,930,000), finance costs (mainly comprised interest expenses on borrowings for new energy power projects) amounted to approximately RMB179,287,000 (for the six-month period ended 30 June 2012: RMB186,861,000). The Group’s profit for the period was approximately RMB167,020,000 (for the six-month period ended 30 June 2012: RMB135,788,000) and the Group recorded profit attributable to equity holders of the Company amounted to approximately RMB157,879,000 (for the six-month period ended 30 June 2012: RMB123,903,000). Basic earnings per share was approximately RMB0.0137 (for the six-month period ended 30 June 2012: RMB0.0145).



## Business Environment

During the first half of 2013, the Chinese economy was operating smoothly in general, reporting progress and improvements in quality amidst the steady adjustment, transformation and upgrade of the economic structure, but the economic environment remained intricate.

An overview of the energy and power industry indicates that China's demand and supply of power was in general balanced during the first half of the year and the power consumption market continued to grow at a medium speed. Average utilisation hours have increased by 76 hours for hydropower equipment and decreased by 83 hours for coal-fired power, indicating to a certain extent that the mix of domestic power resources has been undergoing a process of optimisation with an increasing proportion accounted for by clean energy. Total power consumption for the first half of the year increased by 5.1%, year-on-year, representing a slightly slower growth rate than that reported for previous periods and underpinning the achievements of the nation's initiatives in energy conservation and emission reduction.

Global warming and deteriorating conditions of the eco-environment have prompted the quest for means of production and daily living that are more sustainable and in tandem with the laws of Nature. Nations over the world and various global organisations have been making dedicated efforts to enhance energy efficiency and pursue the development of renewable energy and clean energy. China's Twelfth Five-Year Plan for National Strategic Emerging Industries" (the "Plan") has mapped out in detail the development of new energy industries, calling for faster development of new energy forms such as nuclear power, wind power, photovoltaic power and biomass power on the back of stronger support from the government through favourable fiscal policies and financial aid. Aiming to "leave next generations with a pleasant home with a blue sky, green land and clear water," this vision matches perfectly with the Group's longstanding mission to "provide not only light and energy to the world, but also clear water and a blue sky for next generations."

Given the sound policy background and favourable developments, the Group will continue to conduct proper operation of its existing assets and development of new projects while actively investigating new green energy projects, with a view to adding value for shareholders and the community as a whole.



As at 30 June 2013, power projects in operation or in progress owned by the Group through its subsidiaries, associated company and jointly-controlled entities were as follows:

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable		Average	Gross Generation (MWh)
					Installed Capacity (MW)	Average Tariff (RMB/MWh)	Utilisation Hours (Hours)	
1	Phase I of the Gansu Wind Power Project (甘肅風力發電項目一期)	Wind power generation	100.50	100	100.50	462	946	95,081
2	Phase II of the Gansu Wind Power Project (甘肅風力發電項目二期)	Wind power generation	49.50	100	49.50	540	802	39,722
3	Phase III of the Gansu Wind Power Project (甘肅風力發電項目三期)	Wind power generation	201.00	100	201.00	520	925	185,836
4	Phase IV of the Gansu Wind Power Project (甘肅風力發電項目四期)	Wind power generation	100.50	100	100.50	520	803	80,740
5	Phase V of the Gansu Wind Power Project (甘肅風力發電項目五期)	Wind power generation	20.00	100	20.00	540	1,362	27,248
6	Heilongjiang Hongqi Wind Power Project (黑龍江紅旗風力發電項目)	Wind power generation	49.50	100	49.50	620	1,082	53,536
7	Heilongjiang Hailang Wind Power Project (黑龍江海浪風力發電項目)	Wind power generation	49.75	100	49.75	630	879	43,729
8	China Power Dafeng Wind Power Project (中電大豐風力發電項目)	Wind power generation	200.25	100	200.25	488	999	200,031
9	Shanghai Sea Wind Power Project (上海海風發電項目)	Wind power generation	102.00	24	24.48	975	1,294	131,937
10	Chongming Beiyuan Wind Power Project (崇明北沿風力發電項目)	Wind power generation	48.00	20	9.60	610	1,406	67,472
11	Fujian Shaxikou Hydro-electric Power Project (福建沙溪口水力發電項目)	Hydro-electric power generation	300.00	100	300.00	250	2,073	621,752
12	Niu Tou Shan Power Project (牛頭山發電項目)	Hydro-electric power generation	115.00	52	59.80	355	1,826	209,995
13	Zhangping Huakou Hydro Power Project (漳平市華口水電項目)	Hydro-electric power generation	36.60	100	36.60	344	1,770	64,783



No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Average Tariff (RMB/MWh)	Average Utilisation Hours (Hours)	Gross Generation (MWh)
14	Chongqing Meixi Hydro Power Project (重慶梅溪河水電項目)	Hydro-electric power generation	129.00	100	129.00	330	337	43,452
15	Kunming Waste Incineration Power Project (昆明廢物焚化發電項目)	Waste-to-energy power generation	30.00	100	30.00	650	2,455	73,643
16	Haikou Waste Incineration Power Project (海口廢物焚化發電項目)	Waste-to-energy power generation	24.00	100	24.00	650	3,296	79,111
17	Dongguan China Power New Energy Heat and Power Project (東莞中電新能源熱電項目)	Natural gas power generation	360.00	90.1	324.36	1,150	818	294,590
18	Phase I of the Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏發電項目一期)	Photovoltaic power generation	20.00	100	20.00	810	919	18,374
19	Phase II of the Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏發電項目二期)	Photovoltaic power generation	30.00	100	30.00	1,000	376	11,295
20	Phase I of the Gansu Baiyin Photovoltaic Power Project (甘肅白銀光伏發電項目一期)	Photovoltaic power generation	20.00	100	20.00	826	877	17,540
21	Phase II of the Gansu Baiyin Photovoltaic Power Project (甘肅白銀光伏發電項目二期)	Photovoltaic power generation	30.00	100	30.00	1,000	727	21,800
22	Zhongdian Hongze Reproductive Substance Thermal Power Project (中電洪澤生物質發電項目)	Biomass power generation	15.00	100	15.00	760	3,470	52,048
23	Zhongdian Hongze Thermal Project (中電洪澤熱電項目)	Coal-fired power generation and heat supply	7.50	60	4.50	454	1,632	12,240
Total			2,038.10		1,828.34			



## Projects in Progress

No.	Project Name	Nature of Business	Installed Capacity (MW)	Attributable		Average Tariff (RMB/MWh)
				Interest (%)	Installed Capacity (MW)	
1	Inner Mongolia Chayou Zhongqi Wind Power Project (內蒙古察右中旗風電項目)	Wind power generation	49.50	100	49.50	510
2	No. 2 Gansu Guazhou Anbei Wind Power Project (甘肅瓜州安北第二風電項目)	Wind power generation	400.00	100	400.00	540
3	No. 6 Gansu Guazhou Anbei Wind Power Project (甘肅瓜州安北第六風電項目)	Wind power generation	200.00	100	200.00	540
Total			649.50		649.50	

The above operating power projects had a total installed capacity of 2,038.10MW. The attributable installed capacity was 1,828.34MW.

## Wind Power Generation Projects

As a national concession project, Phase I of Gansu Wind Power Project had been exempted from power rationing since July 2012, giving a significant boost to electricity sales during the period under review. Thanks to alleviated power rationing for other wind power plants and ideal conditions in local wind resources, Phases I-V of Gansu Wind Power Projects ranked top among similar wind power plants in the region in terms of utilisation hours and reported significant year-on-year growth in profit contributions to the Group.

China Power Dafeng Wind Power Project reported faster average wind speed and enhanced reliability of equipment during the period under review, while Heilongjiang Wind Power Project was also operating smoothly during the period under review to provide stable contributions to the Group, with increased on-grid capacity after the completion of Phase II construction.

Following multiple rounds of negotiations, the Company concluded purchase agreements for one wind power project in Germany, as it continued to drive its international new energy power generation business in a proactive and prudent manner.



While power rationing had been alleviated during the period under review, all wind power projects in Gansu Province remained subject to output restrictions of local grids. In Heilongjiang, power rationing was prevailing owing to the structure of power sources.

Elsewhere, the Group continued to consolidate and advance the development of Phase II of China Power Dafeng Wind Power Project, Shandong Wendeng Wind Power Generation Project, Yunnan Kunming Wind Power Project and Guangdong Yangjiang Sea Wind Power Project. The first phase of the research for the floating sea wind power generator platform in Sweden has also been completed.

### **Hydro Power Generation Projects**

In Fujian Province, a major region for the Group's hydropower operations, a lower level of water supply and precipitation was recorded in the first half of 2013 as compared to the same period of last year. The commencement of on-grid power generation by Chongqing Meixi River Hydropower Project has, however, brought into play the positive effects of complementary regional operations and provided support to our hydropower generation segment in its bid to increase power generation, resulting in better-than-expected overall power generation and a return of net profit that topped all segments.

### **Waste-to-energy Power Generation Projects**

During the period under review, all Waste-to-energy Power Generation Projects maintained stable operation with waste treatment capacity of approximately 476,000 tonnes, bringing sustained contribution to the Group.

Kunming Waste Incineration Power Plant was making active coordination with local authorities in respect of the volume of waste input. While the ratio for subsidised waste collection steadily increased, profitability was weakened. Haikou Waste Incineration Power Plant Project reported improved sales after it had overcome difficulties involved in power generation under overload conditions of the generator units to ensure reliable operation of its facilities.

In addition, we have completed the feasibility study for Haikou Waste Incineration Power Expansion Project and obtained substantially all supporting approval documents required. Meanwhile, pre-development work for each of Guizhou Renhuai Waste Incineration Power Plant Project and Hebei Bazhou Waste Incineration Power Plant Project has commenced simultaneously.





## Natural Gas Power Generation Projects

To ensure maximum profit margin and consolidated efficiency of power generation and heat supply, Dongguan China Power New Energy Heat and Power Project continued to adopt the mode of economy operation and exercise reasonable control over power generation volume taking into account factors such as the subsidy policy and power consumption requirements. In May, Dongguan China Power New Energy Heat and Power Project received approval from the local price control bureau to raise its tariff by RMB0.125, resulting in a notable recovery of power generation volume and operating revenue since June this year.

The planned expansion of Dongguan China Power New Energy Heat and Power Project has been included as one of the key construction projects of Guangdong for 2013. The total installed capacity is more than 1,000 MW upon completion of the expansion.

In addition, Tianjin Ninghe Natural Gas Power Project is currently under the plan for development.

## Photovoltaic Power Generation Projects

Phase II of Gansu Wuwei Photovoltaic Power Project and Phase II of Gansu Baiyin Photovoltaic Power Project started on-grid power generation during the period under review. Because of lower unit cost and sound conditions in power generation, these two photovoltaic power projects have provided considerable power generation volume and revenue. As of now, all photovoltaic power projects under construction of the Group have been completed.

In the meantime, the Group intended to develop photovoltaic power generation projects in regions with superior light resources, such as Changjiang in Hainan, Yuanjiang in Yunan and Xishan in Kunming.



## FUTURE PLANS

The need to protect our ecological environment and develop clean energy has nowadays become a common ground for nations around the globe, while in China the building of an eco-friendly civilisation has become a matter of national strategy. These developments have provided new opportunities and incessant driving force for the Group's development.

In future, the Group will persist in driving management innovation with innovative ideas and focus on efficiency and value innovation as crucial factors for improving the Company's management level and development capabilities. Our path ahead will be underpinned by a combination of new energy, smart power grid, energy conservation and environmental protection. We will also investigate the new development model of the "Green and Healthy Smart City" based on a green smart power system and supported by ideas in eco-friendly, low-carbon technologies, with the aim of promoting an industry for the well-being of human life.

The Group's future efforts will be focused on:

1. Optimising the strategic layout of our business network to advance domestic and overseas project developments in a steady manner;
2. Strengthening cost control to improve corporate profitability;
3. Enhancing production safety to reinforce safe and stable production;
4. Ensuring proper conduct of infrastructure construction to deliver refined projects;
5. Leveraging the capital markets to enhance the Group's financing ability;
6. Emphasising regulatory management to raise the level of refined and standardised management;
7. Emphasise technological innovation to accelerate the building of an IT-based corporation.



## FINANCIAL REVIEW

### Revenue and Tariff Adjustment

For the six-month period ended 30 June 2013, revenue and tariff adjustment were approximately RMB995,251,000 (for the six-month period ended 30 June 2012: approximately RMB972,739,000), representing an increase of 2% over the same period last year. The increase was primarily attributed to the generation of new projects and an increase of on-grid electricity of certain Wind Power Generation Projects compared with that of the same period of last year.

### Fuel Costs

For the six-month period ended 30 June 2013, fuel costs of the Group were approximately RMB217,993,000 (for the six-month period ended 30 June 2012: approximately RMB290,930,000), representing a decrease of 25% over the same period last year, which was mainly attributed to decreased power output of Dongguan Natural Gas Power Generation Project, and decrease in gas price due to the structural changes in natural gas sources.

### Depreciation and Amortisation

For the six-month period ended 30 June 2013, depreciation and amortisation of the Group were approximately RMB219,890,000 (for the six-month period ended 30 June 2012: approximately RMB199,333,000), representing an increase of 10% over the same period last year, which was mainly attributed to depreciation incurred on power generation units and property, plant and other equipment of the new projects.

### Staff Costs

For the six-month period ended 30 June 2013, staff costs of the Group were approximately RMB93,010,000 (for the six-month period ended 30 June 2012: approximately RMB63,476,000). Excluding the one-off effect of the fair value of share option RMB14,408,000, there was an increase of 24% over the same period last year. The increase in staff costs was mainly attributed to operation for the new development projects and increase of labor costs.



## Repairs and Maintenance

For the six-month period ended 30 June 2013, the expenditure on repairs and maintenance of the Group was approximately RMB22,741,000 (for the six-month period ended 30 June 2012: approximately RMB26,312,000), representing a decrease of 14% over the same period last year, which was mainly attributed to the intense precipitation in Fujian Province and therefore damages to the plant and equipment of the Hydro Power Generation Projects last year, while the situation has returned to normal this year.

## Operating Profit

For the six-month period ended 30 June 2013, the operating profit of the Group was approximately RMB350,610,000 (for the six-month period ended 30 June 2012: approximately RMB324,949,000). Because of the impact of newly operating power generation projects and decreased fuel costs, there was an increase of 8% over the same period last year in operating profit.

## Finance Costs

For the six-month period ended 30 June 2013, finance costs of the Group amounted to approximately RMB179,287,000 (for the six-month period ended 30 June 2012: approximately RMB186,861,000), representing a decrease of 4% over the same period last year due to the optimisation of loan structure and decrease of average interest rates.

## Income Tax Expense

For the six-month period ended 30 June 2013, income tax expense of the Group was approximately RMB42,193,000 (for the six-month period ended 30 June 2012: approximately RMB31,097,000), representing an increase of 36% over the same period last year. The increase in income tax was primarily attributed to increase of profits and the expiry of tax reduction and exemption policy in certain units.

## Profit Attributable to the Equity Holders of the Company

For the six-month period ended 30 June 2013, profit attributable to equity holders of the Group was approximately RMB157,879,000 (for the six-month period ended 30 June 2012: approximately RMB123,903,000), which was mainly attributable to profit from clean energy power generation business.



## Liquidity and Financial Resources

As at 30 June 2013, the Group had cash and cash equivalents of approximately RMB2,310,010,000 (31 December 2012: approximately RMB2,692,592,000). Decrease in cash and cash equivalents was mainly attributable to capital injection of new projects investment. The Group's principal sources of funds include cash inflow from operations, as well as the working capital and project financing of its respective subsidiaries from financial institutions including banks.

## Capital Expenditure

For the six-month period ended 30 June 2013, the capital expenditure of the Group was approximately RMB783,795,000, spent mainly on developments of new projects, the purchase of equipment and technical renovation. The major sources of cash were the Group's cash balance and project financing.

## Borrowings

As at 30 June 2013, total borrowings and corporate bonds of the Group amounted to approximately RMB7,427,177,000 (31 December 2012: approximately RMB7,421,963,000), consisting of short-term bank borrowings, current portion of long-term borrowings and current portion of corporate bonds of approximately RMB1,595,941,000 and long-term bank coupled with other borrowings and corporate bonds of approximately RMB5,831,236,000. The interest rate of the Group's bank borrowings will be adjusted in accordance with the relevant rules of the People's Bank of China.

## Gearing Ratio

As at 30 June 2013, the net debt divided by total capital was 41% (31 December 2012: 40%). There was basically no change during the period.

## Foreign Exchange and Currency Risks

The Group's main business transactions are substantially conducted in Renminbi and Hong Kong dollars. The Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure to be insignificant.



## Investment Risk of the Capital Market

The Group has some of its funds invested in securities. With its business being focused on clean energy related businesses, the Group will terminate/reduce its securities investment business.

For the six-month period ended 30 June 2013, the Group's fair value gain on financial assets at fair value through profit and loss amounted to approximately RMB165,000 (for the six-month period ended 30 June 2012: gain of approximately RMB1,161,000).

## Charge on the Group's Assets

As at 30 June 2013, certain bank deposits, other long-term deposit, accounts receivable, lease prepayments and investment properties of the Group with an aggregate amount of approximately RMB2,219,794,000 (31 December 2012: approximately RMB3,692,541,000) were pledged as securities for certain notes payable and bank borrowings of the Group.

## Contingent Liabilities

The Group did not have any significant contingent liabilities as at the balance sheet date.

## EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2013, the Group had approximately 1,018 employees in Hong Kong and the PRC (31 December 2012: 1,004).

Remuneration of directors and employees is determined by the Group with reference to performance, experience and duties as well as industry and market standards.

The Group provided appropriate emoluments and benefit packages to all employees of its operating power plants and new project developments in the PRC based on their respective duties and pursuant to the labour laws and regulations of the PRC.

The Group also provides Hong Kong employees with a mandatory provident fund scheme with defined contribution as required by the laws of Hong Kong. It also provides Hong Kong employees with medical insurance.



## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, the directors of the Company below had the following interests in the underlying shares of the Company which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register referred to therein.

### Long position in underlying shares of the Company – physically settled unlisted equity derivatives

Pursuant to the Company's share option scheme, the Company has granted options to the following directors of the Company to subscribe for shares of the Company, details of which as at 30 June 2013 were as follows:

<b>Name of director</b>	<b>Nature of interest</b>	<b>Number of underlying shares in respect of the share options granted</b>	<b>Percentage* of underlying shares over the Company's issued share capital</b>
Ms. Li Xiaolin	Beneficial owner	73,000,000	0.64%
Mr. Yin Lian	Beneficial owner	18,000,000	0.16%
Mr. Zhao Xinyan	Beneficial owner	38,000,000	0.33%
Mr. Wang Hao	Beneficial owner	48,000,000	0.42%

+ The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, none of the directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Security Transactions by directors prescribed by the Listing Rules, to be notified to the Company and the Stock Exchange.



## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Apart from the share option scheme operated by the Company as set out in note 16 to the consolidated financial information and save as disclosed in the section headed "Share option scheme" below, at no time during the six-month period ended 30 June 2013 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **SHARE OPTION SCHEME**

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Company.

The value of the options granted during the period is HK\$17,767,000, based on the binomial valuation model. The significant inputs into the model were share price of HK\$0.510 at the grant date, exercise price of HK\$0.514, standard deviation of expected share price returns of 67.57%, expected life of options of 10 years, expected dividend paid out rate of 0% and annual risk-free interest rate of 0.791%. The expected volatility is estimated based on the historical volatility of the Company over the contractual life, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

Further details of the Company's share option scheme are disclosed in note 16 to the consolidated financial information.





The following table discloses movements in the Company's share options during the six-month period ended 30 June 2013:

Name or category of participant	Number of share options					Outstanding at 30 June 2013	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share
	Outstanding at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Directors</b>									
Ms. Li Xiaolin	23,000,000	-	-	-	-	23,000,000	8 June 2007	26 June 2007 to 7 June 2017	0.836
	20,000,000	-	-	-	-	20,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	-	30,000,000	-	-	-	30,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Mr. Yin Lian	-	18,000,000	-	-	-	18,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Mr. Zhao Xinyan	18,000,000	-	-	-	-	18,000,000	8 June 2007	15 June 2007 to 7 June 2017	0.836
	8,000,000	-	-	-	-	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	-	12,000,000	-	-	-	12,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Mr. Wang Hao	30,000,000	-	-	-	-	30,000,000	9 March 2007	26 March 2007 to 8 March 2017	0.63
	8,000,000	-	-	-	-	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	-	10,000,000	-	-	-	10,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Mr. Liu Genyu <sup>†</sup>	18,000,000	-	-	(18,000,000)	-	-	8 June 2007	15 June 2007 to 7 June 2017	0.836
	15,000,000	-	-	(15,000,000)	-	-	1 November 2010	1 November 2010 to 31 October 2020	0.78
	140,000,000	70,000,000	-	(33,000,000)	-	177,000,000			
<b>Other employees working under continuous employment contracts</b>									
In aggregate	20,000,000	-	-	-	-	20,000,000	9 March 2007	23 March 2007 to 8 March 2017	0.63
	5,000,000	-	-	-	-	5,000,000	8 June 2007	28 June 2007 to 7 June 2017	0.836
	33,500,000	-	-	-	-	33,500,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	-	66,500,000	-	-	-	66,500,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
	58,500,000	66,500,000	-	-	-	125,000,000			
	198,500,000	136,500,000	-	(33,000,000)	-	302,000,000			



Notes to the table of movements in the Company's share options during the period:

- \* *The vesting period of the share options is from the date of the grant until the commencement of the exercise period.*
  - \*\* *The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.*
1. Mr. Liu Genyu has resigned as an executive director of the Company with effect from 21 December 2012. Pursuant to the share option scheme, these share options would be lapsed if these share options were not exercised within a period of three months following the date of resignation.

As at the date of this interim report, a total of 302,000,000 shares (representing approximately 2.63% of the existing issued share capital of the Company) may be issued by the Company if all the outstanding options under the Scheme have been exercised.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2013, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of interest	Notes	Number of shares interested or deemed to be interested	Percentage holding*
State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會)	Corporate interests	1, 2, 3 & 4	7,461,518,462	64.98%
China Power Investment Corporation	Corporate interests	1 & 2	3,330,749,231	29.01%
China Power International Holding Limited	Corporate interests	1	3,135,029,231	27.30%
	Beneficial owner	2	195,720,000	1.71%
			3,330,749,231	29.01%
Tianying Holdings Limited	Corporate interests	1	3,135,029,231	27.30%
China Power New Energy Limited	Beneficial owner	1	3,135,029,231	27.30%
China Three Gorges Corporation (中國長江三峽集團公司)	Beneficial owner	3	3,230,769,231	28.14%
China National Offshore Oil Corporation	Corporate interests	4	900,000,000	7.84%
Overseas Oil & Gas Corporation, Ltd.	Corporate interests	4	900,000,000	7.84%
Shining East Investments Limited	Beneficial owner	4	900,000,000	7.84%



Notes:

1. These 3,135,029,231 shares were held by China Power New Energy Limited, a wholly-owned subsidiary of Tianying Holdings Limited, which in turn was a wholly-owned subsidiary of China Power International Holding Limited. China Power International Holding Limited was a wholly-owned subsidiary of China Power Investment Corporation which in turn was wholly owned by State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Tianying Holdings Limited, China Power International Holding Limited, China Power Investment Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.
  2. These 195,720,000 shares were held by China Power International Holding Limited. Based on the relations set out in note 1 above, China Power Investment Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.
  3. These 3,230,769,231 shares were held by China Three Gorges Corporation (中國長江三峽集團公司), a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) was deemed to be interested in these shares pursuant to Part XV of the SFO.
  4. These 900,000,000 shares were held by Shining East Investments Limited, a wholly-owned subsidiary of Overseas Oil & Gas Corporation, Ltd., which in turn was a wholly-owned subsidiary of China National Offshore Oil Corporation. China National Offshore Oil Corporation was a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Overseas Oil & Gas Corporation, Ltd., China National Offshore Oil Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.
- † The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, no person had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.



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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six-month period ended 30 June 2013.

## **PUBLIC FLOAT**

Based on information that is publicly available to the Company and to the best knowledge of the directors of the Company, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the six-month period ended 30 June 2013.

## **CORPORATE GOVERNANCE REPORT**

The Company complied with the Corporate Governance Code (the "CG Code"), contained in Appendix 14 to the Listing Rules throughout the six-month period ended 30 June 2013 except for the following deviations:

### **Term of Office of the Directors**

The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company, except Dr. Li Fang and Ms. Ng Yi Kum, are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Bye-laws (the "Bye-laws"). Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

The code provision A.4.2 of CG Code requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the CG Code, the aforementioned provision in the Bye-laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is vital for stability and growth of the Group.



## Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ dealings in the Company’s securities. Having made specific enquiry of all the Company’s directors, they confirmed that they have complied with the Model Code throughout the six-month period ended 30 June 2013.

The Company has also established written guidelines on no less exacting terms than the Model Code (the “Employees Written Guidelines”), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company’s securities, the Company will notify its directors and relevant employees in advance.

## COMMITTEES OF THE BOARD

The Board has established four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the affairs of the Company.

### Executive Committee

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Ms. Li Xiaolin, acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company’s strategic plans and operations of all business units of the Company and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.



## Remuneration Committee

The Remuneration Committee comprises the four independent non-executive directors of the Company and the chairman of the Committee is Mr. Chu Kar Wing.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual and the Company as well as market practice and conditions.

During the six-month period ended 30 June 2013, the Remuneration Committee has held one meeting and generally reviewed and discussed the remuneration packages of the directors and senior staff of the Group.

## Audit Committee

The Audit Committee comprises the four independent non-executive directors of the Company with Mr. Wong Kwok Tai and Ms. Ng Yi Kum possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. The chairman of the Committee is Mr. Chu Kar Wing. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.



During the six-month period ended 30 June 2013, the Audit Committee has held one meeting and performed the following major works:

- Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2012, the related accounting principles and practices adopted by the Group and internal controls related matters; and recommendation of the re-appointment of the external auditor.

The external auditor attended the above meeting to discuss with the Audit Committee on issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

### **Nomination Committee**

The Nomination Committee comprises a total of five members, being the Chairman of the Board and the four independent non-executive directors. Accordingly, a majority of the members are independent non-executive directors. The chairman of the Nomination Committee is Ms. Li Xiaolin.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the Chief Executive of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.





During the six-month period ended 30 June 2013, the Nomination Committee has held two meetings and performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 22 May 2013 (the "2013 AGM");
- Assessment of the independence of all the Company's independent non-executive directors; and
- Considering the appointment of Mr. Bi Yaxiong as executive director and Vice Chairman, Mr. He Hongxin as executive director and Ms. Ng Yi Kum as independent non-executive director of the Company.

### **Interim Dividend**

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 June 2013 (six-month period ended 30 June 2012: Nil).

### **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This Interim Report is printed in English and Chinese and is available on the Stock Exchange's website at <http://www.hkexnews.hk> under "Listed Company Information" and our Company's website at <http://www.cpne.com.hk>. Printed copies in both languages are posted to shareholders.

On behalf of the Board

**Li Xiaolin**  
*Chairman*

Hong Kong  
15 August 2013



## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2013

		<b>Unaudited</b>	
		<b>Six-month period ended</b>	
		<b>30 June</b>	
	<i>Note</i>	<b>2013</b>	2012
		<b>RMB'000</b>	RMB'000
Revenue	5	<b>882,236</b>	834,309
Tariff adjustment	5	<b>113,015</b>	138,430
		<b>995,251</b>	972,739
Other income	6	<b>19,419</b>	22,416
Other gains, net	7	<b>165</b>	19,165
Fuel costs		<b>(217,993)</b>	(290,930)
Depreciation and amortisation		<b>(219,890)</b>	(199,333)
Staff costs		<b>(93,010)</b>	(63,476)
Repairs and maintenance		<b>(22,741)</b>	(26,312)
Impairment losses	13	<b>–</b>	(17,312)
Other operating expenses		<b>(110,591)</b>	(92,008)
Operating profit	8	<b>350,610</b>	324,949
Finance income	9	<b>24,130</b>	14,578
Finance costs	9	<b>(179,287)</b>	(186,861)
Share of loss of an associated company		<b>(285)</b>	(1,356)
Share of profits of jointly controlled entities		<b>14,045</b>	15,575
Profit before tax		<b>209,213</b>	166,885
Income tax expense	10	<b>(42,193)</b>	(31,097)
Profit for the period		<b>167,020</b>	135,788
Attributable to:			
Equity holders of the Company		<b>157,879</b>	123,903
Non-controlling interests		<b>9,141</b>	11,885
		<b>167,020</b>	135,788
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– basic	11	<b>0.0137</b>	0.0145
– diluted	11	<b>0.0137</b>	0.0145



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2013

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Profit for the period	<b>167,020</b>	135,788
Other comprehensive losses that may be reclassified to profit or loss:		
Currency translation differences	-	(3,935)
Release of exchange reserve upon disposal of a subsidiary	-	(4,996)
	<b>-</b>	<b>(8,931)</b>
Total comprehensive income for the period	<b>167,020</b>	126,857
Attributable to:		
Equity holders of the Company	<b>157,879</b>	114,972
Non-controlling interests	<b>9,141</b>	11,885
	<b>167,020</b>	126,857



## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2013

	Note	As at	
		30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	13	<b>10,435,893</b>	9,870,591
Lease prepayments	13	<b>104,945</b>	106,077
Investment properties	13	<b>303,326</b>	303,326
Intangible assets	13	<b>1,051,063</b>	1,051,328
Interest in an associated company		<b>125,973</b>	126,258
Interests in jointly controlled entities		<b>229,274</b>	221,988
Other long-term deposits and prepayments	14	<b>752,112</b>	487,956
Deferred income tax assets		<b>27,794</b>	27,794
		<b>13,030,380</b>	12,195,318
Current assets			
Inventories		<b>95,345</b>	94,128
Accounts receivable	15	<b>671,802</b>	651,037
Prepayments, deposits and other receivables		<b>487,761</b>	422,149
Financial assets at fair value through profit or loss		<b>6,143</b>	12,603
Pledged deposits		<b>8,381</b>	14,535
Cash and cash equivalents		<b>2,310,010</b>	2,692,592
		<b>3,579,442</b>	3,887,044
Total assets		<b>16,609,822</b>	16,082,362



		<b>As at</b>	
		<b>30 June</b>	31 December
		<b>2013</b>	2012
<i>Note</i>		<b>Unaudited</b>	Audited
		<b>RMB'000</b>	RMB'000
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the Company			
	Share capital	16 <b>1,046,966</b>	1,046,966
	Share premium	<b>5,555,503</b>	5,555,503
	Reserves	<b>613,563</b>	441,276
		<b>7,216,032</b>	7,043,745
	Non-controlling interests	<b>185,298</b>	176,157
Total equity		<b>7,401,330</b>	7,219,902
<b>LIABILITIES</b>			
Non-current liabilities			
	Long-term bank and other borrowings	17 <b>5,037,451</b>	4,975,658
	Corporate bonds	18 <b>793,785</b>	1,291,466
	Construction cost payable	20 <b>246,372</b>	237,965
	Deferred income tax liabilities	<b>41,957</b>	36,034
		<b>6,119,565</b>	6,541,123
Current liabilities			
	Accounts payable	19 <b>43,577</b>	16,253
	Construction cost payable	20 <b>1,220,839</b>	948,230
	Other payables and accrued charges	20 <b>175,781</b>	163,756
	Short-term bank borrowings	17 <b>498,860</b>	510,610
	Current portion of long-term bank and other borrowings	17 <b>598,266</b>	644,229
	Current portion of corporate bonds	18 <b>498,815</b>	-
	Income tax payable	<b>52,789</b>	38,259
		<b>3,088,927</b>	2,321,337
Total liabilities		<b>9,208,492</b>	8,862,460
Total equity and liabilities		<b>16,609,822</b>	16,082,362
Net current assets		<b>490,515</b>	1,565,707
Total assets less current liabilities		<b>13,520,895</b>	13,761,025



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2013

	Unaudited						
	Attributable to equity holders of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2013</b>	<b>1,046,966</b>	<b>5,555,503</b>	<b>(268,518)</b>	<b>709,794</b>	<b>7,043,745</b>	<b>176,157</b>	<b>7,219,902</b>
Profit and total comprehensive income for the period	-	-	-	157,879	157,879	9,141	167,020
Employee share option benefits	-	-	14,408	-	14,408	-	14,408
<b>Balance at 30 June 2013</b>	<b>1,046,966</b>	<b>5,555,503</b>	<b>(254,110)</b>	<b>867,673</b>	<b>7,216,032</b>	<b>185,298</b>	<b>7,401,330</b>
Balance at 1 January 2012	754,065	3,944,546	(260,784)	517,073	4,954,900	157,101	5,112,001
Profit for the period	-	-	-	123,903	123,903	11,885	135,788
Currency translation differences	-	-	(3,935)	-	(3,935)	-	(3,935)
Release of exchange reserve upon disposal of a subsidiary	-	-	(4,996)	-	(4,996)	-	(4,996)
Total comprehensive income for the period	-	-	(8,931)	123,903	114,972	11,885	126,857
Issue of shares (Note 16)	263,371	1,448,540	-	-	1,711,911	-	1,711,911
Balance at 30 June 2012	1,017,436	5,393,086	(269,715)	640,976	6,781,783	168,986	6,950,769



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2013

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Net cash generated from operating activities	<b>569,806</b>	138,244
Net cash used in investing activities	<b>(728,798)</b>	(682,269)
Net cash (used in)/generated from financing activities	<b>(223,590)</b>	2,934,700
Net (decrease)/increase in cash and cash equivalents	<b>(382,582)</b>	2,390,675
Cash and cash equivalents at 1 January	<b>2,692,592</b>	645,150
Cash and cash equivalents at 30 June	<b>2,310,010</b>	3,035,825
Analysis of cash and cash equivalents:		
Cash and bank balances	<b>2,310,010</b>	3,035,825



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 General information

China Power New Energy Development Company Limited (the “Company”) is a limited liability company incorporated in Bermuda. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (together, the “Group”) are principally engaged in the development, construction, ownership and management of clean energy power plants in the People’s Republic of China (the “PRC”), including but not limited to the following types of energy generation — natural gas power generation, wind power generation, hydro power generation, waste-to-energy power generation, photovoltaic power generation and other power generation. The Group is also engaged in investment holding in clean energy power industry and property investments.

This condensed consolidated interim financial information is presented in thousands of Renminbi (RMB’000), unless otherwise stated, and have been approved by the directors for issue on 15 August 2013.

### 2 Basis of preparation

The Company has a financial year end date of 31 December. This condensed consolidated interim financial information for the six-month period ended 30 June 2013 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### 3 Accounting policies

The accounting policies and method of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2012, except as mentioned below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.





### 3 Accounting policies (Continued)

#### (a) Effect of adopting new standards, amendments and interpretation to standards

The following new standards, amendments and interpretation to standards are mandatory for the financial year beginning on 1 January 2013, but do not have significant impact to the Group:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (revised 2011)	Separate financial statements
HKAS 28 (revised 2011)	Investment in associates and joint ventures
HKFRS 1 (Amendment)	First time adoption — Government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 10 and HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements, disclosures of interest in other entities: transitional guidance
HKFRS 11	Joint arrangements
HKFRS 12	Disclosures of interests in other entities
HKFRS 13	Fair value measurements
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine
Annual Improvement Project	Annual improvements 2009–2011 cycle

#### (b) New standard, amendments and interpretation to standards relevant to the Group that have been issued but are not effective

The following new standard, amendments and interpretation to standards have been issued but are not effective and have not been early adopted:

		<b>Effective for accounting periods beginning on or after</b>
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015

The Group will apply the above new standard, amendments and interpretation to standards from 1 January 2014 or later period. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial statements by the directors will be resulted.



#### 4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012 except for a revision of the estimation of tariff adjustment. Details of which are set out in Note 5.

#### 5 Revenue, tariff adjustment and segment information

##### (a) Revenue and tariff adjustment recognised during the period is as follows:

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Sales of electricity to provincial power grid companies (note (i))	<b>804,496</b>	753,180
Heat supply by thermal power plants to other companies	<b>41,981</b>	40,452
Rubbish handling income	<b>30,655</b>	36,195
Rental income from investment properties	<b>5,104</b>	4,482
	<hr/>	<hr/>
Total revenue	<b>882,236</b>	834,309
Tariff adjustment (note (ii))	<b>113,015</b>	138,430
	<hr/>	<hr/>
	<b>995,251</b>	972,739

##### Notes:

- (i) Pursuant to the power purchase agreements entered into between the Group and the respective provincial power grid companies, the Group's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective provincial power grid companies as approved by the relevant government authorities.
- (ii) The amount represents additional tariff received and receivable from the relevant local government authorities. During the six-month period ended 30 June 2013, the Group has revised the estimation of tariff adjustment in respect of the period from July to December 2012 (six-month period ended 30 June 2012: September to December 2011) with reference to the actual notices received from the relevant local government authorities resulting in an one-off increase in tariff adjustment amounting to approximately RMB3,360,000 (six-month period ended 30 June 2012: a reduction of RMB5,644,000).



## 5 Revenue, tariff adjustment and segment information *(Continued)*

### **(b) Segment information**

The chief operating decision-maker has been identified as the executive directors and certain senior management of the Group (collectively referred to as the “CODM”) that make strategic decisions. The CODM reviews the internal reporting of the Group in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on each segment’s profit/(loss) before income tax and share of results of an associated company and jointly controlled entities (“segment results”).

The Group has the following major segments: power generation, property investments and securities investments.

The Group is principally engaged in the development, construction, ownership and management of clean energy power plants in the PRC. The power generation business is further evaluated based on the types of energy generation (natural gas power generation business, wind power generation business, hydro power generation business, waste-to-energy power generation business, photovoltaic power generation business and other power generation business).

The property investments segment is engaged in the leasing of properties to generate rental income.

The securities investments segment is engaged in securities trading.

No sales between operating segments are undertaken.

Unallocated income mainly refers to interest income earned from cash and cash equivalents held at corporate level. Unallocated expenses mainly refer to general and administrative expenses incurred at corporate level.

Segment assets exclude interest in an associated company, interests in jointly controlled entities, deferred income tax assets and corporate assets, all of which are managed on a central basis.

Other unallocated assets mainly comprise property, plant and equipment, prepayments, deposits and other receivables, and cash and cash equivalents held at corporate level.



## 5 Revenue, tariff adjustments and segment information (Continued)

### (b) Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the six-month periods ended 30 June 2013 and 30 June 2012 is as follows:

	Power generation									
	Natural gas power generation business	Wind power generation business	Hydro power generation business	Waste-to-energy power generation business	Photovoltaic power generation business	Other power generation business	Property investments	Securities investments	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>For the six-month period ended 30 June 2013</b>										
Segment revenue	183,910	311,202	160,924	99,261	52,565	69,270	5,104	-	-	882,236
Tariff adjustment	113,015	-	-	-	-	-	-	-	-	113,015
	296,925	311,202	160,924	99,261	52,565	69,270	5,104	-	-	995,251
Results of reportable segments	83,802	55,149	63,438	28,286	38,581	6,231	(5,255)	165	-	270,397
A reconciliation of results of reportable segments to profit for the period is as follows:										
Results of reportable segments										270,397
Unallocated income										21,509
Unallocated expenses										(96,453)
Share of loss of an associated company										(285)
Share of profits of jointly controlled entities										14,045
Profit before tax										209,213
Income tax expense										(42,193)
Profit for the period										167,020
Segment results included:										
Impairment losses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	(16,391)	(132,660)	(29,713)	(17,002)	(12,619)	(6,124)	(4,118)	-	(1,263)	(219,890)
Interest income	977	889	389	93	244	24	5	-	21,509	24,130
Interest expense	(5,000)	(104,987)	(13,199)	(12,301)	-	(4,171)	(2,052)	-	(37,577)	(179,287)



**5 Revenue, tariff adjustment and segment information (Continued)**  
**(b) Segment information (Continued)**

	Power generation									Total RMB'000
	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Property investments RMB'000	Securities investments RMB'000	Unallocated RMB'000	
For the six-month period ended 30 June 2012										
Segment revenue	208,218	269,854	185,926	112,564	-	53,265	4,482	-	-	834,309
Tariff adjustment	138,430	-	-	-	-	-	-	-	-	138,430
	<u>346,648</u>	<u>269,854</u>	<u>185,926</u>	<u>112,564</u>	<u>-</u>	<u>53,265</u>	<u>4,482</u>	<u>-</u>	<u>-</u>	<u>972,739</u>
Results of reportable segments	71,658	41,460	87,877	25,883	-	(1,811)	(8,258)	1,161	-	217,970
A reconciliation of results of reportable segments to profit for the period is as follows:										
Results of reportable segments										217,970
Unallocated income										10,848
Unallocated expenses										(76,152)
Share of loss of an associated company										(1,356)
Share of profits of jointly controlled entities										15,575
Profit before tax										166,885
Income tax expense										(31,097)
Profit for the period										<u>135,788</u>
Segment results included:										
Impairment losses	-	-	-	-	-	(17,312)	-	-	-	(17,312)
Depreciation and amortisation	(16,899)	(123,225)	(26,805)	(19,070)	-	(6,635)	(4,777)	-	(1,922)	(199,333)
Interest income	571	2,984	120	45	-	10	-	4	10,844	14,578
Interest expense	(7,758)	(102,491)	(11,643)	(12,480)	-	(3,979)	(4,488)	-	(44,022)	(186,861)



**5 Revenue, tariff adjustment and segment information (Continued)**  
**(b) Segment information (Continued)**

	Power generation						Property investments	Securities investments	Unallocated	Total
	Natural gas power generation business	Wind power generation business	Hydro power generation business	Waste-to-energy power generation business	Photovoltaic power generation business	Other power generation business				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 30 June 2013</b>										
Segment assets	1,795,182	6,677,616	3,146,887	879,380	875,421	185,772	401,150	8,297	-	13,969,705
Interest in an associated company									125,973	125,973
Interests in jointly controlled entities									229,274	229,274
Deferred income tax assets									27,794	27,794
Other unallocated assets									2,257,076	2,257,076
Total assets per consolidated balance sheet										16,609,822
Additions to non-current assets	126,814	454,421	144,324	5,162	311,772	4,778	1,021	-	421	1,048,713
<b>As at 31 December 2012</b>										
Segment assets	1,674,960	6,721,130	3,073,235	844,919	419,063	226,974	413,108	14,724	-	13,388,133
Interest in an associated company									126,258	126,258
Interests in jointly controlled entities									221,988	221,988
Deferred income tax assets									27,794	27,794
Other unallocated assets									2,318,189	2,318,189
Total assets per consolidated balance sheet										16,082,362
Additions to non-current assets	13,000	535,421	1,527,876	19,422	407,663	5,071	1,057	-	258,355	2,767,895

Substantially all of the Group's revenue and assets are generated or located in the PRC except that cash and cash equivalents held at corporate level in the amount of RMB1,712,374,000 (31 December 2012: RMB1,959,756,000) were deposited in Hong Kong, an investment property of RMB27,326,000 (31 December 2012: RMB27,326,000) is situated in Hong Kong and the financial assets at fair value through profit or loss of RMB6,143,000 (31 December 2012: RMB12,603,000) are relating to equity securities listed in Hong Kong.

For the six-month period ended 30 June 2013, external revenue of approximately RMB518,704,000 (six-month period ended 30 June 2012: RMB521,634,000) is generated from 3 (six-month period ended 30 June 2012: 3) major customers, each of which accounts for 10% or more of the Group's external revenue. The revenue is attributable to the power generation segment.



## 6 Other income

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Government grants <i>(note (i))</i>	<b>9,659</b>	10,450
Repairs and maintenance management fee income	<b>2,443</b>	4,471
Income from Voluntary Emission Reductions ("VER") projects <i>(note (ii))</i>	<b>2,150</b>	1,572
Others	<b>5,167</b>	5,923
	<b>19,419</b>	22,416

*Notes:*

- (i) During the period, government grants were received from the relevant government authorities for encouraging the Group to operate environmental-friendly power plants.
- (ii) Income from VER projects refers to the sale of quota in relation to VER which are generated from wind farms and other renewable energy facilities. It is recognised when it is considered that the receipt of the relevant income is reasonably assured.



**7 Other gains, net**

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Increase in fair value of financial assets at fair value through profit or loss	<b>165</b>	1,161
Loss on disposal of a subsidiary ( <i>note (i)</i> )	-	(5,096)
Gain on sale of power generation quota ( <i>note (ii)</i> )	-	23,100
	<b>165</b>	19,165

*Notes:*

- (i) On 23 April 2012, the Group entered into a sale and purchase agreement with a third party to dispose of its entire 100% equity interests in a subsidiary engaging in the waste-to-energy power generation business in the PRC for a cash consideration of RMB37,000,000 resulting in a loss on disposal of RMB5,096,000 during the six-month period ended 30 June 2012.
- (ii) On 5 March 2012, the Group entered into an agreement with a third party pursuant to which the Group agreed to close down certain power generating units starting from 31 March 2012 and sell the power generation quota to this third party at a cash consideration of RMB23,100,000 resulting in a gain of the same amount and an impairment loss on the property, plant and equipment relating to these power generating units of RMB7,180,000 (Note 13) recognised in the condensed consolidated income statement during the six-month period ended 30 June 2012.





## 8 Operating profit

Operating profit is stated after charging the following:

	Unaudited Six-month period ended 30 June	
	2013 RMB'000	2012 RMB'000
Amortisation of lease prepayments	<b>1,132</b>	1,094
Amortisation of intangible assets	<b>265</b>	164
Depreciation of property, plant and equipment	<b>218,493</b>	198,075
Impairment losses	<b>-</b>	17,312
Operating lease rental in respect of leasehold land and buildings	<b>5,380</b>	4,281
Staff costs (including directors' emoluments)	<b>93,010</b>	63,476



**9 Finance income and costs**

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Interest income from bank deposits	<b>24,130</b>	14,578
Interest expense on		
— bank borrowings	<b>(157,126)</b>	(179,254)
— other borrowings	<b>(9,581)</b>	(656)
— corporate bonds	<b>(36,276)</b>	(35,237)
	<b>(202,983)</b>	(215,147)
Less: Amounts capitalised in property, plant and equipment	<b>23,696</b>	28,286
	<b>(179,287)</b>	(186,861)
Finance costs, net	<b>(155,157)</b>	(172,283)

The weighted average interest rate on capitalised borrowings is approximately 5.92% (six-month period ended 30 June 2012: 5.74%) per annum.



## 10 Income tax expense

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit in Hong Kong for the six-month period ended 30 June 2013 (six-month period ended 30 June 2012: Nil).

The provision for PRC corporate income tax is calculated based on the statutory tax rate of 25% (six-month period ended 30 June 2012: 25%) on the estimated assessable income for the period except that certain subsidiaries of the Group are entitled to a two-year exemption from income tax followed by a 50% reduction in income tax rate at 12.5% for another three years, and then taxed at 25% thereafter.

The amount of income tax charged to the condensed consolidated income statement represents:

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
PRC current income tax	<b>36,270</b>	30,676
Deferred income tax	<b>5,923</b>	421
	<b>42,193</b>	31,097

There is no tax impact relating to components of other comprehensive income for the six-month period ended 30 June 2013 (six-month period ended 30 June 2012: Nil).



## 11 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the six-month period ended.

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
Profit attributable to equity holders of the Company (RMB'000)	<b>157,879</b>	123,903
Weighted average number of shares in issue (shares in thousands)	<b>11,482,934</b>	8,549,473
Basic earnings per share (RMB)	<b>0.0137</b>	0.0145

As there were no dilutive potential ordinary shares outstanding during the period (six-month period ended 30 June 2012: Nil), the dilutive earnings per share for the period equals to basic earnings per share.

## 12 Interim dividend

The Board of Directors of the Company does not recommend the payment of an interim dividend for the six-month period ended 30 June 2013 (six-month period ended 30 June 2012: Nil).



### 13 Capital expenditure

	Property, plant and equipment	Lease prepayments	Investment properties	Intangible assets
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six-month period ended</b>				
<b>30 June 2013</b>				
Balance at 1 January 2013	9,870,591	106,077	303,326	1,051,328
Additions	783,795	-	-	-
Depreciation and amortisation	(218,493)	(1,132)	-	(265)
	<b>10,435,893</b>	<b>104,945</b>	<b>303,326</b>	<b>1,051,063</b>
Balance at 30 June 2013				
<b>Six-month period ended</b>				
<b>30 June 2012</b>				
Balance at 1 January 2012	7,946,596	108,810	300,477	1,061,399
Exchange adjustments	(796)	-	(471)	-
Additions	203,554	7,352	-	-
Acquisition of a subsidiary	1,046,107	-	-	-
Disposals	(4,432)	-	-	-
Depreciation and amortisation	(198,075)	(1,094)	-	(164)
Impairment losses ( <i>Note 7(ii) and note</i> )	(7,180)	-	-	(10,132)
Disposal of a subsidiary	(89,119)	(7,662)	-	-
	<b>8,896,655</b>	<b>107,406</b>	<b>300,006</b>	<b>1,051,103</b>
Balance at 30 June 2012				

*Note:*

As at 30 June 2012, the Group assessed the recoverable amount of goodwill and determined that the goodwill associated with a subsidiary operating in other power generation segment to be impaired resulting in a recognition of impairment loss amounted to RMB10,132,000 for the six-month period ended 30 June 2012.



## 14 Other long-term deposits and prepayments

	As at	
	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Prepayments for construction of power plants	<b>396,627</b>	132,744
Non-current pledged deposits ( <i>Note 17(c)</i> )	<b>8,278</b>	8,043
Rental deposits	<b>2,207</b>	2,169
Prepayments for acquisition of an associate company ( <i>note (i)</i> )	<b>255,000</b>	255,000
Prepayments for acquisition of a subsidiary ( <i>note (ii)</i> )	<b>90,000</b>	90,000
	<b>752,112</b>	487,956

### Notes:

- (i) On 3 April 2012, the Group entered into an equity interest transfer agreement with a third party to acquire 20% equity interests in Hainan Dalecheng Development Holding Limited ("Dalecheng Company") for cash consideration of RMB455,000,000. Pursuant to the agreement, the Group prepaid amounts of RMB255,000,000. Up to the date of this condensed consolidated interim financial information, the acquisition has not been completed. The outstanding amount is disclosed as capital commitments (*Note 21(a)*).
- (ii) On 16 September 2012, the Group signed a letter of intent with a third party to acquire 100% equity interests in Yingjiang Huimin Hydropower Company Limited. Pursuant to the letter, the Group prepaid an amount of RMB90,000,000 during the year ended 31 December 2012. Up to the date of this condensed consolidated interim financial information, the acquisition has not been completed as the Group is in the process of negotiation with the third party to conclude the final purchase consideration.



## 15 Accounts receivable

	<b>As at</b>	
	<b>30 June 2013 Unaudited RMB'000</b>	31 December 2012 Audited RMB'000
Accounts receivable from provincial power grid companies	<b>520,056</b>	478,606
Accounts receivable from other companies	<b>25,404</b>	17,099
	<b>545,460</b>	495,705
Tariff adjustment receivable from the relevant government authorities	<b>109,600</b>	121,440
Notes receivable ( <i>note</i> )	<b>16,742</b>	33,892
	<b>671,802</b>	651,037

The carrying values of accounts receivable approximate their fair values due to their short maturities. Substantially all accounts receivable are denominated in RMB.

The Group normally grants 30 to 60 days credit period to customers from the end of the month in which the relevant sales are made. The ageing analysis of the accounts receivable is as follows:

	<b>As at</b>	
	<b>30 June 2013 Unaudited RMB'000</b>	31 December 2012 Audited RMB'000
Less than 3 months	<b>295,326</b>	192,482
4 to 6 months	<b>64,453</b>	73,647
7 to 12 months	<b>81,094</b>	123,204
Over 1 year	<b>104,587</b>	106,372
	<b>545,460</b>	495,705

*Note:*

As at 30 June 2013 and 31 December 2012, notes receivable represent commercial acceptance notes and are with maturity period of 90 to 180 days (31 December 2012: 90 to 180 days).



**16 Share capital**

**(a) Authorised and issued capital**

	<b>Number of shares</b>	<b>Nominal value</b>
	(HK\$0.10 each)	RMB'000
Authorised:		
At 1 January 2012, 30 June 2012, 31 December 2012 and 30 June 2013	20,000,000,000	1,759,154
Issued and fully paid:		
At 1 January 2012	7,889,039,108	754,065
Issue of shares ( <i>note (i)</i> )	3,230,769,231	263,371
At 30 June 2012	11,119,808,339	1,017,436
Issue of ordinary shares upon conversion of convertible bonds ( <i>note ii</i> )	363,125,723	29,530
At 31 December 2012 and 30 June 2013	11,482,934,062	1,046,966

*Notes:*

- (i) On 30 May 2012, the Company issued 3,230,769,231 new shares of HK\$0.10 each (the "New Shares") to China Three Gorges Corporation. These New Shares rank pari passu in all respects with the existing shares. The proceeds from the issuance of the New Shares amounted to HK\$2,100,000,000 resulting in a share premium of approximately RMB1,448,540,000.
- (ii) On 22 October 2012, the Company issued approximately HK\$236,032,000 zero coupon bonds at par to China Power New Energy Limited, the immediate holding company ("CPNEL"). The bonds mature five years from the issue date and can be converted into the ordinary shares of the Company at HK\$0.65 per ordinary share. On 25 October 2012, the Company received a conversion notice from CPNEL in respect of the exercise in full of the conversion right attached to the bonds. Accordingly, 363,125,723 ordinary shares of HK\$0.10 each were allotted and issued to CPNEL on 30 October 2012, resulting in a share premium of approximately RMB162,417,000. These shares rank pari passu in all respects with the existing shares.





**16 Share capital** (Continued)

**(b) Share option scheme**

Details of the options granted under the share option scheme of the Company outstanding as at 30 June 2013 and 31 December 2012 are as follows:

<b>Date of grant</b>	<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of shares subject to the options at 30 June 2013</b>	<b>Number of shares subject to the options at 31 December 2012</b>
<b>Directors</b>				
9 March 2007	8 March 2017	0.630	<b>30,000,000</b>	30,000,000
8 June 2007	7 June 2017	0.836	<b>41,000,000</b>	59,000,000
1 November 2010	31 October 2020	0.780	<b>36,000,000</b>	51,000,000
16 January 2013	15 January 2023	0.514	<b>70,000,000</b>	–
			<b>177,000,000</b>	140,000,000
<b>Senior management and other employees</b>				
9 March 2007	8 March 2017	0.630	<b>20,000,000</b>	20,000,000
8 June 2007	7 June 2017	0.836	<b>5,000,000</b>	5,000,000
1 November 2010	31 October 2020	0.780	<b>33,500,000</b>	33,500,000
16 January 2013	15 January 2023	0.514	<b>66,500,000</b>	–
			<b>125,000,000</b>	58,500,000
			<b>302,000,000</b>	198,500,000

Notes:

- (i) No options were exercised during the six-month periods ended 30 June 2013 and 30 June 2012.
- (ii) Pursuant to a resolution passed at the annual general meeting on 21 May 2012, the share option scheme adopted by the then shareholder of the Company on 31 October 2002 was terminated and replaced by a new share option scheme, without prejudice to the rights and benefits of any outstanding options which have been granted.



## 17 Bank and other borrowings

Bank and other borrowings are analysed as follows:

	As at	
	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Non-current borrowings		
Long-term bank borrowings, secured (note (a))	<b>1,958,867</b>	2,551,573
Long-term bank borrowings, unsecured (note (b))	<b>3,530,093</b>	2,903,129
Obligation under finance lease, secured (note (c))	<b>146,757</b>	165,185
	<b>5,635,717</b>	5,619,887
Less: current portion of long-term borrowings		
— secured bank borrowings	<b>(269,009)</b>	(298,209)
— unsecured bank borrowings	<b>(290,620)</b>	(308,570)
— obligation under finance lease	<b>(38,637)</b>	(37,450)
	<b>(598,266)</b>	(644,229)
Non-current portion	<b>5,037,451</b>	4,975,658
Current borrowings		
Short-term bank borrowings, unsecured	<b>210,000</b>	310,000
Short-term other borrowings, secured (note (d))	<b>23,250</b>	15,000
Short-term other borrowings, unsecured (note (e))	<b>165,610</b>	185,610
Obligation under finance lease, unsecured (note (c))	<b>100,000</b>	—
	<b>498,860</b>	510,610
Current portion of long-term borrowings	<b>598,266</b>	644,229
Current portion	<b>1,097,126</b>	1,154,839
Total borrowings	<b>6,134,577</b>	6,130,497



## 17 Bank and other borrowings (Continued)

Movements in bank and other borrowings are analysed as follows:

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Balance as at 1 January	<b>6,130,497</b>	4,691,430
Additions	<b>860,250</b>	711,936
Acquisition of a subsidiary	-	581,600
Repayments	<b>(856,170)</b>	(90,648)
Disposal of a subsidiary	-	(38,755)
Balance as at 30 June	<b>6,134,577</b>	5,855,563

Except for the long-term bank borrowings of RMB7,126,770 (31 December 2012: RMB7,302,000) which are denominated in HK\$, all borrowings are denominated in RMB.

All of the bank and other borrowings, other than the obligation under finance lease, are interest bearing at floating rates. The effective interest rate of the Group's HK\$-denominated long-term bank borrowing is 0.71% (31 December 2012: 0.78%) per annum. The effective interest rates of the Group's RMB-denominated bank and other borrowings are as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>Unaudited</b>	Audited
Long-term bank borrowings	<b>6.04%</b>	6.37 %
Short-term bank borrowings	<b>6.01%</b>	5.93%
Short-term other borrowings	<b>6.12%</b>	6.18%
Obligation under finance lease	<b>6.27%</b>	6.40%



## 17 Bank and other borrowings (Continued)

Notes:

- (a) Secured long-term bank borrowings are secured by:
- all investment properties of the Group with a carrying amount of RMB303,326,000 (31 December 2012: RMB303,326,000);
  - certain property, plant and equipment of the Group with a carrying amount of RMB1,718,583,000 (31 December 2012: RMB3,115,603,000);
  - accounts receivable with a carrying amount of RMB167,253,000 (31 December 2012: RMB191,386,000);
  - personal guarantee given by a former director of the Company; and
  - corporate guarantee given by a shareholder, China Power International Holding Limited (“CPIH”).
- (b) Unsecured long-term bank borrowings to the extent of RMB1,251,465,000 (31 December 2012: RMB1,317,465,000) are guaranteed by CPIH.
- (c) As at 30 June 2013, the cost and accumulated depreciation of property, plant and equipment held by the Group under finance lease amounted to RMB417,199,000 (31 December 2012: RMB282,622,000) and RMB108,894,000 (31 December 2012: RMB94,721,000) respectively.
- The obligation under finance lease to the extent of RMB146,757,000 (31 December 2012: RMB165,185,000) is secured by a long-term deposit of RMB8,278,000 (31 December 2012: RMB8,043,000) (Note 14).
- (d) As at 30 June 2013, short-term other borrowings of RMB23,250,000 (31 December 2012: RMB15,000,000) were secured by certain accounts receivable and lease prepayment of the Group with carrying amounts of RMB13,973,000 (31 December 2012: RMB2,326,000).
- (e) The balance includes an entrusted loan amounting to RMB165,610,000 (31 December 2012: RMB165,610,000) borrowed from a subsidiary of CPIH. This entrusted loan is unsecured and carries interest at 6.00% (31 December 2012: 6.00%) per annum.



## 18 Corporate bonds

	<b>As at</b>	
	<b>30 June 2013 Unaudited RMB'000</b>	31 December 2012 Audited RMB'000
RMB denominated corporate bonds — unsecured	<b>1,292,600</b>	1,291,466
Less: Current portion	<b>(498,815)</b>	—
Non-current portion	<b>793,785</b>	1,291,466

On 22 April 2011, the Company issued RMB500,000,000 corporate bond, due in April 2014. The bond is unsecured and carried an effective interest rate of 4.06% per annum, with the interest being payable semi-annually.

On 9 January 2012, the Company issued RMB800,000,000 corporate bond, due in April 2017. The bond is unsecured and carried an effective interest rate of 6.78% per annum, with the interest being payable semi-annually.

As at 30 June 2013, the fair value of corporate bonds amounted to RMB1,322,234,000 (31 December 2012: RMB1,321,520,000).

## 19 Accounts payable

The carrying amounts of accounts payable approximate their fair values due to their short maturities. All these accounts payable are denominated in RMB.

The ageing analysis of accounts payable is as follows:

	<b>As at</b>	
	<b>30 June 2013 Unaudited RMB'000</b>	31 December 2012 Audited RMB'000
Current to 3 months	<b>33,531</b>	12,106
4 to 6 months	<b>10,046</b>	4,147
	<b>43,577</b>	16,253



## 20 Construction cost payable, other payables and accrued charges

	As at	
	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Construction cost payable	<b>1,467,211</b>	1,186,195
Salaries and staff welfare payable	<b>13,622</b>	8,988
Value added tax payable	<b>1,502</b>	406
Repairs and maintenance expenses payable	<b>6,368</b>	17,265
Consideration payables	<b>57,721</b>	57,721
Other payables and accrued operating expenses	<b>26,880</b>	25,157
Interest payable	<b>46,802</b>	40,225
Amounts due to a shareholder and its subsidiaries ( <i>note (i)</i> )	<b>22,343</b>	13,451
Amounts due to non-controlling interests ( <i>note (i)</i> )	<b>543</b>	543
	<b>1,642,992</b>	1,349,951
Less: non-current portion ( <i>note (ii)</i> )	<b>(246,372)</b>	(237,965)
Current portions	<b>1,396,620</b>	1,111,986

*Notes:*

- (i) These balances are unsecured, interest-free and repayable on demand.
- (ii) Non-current portions of other payables represent construction cost payable which will not be repayable within one year from the date of balance sheet in accordance with the terms of the construction agreements.



## 21 Commitments

### (a) Capital commitments

	As at	
	30 June 2013 Unaudited RMB'000	31 December 2012 Audited RMB'000
Contracted but not provided for in respect of		
— property, plant and equipment	<b>1,872,137</b>	565,631
— investment in a subsidiary	<b>35,515</b>	—
— investment in an associated company (Note 14(i))	<b>200,000</b>	200,000
	<b>2,107,652</b>	765,631

### (b) Commitments under operating leases

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Land and buildings		
Not later than one year	<b>9,414</b>	9,882
Later than one year and not later than five years	<b>6,182</b>	10,754
	<b>15,596</b>	20,636



**21 Commitments** (Continued)

**(c) Future operating lease agreements**

Future aggregate minimum lease receivables under non-cancellable operating lease are as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Land and buildings		
Not later than one year	<b>8,765</b>	9,555
Later than one year and not later than five years	<b>15,615</b>	19,040
Later than five years	<b>12</b>	233
	<b>24,392</b>	28,828

**22 Related party transactions**

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in this condensed consolidated interim financial information.

**(i) Transactions with related parties**

**(a) Income**

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Service income from a jointly controlled entity (note)	<b>1,312</b>	1,833

*Note:*

The Group has entered into agreements for the provision of repair and maintenance service to a jointly controlled entity, the terms of which were mutually agreed between the parties.





**22 Related party transactions** (Continued)

**(i) Transactions with related parties** (Continued)

(b) Expenses

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Repair and maintenance expenses to a subsidiary of a shareholder (note (i))	<b>14,240</b>	17,611
Interest expense to a subsidiary of a shareholder (note (ii))	<b>4,968</b>	328
Interest expense to a fellow subsidiary (note (iii))	<b>254</b>	–

Notes:

- (i) The Group has entered into agreements for the provision of repair and maintenance service from a subsidiary of a shareholder, the terms of which were mutually agreed between the parties.
- (ii) The Group has entered into loan agreements with a subsidiary of CPIH (Note 17(e)), the terms of which were mutually agreed between the parties.
- (iii) The Group has entered into a finance lease agreement with a fellow subsidiary (Note 17), the terms of which were mutually agreed between the parties.



**22 Related party transactions** *(Continued)*  
**(ii) Period-end balances with related parties**

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Included in:		
<u>Other receivables</u>		
Amount due from a shareholder <i>(note (i))</i>	<b>7,349</b>	7,349
Amount due from a non-controlling interest	<b>20,000</b>	20,000
Amount due from CPI Finance Company ("CPIF") <i>(note (ii))</i>	<b>96</b>	50
<u>Other payables</u>		
Amounts due to a shareholder and certain of its subsidiaries <i>(note (i))</i>	<b>22,343</b>	13,451
Amounts due to non-controlling interest	<b>543</b>	543
<u>Bank and other borrowings</u>		
Loan from a jointly controlled entity	-	20,000
Loans from a subsidiary of a shareholder <i>(Note 17(e))</i>	<b>165,610</b>	165,610
Obligation under finance lease from a fellow subsidiary	<b>100,000</b>	-

*Notes:*

- (i) The balances with these related parties are unsecured, interest-free and repayable on demand.
- (ii) The amount due from CPIF, a subsidiary of a shareholder, is unsecured, carries interest at 0.36% (2012: 0.36%) per annum and is repayable on demand.



**22 Related party transactions** *(Continued)*  
**(iii) Key management compensation**

	<b>Unaudited</b>	
	<b>Six-month period ended</b>	
	<b>30 June</b>	
	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Basic salaries, housing allowance, other allowances, discretionary bonus and benefits in kind	<b>3,052</b>	1,270
Share based compensation	<b>8,866</b>	-
	<b>11,918</b>	1,270



羅兵咸永道

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
TO THE BOARD OF DIRECTORS OF  
CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED**  
*(incorporated in Bermuda with limited liability)*

**INTRODUCTION**

We have reviewed the interim financial information set out on pages 25 to 58, which comprises the condensed consolidated balance sheet of China Power New Energy Development Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2013 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



羅兵咸永道

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 15 August 2013