



華電國際電力股份有限公司

HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Stock Code : 1071

2013 Interim Report



The board of directors (the “**Board**”) of Huadian Power International Corporation Limited* (the “**Company**”) hereby announces the unaudited interim consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2013 (the “**Period**”) prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”. The Group’s interim financial report for the Period is unaudited, but it has been reviewed by Deloitte Touche Tohmatsu, the international auditor of the Company, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report addressed to the Board is set out in page 16. The audit committee of the Company (the “**Audit Committee**”) has also reviewed the 2013 interim report and the relevant financial information of the Group.

BUSINESS REVIEW

During the Period, turnover of the Group amounted to approximately RMB31,420 million, representing an increase of approximately 6.73% over the corresponding period in 2012; profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB1,760 million, representing an increase of approximately 518.98% over the corresponding period in 2012; earnings per share was approximately RMB0.239; and net asset value per share (excluding non-controlling interests) amounted to approximately RMB2.80.

INTERIM DIVIDEND

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

POWER GENERATION

During the Period, the power generated by the Group amounted to approximately 81.76 million MWh, representing an increase of approximately 4.35% over the corresponding period in 2012 and accounting for 48.10% of the annual goal of 170.00 million MWh power generation; on-grid power sold amounted to approximately 76.50 million MWh, representing an increase of approximately 4.55% over the corresponding period in 2012; the average utilization hours of generating units were 2,418 hours, and the average utilization hours of coal-fired generating units were 2,601 hours; and the coal consumption for power supply was approximately 309.47 g/KWh.

MAJOR ASSETS

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

As at the date of this report, the controlled power plants of the Group which have commenced operation totaled 39, with the total controlled installed capacity of the Group amounting to 34,463.0MW and the total interested installed capacity of the Group amounting to 29,118.8MW, including 31,519.0MW attributable to controlled coal- or gas-fired generating units, and 2,944MW attributable to controlled renewable energy generating units such as hydropower, wind power, solar power and biomass energy power generating units. The coal mining enterprises controlled or invested by the Group totaled 17, with coal resources reserves of approximately 2.2 billion tonnes and expected controlled production capacity of approximately 10 million tonnes/year. The details are as follows:

MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
1	Zouxian Plant	2,575	100%	1 x 635MW + 1 x 600MW + 4 x 335MW
2	Shiliquan Plant	800	100%	2 x 330MW + 1 x 140MW
3	Laicheng Plant	1,200	100%	4 x 300MW
4	Huadian Zouxian Power Generation Company Limited ("Zouxian Company")	2,000	69%	2 x 1,000MW
5	Huadian Laizhou Power Generation Company Limited ("Laizhou Company")	2,000	75%	2 x 1,000MW
6	Huadian Weifang Power Generation Company Limited ("Weifang Company")	2,000	45%	2 x 670MW + 2 x 330MW
7	Huadian Qingdao Power Generation Company Limited ("Qingdao Company")	1,220	55%	1 x 320MW + 3 x 300MW
8	Huadian Zibo Thermal Power Company Limited ("Zibo Company")	733	100%	1 x 300MW + 2 x 145MW + 2 x 71.5MW
9	Huadian Zhangqiu Power Generation Company Limited ("Zhangqiu Company")	925	87.5%	1 x 335MW + 1 x 300MW + 2 x 145MW
10	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("Tengzhou Company")	930	93.257%	2 x 315MW + 2 x 150MW
11	Shandong Century Electric Power Development Company Limited ("Century Power Company")	936	84.31%	4 x 220MW + 2 x 28MW
12	Huadian Ningxia Lingwu Power Generation Company Limited ("Lingwu Company")	3,320	65%	2 x 1,060MW + 2 x 600MW

MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
13	Ningxia Zhongning Power Generation Company Limited ("Zhongning Company")	660	50%	2 x 330MW
14	Sichuan Guang'an Power Generation Company Limited ("Guang'an Company")	2,400	80%	2 x 600MW + 4 x 300MW
15	Huadian Xinxiang Power Generation Company Limited ("Xinxiang Company")	1,320	90%	2 x 660MW
16	Huadian Luohe Power Generation Company Limited ("Luohe Company")	660	75%	2 x 330MW
17	Huadian Qudong Power Generation Company Limited ("Qudong Company")	600	90%	2 x 300MW
18	Anhui Huadian Suzhou Power Generation Company Limited ("Suzhou Company")	1,260	97%	2 x 630MW
19	Anhui Huadian Wuhu Power Generation Company Limited ("Wuhu Company")	1,320	65%	2 x 660MW
20	Hangzhou Huadian Banshan Power Generation Company Limited ("Hangzhou Banshan Company")	2,200	64%	1 x 415MW + 3 x 390MW + 1 x 350MW + 1 x 135MW + 1 x 130MW
21	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("Shijiazhuang Thermal Power Company")	1,075	82%	2 x 300MW + 2 x 200MW + 3 x 25MW
22	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("Luhua Company")	660	90%	2 x 330MW
23	Hebei Huarui Energy Group Corporation Limited ("Huarui Company") (Note)	1,683.8	100%	—
24	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("Pingshi Power Company")	725	100%	2 x 300MW + 1 x 125MW

Note: As at the date of this report, the interested installed capacity of Huarui Company held by the Group amounted to 1,683.8MW. The installed capacity of wind power of Hebei Huadian Yuzhou Wind Power Company Limited ("Yuzhou Wind Power Company"), a wholly-owned subsidiary of Huarui Company, amounted to 99MW.

MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
1	Huadian Suzhou Biomass Energy Power Company Limited ("Suzhou Biomass Energy Company")	25	78%	2 x 12.5MW
2	Sichuan Huadian Luding Hydropower Company Limited ("Luding Hydropower Company")	920	100%	4 x 230MW
3	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("Za-gunao Hydroelectric Company")	591	64%	3 x 65MW + 3 x 56MW + 3 x 46MW + 3 x 30MW
4	Lixian Xinghe Ganbao Power Company Limited ("Ganbao Company")	34	100%	4 x 8.5MW
5	Lixian Xinghe Power Company Limited ("Lixian Company")	33	100%	3 x 11MW
6	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("Shuiluohe Company")	38	57%	1 x 38MW
7	Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("Hebei Hydropower Company")	57	100%	1 x 16MW + 2 x 15MW + 1 x 11MW

MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
8	Huadian Inner Mongolia Kailu Wind Power Company Limited ("Kailu Wind Power Company")	399	100%	262 x 1.5MW + 2 x 3MW
9	Huadian Kezuozhongqi Wind Power Company Limited ("Kezuozhongqi Wind Power Company")	49.5	100%	33 x 1.5MW
10	Huadian Power International Ningxia New Energy Power Company Limited ("Ningxia New Energy Company")	300	100%	200 x 1.5MW
11	Hebei Huadian Guyuan Wind Power Company Limited ("Guyuan Wind Power Company")	250.5	100%	167 x 1.5MW
12	Hebei Huadian Kangbao Wind Power Company Limited ("Kangbao Wind Power Company")	49.5	100%	33 x 1.5MW
13	Huadian Laizhou Wind Power Company Limited ("Laizhou Wind Power Company")	40.5	55%	27 x 1.5MW
14	Huadian Laizhou Wind Power Generation Company Limited ("Laizhou Wind Company")	48	100%	24 x 2MW
15	Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("Shangde Solar Company")	10	60%	10 x 1MW

MAJOR ASSETS (CONTINUED)

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

Name of company	Percentage of equity interest held by the Group	Resources reserve (million tonnes)	Interested resources reserve (million tonnes)	Capacity (thousand tonnes/year)
Shanxi Shuozhou Pinglu Maohua Bailu Coal Company Limited	100%	395	395	1,200
Shanxi Shuozhou Pinglu Maohua Wantongyuan Coal Company Limited	70%	373	261	2,100
Shanxi Shuozhou Pinglu Maohua Dongyi Coal Company Limited	70%	128	90	900
Shunge Mining Industry Company Limited of Inner Mongolia Alxa League Shunge Mining Group	100%	28	28	450
Inner Mongolia Haoyuan Coal Company Limited	85%	77	65	1,200
Inner Mongolia Huatong Ruisheng Energy Company Limited	90%	116	104	3,000
Anhui Wenhui New Products Promotion Company Limited	51%	39	20	600
Ningxia Yinxing Coal Company Limited	50%	1,037	519	4,000
Sichuan Huayingshan Longtan Coal Power Company Limited ("Longtan Company") (Note)	45%	97	44	1,500
Otog Front Banner Changcheng Mine Company Limited	35%	111	39	600
Inner Mongolia Fucheng Mining Company Limited	35%	238	83	2,400
Otog Front Banner Zhengtai Trading Company Limited	35%	216	76	2,400
Otog Front Banner Quanhui Trading Company Limited	35%	723	253	3,000
Otog Front Banner Baihui Trading Company Limited	35%	199	70	1,800
Linfen City Changfa Coal Coke Company Limited ("Changfa Coal Coke") (Note)	33%	117	39	1,200
Huadian Coal Industry Group Company Limited	12.56%	—	—	—
Shandong Luneng Heze Coal Power Development Company Limited	12.27%	—	—	—

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

THE CAPACITY OF NEWLY-INSTALLED GENERATING UNITS

From 1 January 2013 up to the date of this report, the capacity of the Group's newly-installed generating units amounted to 699.5MW.

Name of project	Installed capacity (MW)
Hangzhou Banshan Company	350
Qudong Company	300
Guyuan Wind Power Company	49.5
Total	<u>699.5</u>

PROJECTS APPROVED AND UNDER CONSTRUCTION

As at the date of this report, the Group's major projects which have been officially approved by the relevant State or local authorities and under construction are as follows:

Name of project	Planned installed capacity
Anhui Huadian Lu'an Power Generation Company Limited ("Lu'an Company")	First 600MW generating unit
Chongqing Fengjie Project	2x600MW generating units
Shiliquan Plant Expansion Project	1x600MW generating unit
Zibo Company Expansion Project	Second 300MW heat-power co-generating unit
Shuozhou Thermal Power Branch	2x300MW heat-power co-generating units
Tianjin Nanjiang Phase I Project	2x300MW heat-power co-generating units
Tianjin Nanjiang Phase II Project	900MW gas-fired generating units
Tianjin Wuqing Distributed Energy Project	2x200MW gas-fired generating units
Xiasha Natural Gas-fired Heat-power Co-generating Project in Hangzhou	2x100MW gas-fired generating units
Phase II Project of Hangzhou Banshan Company	1x350MW gas-fired generating unit
Jiangdong Natural Gas-fired Heat-power Co-generating Project in Hangzhou, Zhejiang	2x400MW gas-fired generating units
Longyou Natural Gas-fired Heat-power Co-generating Project in Zhejiang	2x200MW gas-fired generating units
Qingdao Company Phase III Project	1x300MW heat-power co-generating unit
Shuiluohu Company	610MW hydroelectric generating units
Expansion Project of Ningxia New Energy Company	495MW wind power generating units
Solar Power Generation Project in Taiyangshan, Wuzhong, Ningxia	10MW solar power generating units
Jincheng Wind Power Phase II Project of Laizhou Wind Company	48MW wind power generating units
Laizhou Guojadian Wind Farm Project	49.8MW wind power generating units
Phases I Project of Jiaolaihe Wind Farm in Changyi, Shandong	49.5MW wind power generating units
Phases I Project of Huadian Kunlun Wind Farm in Zichuan	48MW wind power generating units
Huadian Longkou Wind Farm Project in Yantai	49.5MW wind power generating units
Total	<u>8,609.8MW</u>

PRELIMINARY PROJECTS

As at the date of this report, the Group's major preliminary projects which have obtained "road slip" (i.e. preliminary approval by the National Development and Reform Commission or its local counterparts), and are subject to the official approval by the relevant State or local authorities are as follows:

Name of Project	Planned installed capacity
Phase I Project of Shantou Huadian Power Generation Company Limited	2x600MW generating units
Guangdong Shenzhen Pingshan Distributed Energy Project	3x50MW generating units
Guangdong Shunde Qingyuan (Yingde) Natural Gas Distributed Energy Project	150MW generating units
Guangdong Shunde Western Industrial Park Distributed Energy Project	150MW generating units
Lu'an Company	Second 660MW generating unit
Shire Phase IX Natural Gas-fired Heat-power Co-generating Project in Hebei	2x400MW heat-power co-generating units
Shuiluohe Company	840MW hydroelectric generating units
Hutouya Wind Power Phase II Project of Laizhou Wind Power Company	48MW wind power generating units
Phase II Project of Laizhou Guojadian Wind Farm	49.8MW wind power generating units
Saibei Phases I and II Projects of Guyuan Wind Power Company	149.5MW wind power generating units
Xihutong Phase I Project of Guyuan Wind Power Company	49.5MW wind power generating units
Phase II Project of Kangbao Wind Power Company	49.5MW wind power generating units
Shipeng Phase I Project of Kangbao Wind Power Company	49.5MW wind power generating units
Gaojialiang Phase I Project in Chifeng, Inner Mongolia	49.5MW wind power generating units
Phase II Solar Power Generation Project of Shangde Solar Company	20MW solar power generating units
Guangdong Foshan Sanshui Industrial Park Natural Gas Distributed Energy Project	3x50MW gas-fired generating units
Huadian Ningxia Haiyuan Caowa Wind Power Project	400MW wind power generating units
Huadian Power International Huahai Wind Farm Project in Xuwen, Zhanjiang	49.5MW wind power generating units
Ningdong Wind Power Phase VII Project of Ningxia New Energy Company	49.5MW wind power generating units
Total	5,064.3MW

MANAGEMENT DISCUSSION AND ANALYSIS

(1) *Macroeconomic Conditions and Electricity Demand*

According to the relevant information and statistics, in the first half of 2013, the gross domestic product ("GDP") of the PRC amounted to RMB24,800.9 billion, representing an increase of 7.6% over the corresponding period in 2012 based on comparable prices. Power consumption of the whole society of the PRC totaled 2,496.1 million MWh, representing an increase of 5.1% over the corresponding period in 2012, with a slight year-on-year decline in the growth rate. Specifically, the consumption by the primary industry represented a year-on-year decrease of 0.8% and the consumption by the secondary and tertiary industries represented a year-on-year increase of 4.9% and 9.3%, respectively, while the consumption by urban and rural residents represented a year-on-year increase of 3.9%. In the second half of 2013, China's economy is expected to sustain a steady growth, and during summer peaks the growth rate of power consumption of the whole society is expected to see a noticeable pick-up due to high temperatures. The total electricity supply and demand of China will maintain an overall balance in the second half of 2013.

(2) *Power Generation*

During the Period, the power generated by the Group amounted to approximately 81.76 million MWh, representing an increase of approximately 4.35% over the corresponding period in 2012 and accounting for 48.10% of the annual goal of 170.00 million MWh power generation; on-grid power sold amounted to approximately 76.50 million MWh, representing an increase of approximately 4.55% over the corresponding period in 2012; the average utilization hours of generating units were 2,418 hours, and the average utilization hours of coal-fired generating units were 2,601 hours; and the coal consumption for power supply was approximately 309.47 g/KWh.

(3) *Turnover and Profit*

The turnover of the Group for the Period amounted to approximately RMB31,420 million, representing an increase of approximately 6.73% over the corresponding period in 2012. This was mainly due to an increase in on-grid power sold. The revenue generated from the sale of electricity amounted to approximately RMB28,953 million, representing an increase of approximately 4.73% over the corresponding period in 2012. The revenue generated from the sale of heat amounted to approximately RMB1,722 million, representing an increase of approximately 9.26% over the corresponding period in 2012. The revenue generated from the sale of coal amounted to approximately RMB744 million, representing an increase of approximately 247.25% over the corresponding period in 2012.

The Group's operating profit for the Period amounted to approximately RMB5,614 million, representing an increase of approximately 92.72% over the corresponding period in 2012. The profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB1,760 million, and earnings per share was approximately RMB0.239.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(4) Major Operating Expenses

The fuel costs of the Group for the Period amounted to approximately RMB17,162 million, representing a decrease of approximately 14.68% over the corresponding period in 2012. This was mainly attributable to a decrease of approximately 18.55% in unit fuel costs of power generation over the corresponding period in 2012 due to a decrease in coal prices.

During the Period, depreciation and amortization expenses of the Group amounted to approximately RMB3,657 million, representing an increase of approximately 22.59% over the corresponding period in 2012. This was mainly due to the commencement of operation of new generating units.

During the Period, overhaul expenses of the Group amounted to approximately RMB588 million, representing an increase of approximately 65.52% over the corresponding period in 2012. This was mainly due to the increase in generating units undergoing overhaul.

During the Period, repairs and maintenance costs of the Group amounted to approximately RMB607 million, representing an increase of approximately 40.47% over the corresponding period in 2012. This was mainly due to the improved repairs and maintenance levels for existing generating units.

During the Period, personnel costs of the Group amounted to approximately RMB1,586 million, representing an increase of approximately 40.88% over the corresponding period in 2012, mainly due to an enlarged employee team since the commencement of operation of new generating units and the newly consolidated entities, as well as increases in the base number and percentage of provisions for social insurance.

During the Period, administration expenses of the Group amounted to approximately RMB934 million, representing an increase of approximately 24.91% over the corresponding period in 2012, mainly due to the commencement of operation of new generating units and an increase in sewage charges.

(5) Finance Costs

During the Period, the finance costs of the Group amounted to approximately RMB3,047 million, representing a decrease of approximately 4.31% from the corresponding period in 2012. This was mainly due to the decline in average borrowing interest rate.

(6) Pledge and Mortgage of Assets

As at 30 June 2013, the Company and its subsidiaries, including Guang'an Company, Lingwu Company, Luding Hydropower Company, Wuhu Company, Za-gunao Hydroelectric Company, Xinxiang Company, Suzhou Company, Laizhou Company, Tengzhou Company, Shuiluohe Company, Qingdao Company, Hangzhou Banshan Company, Ningxia New Energy Company and Zhongning Company, have altogether pledged their income stream in respect of the sale of electricity or trade receivables for sale of electricity as security for loans amounting to approximately RMB15,803 million. In addition, the 75% equity interest held by the Company in Pingshi Power Company was pledged as security for repayment of the long term payables due within one year which was guaranteed by the Company.

As at 30 June 2013, the generating units, relevant equipments and land use right of Pingshi Power Company were mortgaged to secure loans amounting to RMB1,693 million. In addition, the projects under construction of Shuiluohe Company were mortgaged as security for loans amounting to RMB1,782 million. The mining rights of Shanxi Maohua Energy Investment Company were mortgaged as security for long-term borrowings amounting to RMB320 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(7) *Indebtedness*

As at 30 June 2013, the total borrowings of the Group amounted to approximately RMB87,158 million, of which borrowings denominated in US dollar and Euro dollar amounted to approximately US\$200 million and EUR25 million, respectively. The liabilities to assets ratio was approximately 82.04%. In addition, the closing balance of super short-term debentures payable, the short-term debentures payable, the medium-term notes payable (including those due within one year) and debenture issued through non-public offering to target subscribers of the Group amounted to approximately RMB7,062 million, RMB5,115 million, RMB5,364 million and RMB7,981 million, respectively.

(8) *Contingent Liabilities*

As at 30 June 2013, Guang'an Company, a subsidiary of the Company, provided guarantees to banks for loans amounting to RMB101 million to Longtan Company, an associate of Guang'an Company; Zhongning Company provided guarantees to banks for long term loans amounting to RMB25.11 million to Ningxia Power Generation Company (Group) Limited.

(9) *Cash and Cash Equivalents*

As at 30 June 2013, the Group had cash and cash equivalents of approximately RMB4,559 million.

Save as the information disclosed herein, information with respect to the Group's other matters as set out in paragraph 32 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (The Stock Exchange of Hong Kong Limited is referred as the "Hong Kong Stock Exchange") has not changed materially from that included in the Company's 2012 annual report.

BUSINESS OUTLOOK

China's economy is in a progressive process of transformation and the keynote of China's economic policy is expected to remain generally unchanged in the second half of 2013. The government would attempt at steady economic growth by making adjustment to China's economic structure, and continue to pursue a proactive fiscal policy and a prudent monetary policy. In the power market, growth rate of power consumption of the whole society is expected to rebound modestly in the second half of 2013, owing to a steady economic growth and a peak in power consumption fuelled by high temperature in the summer. The utilization hours of the Group's generating units would remain relatively stable. In the coal market, the production capacity of coal in China has risen while the demand has declined. The coal prices are expected to remain weak due to the glut in the market, which is conducive to the Group's control of fuel cost and improvement of profitability.

In the second half of 2013, the Group will, based on the assurance that the "three same-time (三同)" standards will be achieved in utilization hours, strive for more planned power generation and aim for a larger market share. Efforts would be put in leveraging economy of scale and enhancing power structure to maximize the benefits of power generation. As for fuel management, the Group will closely watch the market trend and enhance standardized and sophisticated fuel management in an all-around way. The Group will redouble its efforts in environmental protection by implementing an upgrade of environmental technology and sound management of environmental protection facilities.

The Group will push ahead with adjusting and optimizing structure in an effort to improve the comparative competitiveness of projects. The Group will step up adjusting regional presence and optimizing the development of coal-fired power projects. Efforts would be made in accelerating the development of available resources of renewable energy. With external conditions to be reinforced and materialized, the Group would develop gas turbine projects in an orderly way and seize opportunity to advance the development of coal industry. Meanwhile, the Group is dedicated to improving its management capability for infrastructure construction works and aims to strengthen control over all the processes to ensure high quality and efficient construction.

SIGNIFICANT EVENTS

(1) Amendments to the Articles of Association

The Company held its annual general meeting on 25 June 2013, at which the shareholders of the Company considered and approved the amendments to the original Article 11 of the articles of association of the Company (the "Articles of Association") regarding the Company's business scope, in order to cater to the working needs of the Company. The amendments shall take effect upon approval of the State-owned Assets Supervision and Administration Commission of the PRC.

For details, please refer to the announcements of the Company dated 26 April 2013 and 25 June 2013.

(2) Change of Auditors

The Company held its annual general meeting on 25 June 2013, at which the shareholders of the Company resolved to appoint Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the international and domestic auditors of the Company respectively for the financial year ending 31 December 2013. KPMG and KPMG Huazhen (Special General Partnership) have retired as the international and domestic auditors of the Company respectively and have confirmed in writing that there are no matters in relation to their retirement which should be brought to the attention of the shareholders of the Company. The Company hereby expresses its sincere gratitude to KPMG and KPMG Huazhen (Special General Partnership) for their quality services provided in previous years.

For details, please refer to the announcements of the Company dated 27 March 2013 and 25 June 2013.

(3) Issuance of Debt Financing Instruments

During the Period, the Group has stepped up financing efforts by seizing the opportunities offered by the continuing improvement in the bond market. Relevant issuances are summarized as follows:

Debenture	Date of issuance	Coupon rate %	Size of issuance (RMB100 million)
First tranche of short-term debentures of 2013	14 March 2013	4.03	15
First tranche of super short-term debentures of 2013	13 March 2013	3.80	35
Second tranche of super short-term debentures of 2013	17 April 2013	3.60	35
Non-public offering to target subscribers of debt financing instruments of 2013	22 May 2013	4.87	30

The issuance of the above debt financing instruments has optimized the Group's debt structure.

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, each of the following persons, not being a director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 30 June 2013 in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 30 June 2013, or was a substantial shareholder (as defined in the Listing Rules) of the Company as at 30 June 2013:

Name of shareholder	Class of shares	Number of shares held	Equity Interest as at 30 June 2013		
			Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian Corporation ("China Huadian")	A shares	3,171,061,853	43.02%	53.38%	—
	H shares	85,862,000 (L) (Note 1)	1.16%	—	6.00%
Shandong International Trust Corporation FIL Limited	A shares	800,766,729	10.86%	13.48%	—
	H shares	101,364,000(L) (Note 2)	1.38%	—	7.08%
Cheah Cheng Hye (謝清海)	H shares	100,202,000(L) (Note 3)	1.36%	—	7.00%

(L)=long position

Note 1: So far as the directors of the Company are aware or are given to understand, these 85,862,000 H shares were held in the name of HKSCC Nominees Limited and were directly held through a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited.

Note 2: So far as the directors of the Company are aware or are given to understand, these 101,364,000 H shares were held in name of HKSCC Nominees Limited.

Note 3: So far as the directors of the Company are aware or are given to understand, these 100,202,000 H shares were held in name of HKSCC Nominees Limited. Each of Cheah Capital Management Limited, Cheah Company Limited and Value Partners Group Limited was deemed to be interested in the same tranche of H shares by virtue of their direct or indirect control by Cheah Cheng Hye; Hang Seng Bank Trustee International Limited was deemed to be interested in the same tranche of H Shares by virtue of being trustee for Cheah Cheng Hye and To Hau Yin was deemed to be interested in the same tranche of H Shares by virtue of being the spouse or a child under 18 of Cheah Cheng Hye.

Save as disclosed above and so far as the directors are aware, as at 30 June 2013, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Listing Rules) of the Company.

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

As at 30 June 2013, none of the directors, supervisors, chief executives or members of the senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debenture certificates (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such director, supervisor, chief executive or members of senior management of the Company was taken or deemed to have under such provisions of the SFO) or was (ii) required to be entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the directors of the Company).

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 30 June 2013, the Group's deposits placed with financial institutions or other parties did not include any designated or trust deposits, or any material time deposits which could not be collected by the Group upon maturity.

MATERIAL LITIGATION

As at 30 June 2013, some members of the Group were parties to certain litigations arising from the ordinary course of business or assets acquisition. The ultimate outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the management of the Group believes that, any possible legal liability which may be incurred from the aforesaid cases will not have material adverse effect on the financial position and operating results of the Group.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

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

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

The Board is committed to the principles of corporate governance consistent with prudent management and enhancement of shareholders' value. Transparency, accountability and independence are enshrined under these principles. The Board has reviewed the relevant requirements prescribed under the codes on corporate governance practices adopted by the Company and its actual operations, and has taken the view that the corporate governance practices adopted by the Company during the Period have met the requirements under the code provisions in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules and there was no deviation from such provisions. In certain aspects, the corporate governance practices adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code, the particulars of which are as follows:

- The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited* by Directors (Supervisors) and the Code on Trading in Securities of Huadian Power International Corporation Limited* by Employees, which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.
- In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has also established the Strategic Committee and stipulated the Working Procedures for the Strategic Committee.
- The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

As at the date of this report, the Board comprises:

Yun Gongmin (Chairman, Non-executive Director), Chen Feihu (Vice Chairman, Non-executive Director), Chen Dianlu (Vice Chairman, Non-executive Director), Chen Jianhua (Executive Director), Wang Yingli (Non-executive Director), Geng Yuanzhu (Executive Director), Chen Bin (Non-executive Director), Chu Yu (Non-executive Director), Wang Yuesheng (Independent Non-executive Director), Wang Jixin (Independent Non-executive Director), Ning Jiming (Independent Non-executive Director) and Yang Jinguan (Independent Non-executive Director).

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 17 to 45, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim financial reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

21 August 2013

Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For the six months ended 30 June 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2013	2012
		RMB'000 (unaudited)	RMB'000 (unaudited)
Turnover	4	31,419,777	29,437,280
Operating expenses			
Fuel costs		(17,161,514)	(20,113,653)
Cost of coal sold		(557,143)	(179,797)
Depreciation and amortisation		(3,657,323)	(2,983,428)
Major overhaul expenses		(588,293)	(355,419)
Repairs and maintenance		(607,059)	(432,177)
Personnel costs		(1,586,382)	(1,126,019)
Administrative expenses		(933,664)	(747,476)
Sales related taxes		(192,194)	(107,602)
Other operating expenses		(522,400)	(478,745)
		(25,805,972)	(26,524,316)
Operating profit		5,613,805	2,912,964
Investment income		1,897	4,307
Other revenue and net income	5	150,388	310,590
Finance income		26,800	33,625
Finance costs	6	(3,047,203)	(3,184,391)
Share of profits less losses of associates		246,666	418,493
Profit before taxation		2,992,353	495,588
Income tax	7	(649,096)	(97,098)
Profit for the period	8	2,343,257	398,490
Other comprehensive (expense)/income for the period (net of tax):			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Net fair value (loss)/gain on available-for-sale investments	9	(5,147)	1,028
Total comprehensive income for the period		2,338,110	399,518

Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income (Continued)

For the six months ended 30 June 2013

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2013	2012
		RMB'000 (unaudited)	RMB'000 (unaudited)
Profit for the period attributable to:			
Equity shareholders of the Company		1,760,023	284,344
Non-controlling interests		583,234	114,146
		<u>2,343,257</u>	<u>398,490</u>
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		1,754,876	285,349
Non-controlling interests		583,234	114,169
		<u>2,338,110</u>	<u>399,518</u>
Basic earnings per share	10	<u>RMB0.239</u>	<u>RMBO.042</u>

The notes on pages 24 to 45 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement Of Financial Position

At 30 June 2013

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi)

	Notes	At 30 June 2013	At 31 December 2012
		RMB'000 (unaudited)	RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	113,064,912	113,940,376
Construction in progress	12	17,356,578	13,378,268
Lease prepayments		1,939,007	1,968,547
Intangible assets		4,859,103	4,919,553
Goodwill		1,046,798	1,046,798
Interests in associates		10,369,247	10,000,726
Other investments		353,304	360,166
Other non-current assets	13	1,653,230	2,096,987
Deferred tax assets		309,244	350,854
		150,951,423	148,062,275
Current assets			
Inventories		3,234,112	3,383,132
Trade debtors and bills receivable	14	6,272,609	7,248,126
Deposits, other receivables and prepayments	15	2,105,358	3,349,570
Tax recoverable		70,532	75,386
Restricted deposits	16	38,040	42,485
Cash and cash equivalents	17	4,558,991	3,060,074
		16,279,642	17,158,773
Current liabilities			
Bank loans		24,094,917	25,177,419
Loans from shareholders		1,285,779	564,071
State loans		10,253	10,526
Other loans	18(a)	2,722,410	3,386,890
Short-term debentures payable	18(b)	12,176,508	11,664,380
Long-term debentures payables-current portion	18(c)	1,496,698	—
Amount due to the parent company		1,060	1,060
Obligations under finance leases	19	322,315	311,480
Trade creditors and bills payable	20	11,194,055	9,293,940
Other payables	21	5,784,696	5,771,736
Tax payable		170,121	231,025
Dividend payable	22	479,120	—
		59,737,932	56,412,527
Net current liabilities		(43,458,290)	(39,253,754)
Total assets less current liabilities		107,493,133	108,808,521

Condensed Consolidated Statement Of Financial Position (Continued)

At 30 June 2013

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi)

	Notes	At 30 June 2013	At 31 December 2012
		RMB'000 (unaudited)	RMB'000 (audited)
Non-current liabilities			
Bank loans		50,757,685	54,258,788
Loans from shareholders		1,649,278	2,455,952
State loans		109,236	116,686
Other loans	18(a)	6,528,378	7,342,497
Long-term debentures payable	18(c)	11,848,324	10,352,593
Obligations under finance leases	19	698,250	644,785
Long-term payables		587,704	674,885
Deferred government grants		779,048	773,535
Deferred income		1,748,084	1,683,839
Deferred tax liabilities		2,754,213	2,774,405
		77,460,200	81,077,965
Net assets			
		30,032,933	27,730,556
Capital and reserves			
Share capital		7,371,084	7,371,084
Reserves		13,304,572	12,073,294
Total equity attributable to equity shareholders of the Company			
		20,675,656	19,444,378
Non-controlling interests			
		9,357,277	8,286,178
Total equity			
		30,032,933	27,730,556

Approved and authorised for issue by the board of directors on 21 August 2013.

Chen Jianhua
Director

Geng Yuanzhu
Director

The notes on pages 24 to 45 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement Of Changes In Equity

For the six months ended 30 June 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Revaluation reserve	Fair value reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January										
2012 (audited)	6,771,084	4,857,874	1,482,689	68,089	44,726	(2,633)	3,063,244	16,285,073	7,514,964	23,800,037
Profit for the period	—	—	—	—	—	—	284,344	284,344	114,146	398,490
Other comprehensive income (Note 9)	—	—	—	—	—	1,005	—	1,005	23	1,028
Total comprehensive income for the period	—	—	—	—	—	1,005	284,344	285,349	114,169	399,518
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	96,590	96,590
Shares issued	—	1,829,084	—	—	—	—	—	1,829,084	—	1,829,084
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	—	(9,420)	(9,420)
Appropriation of specific reserve	—	—	22,151	—	—	—	(22,151)	—	—	—
Others	—	806	—	—	—	—	—	806	10	816
Balance at 30 June										
2012 (unaudited)	6,771,084	6,687,764	1,504,840	68,089	44,726	(1,628)	3,325,437	18,400,312	7,716,313	26,116,625

Condensed Consolidated Statement Of Changes In Equity (Continued)

For the six months ended 30 June 2013

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory	Discretionary	Revaluation reserve	Fair value reserve	Retained profits	Total		
			surplus reserve	surplus reserve						
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2013 (audited)	7,371,084	5,961,329	1,526,900	68,089	44,726	6,425	4,465,825	19,444,378	8,286,178	27,730,556
Profit for the period	—	—	—	—	—	—	1,760,023	1,760,023	583,234	2,343,257
Other comprehensive expense (Note 9)	—	—	—	—	—	(5,147)	—	(5,147)	—	(5,147)
Total comprehensive income for the period	—	—	—	—	—	(5,147)	1,760,023	1,754,876	583,234	2,338,110
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	540,610	540,610
Acquisition of non-controlling interests	—	(2,585)	—	—	—	—	(41,893)	(44,478)	(474)	(44,952)
Acquisition of a subsidiary (Note 26)	—	—	—	—	—	—	—	—	146,702	146,702
Appropriation of specific reserve	—	—	69,459	—	—	—	(69,459)	—	—	—
Utilisation of specific reserve	—	—	(11,710)	—	—	—	11,710	—	—	—
Dividends recognised as distribution (Note 22)	—	—	—	—	—	—	(479,120)	(479,120)	—	(479,120)
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	—	(198,973)	(198,973)
Balance at 30 June 2013 (unaudited)	7,371,084	5,958,744	1,584,649	68,089	44,726	1,278	5,647,086	20,675,656	9,357,277	30,032,933

The notes on pages 24 to 45 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement Of Cash Flows

For the six months ended 30 June 2013
(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2013	2012
		RMB'000 (unaudited)	RMB'000 (unaudited)
Cash generated from operations		9,486,059	2,069,789
Tax paid		(680,101)	(184,587)
Net cash generated from operating activities		8,805,958	1,885,202
Net cash used in investing activities	24	(5,252,716)	(8,802,705)
Net cash (used in)/generated from financing activities	24	(2,054,325)	9,365,576
Increase in cash and cash equivalents		1,498,917	2,448,073
Cash and cash equivalents at 1 January		3,060,074	2,111,725
Cash and cash equivalents at 30 June	17	4,558,991	4,559,798

The notes on pages 24 to 45 form part of these condensed consolidated financial statements.

Notes To The Condensed Consolidated Financial Statements

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

1. GENERAL AND BASIS OF PREPARATION

Huadian Power International Corporation Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 28 June 1994 as a joint stock limited company.

The Company and its subsidiaries (together referred to as the “Group”) are principally engaged in the generation and sale of electricity, heat and coal. Majority of electricity generated is supplied to the local power grid companies where the power plants are located.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Excepted as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards (“IFRSs”).

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (Revised in 2011)	Employee Benefits
IAS 27 (Revised in 2011)	Separate Financial Statements
IAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi unless otherwise indicated)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The amendments to IAS 1, *Presentation of Items of Other Comprehensive Income*, introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income” and an “income statement” is renamed as a “statement of profit or loss”. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the title of condensed consolidated statement of comprehensive income is changed to condensed consolidated statement of profit or loss and other comprehensive income and presentation of items of other comprehensive income has been modified to reflect the changes.

IFRS 10, *Consolidated financial statements*, introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusions reached by the Group in respect of their involvement with other entities as at 1 January 2013.

The Group has applied IFRS 13, *Fair Value Measurement*, for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the condensed consolidated financial statements. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 28.

Except as described above, the application of the other new or revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

4. TURNOVER

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Sale of electricity	28,953,254	27,646,607
Sale of heat	1,722,278	1,576,348
Sale of coal	744,245	214,325
	31,419,777	29,437,280

5. INVESTMENT INCOME

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Dividend income from unlisted securities	—	4,304
Dividend income from available-for-sale financial assets	1,897	—
Others	—	3
	1,897	4,307

6. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Interest on loans and other financial liabilities	3,383,913	3,692,551
Less: interest capitalised	(311,043)	(530,919)
	3,072,870	3,161,632
Net foreign exchange (gain)/loss	(32,794)	15,688
Other finance costs	7,127	7,071
	3,047,203	3,184,391

The borrowing costs have been capitalised at an average rate of 6.24% per annum (six months ended 30 June 2012: 6.64% per annum) for construction in progress.

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi unless otherwise indicated)

7. INCOME TAX

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current tax		
Charge for the PRC enterprise income tax for the period	626,440	139,247
Over-provision in respect of previous years	(477)	(4,957)
	625,963	134,290
Deferred taxation		
Origination and reversal of temporary differences and tax losses	23,133	(37,192)
	649,096	97,098

The charge for PRC enterprise income tax is calculated at the statutory rate of 25% (six months ended 30 June 2012: 25%) on the estimated assessable profits of the Group for the six months ended 30 June 2013 determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Company which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (six months ended 30 June 2012: 12.5% or 15%).

8. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Cost of inventories	18,888,206	21,160,438
Amortisation		
— lease prepayments	32,593	29,342
— intangible assets	65,726	67,286
Depreciation	3,559,004	2,886,800
Operating lease charges in respect of land and buildings	54,174	48,383
Government grants included in other revenue and net income	(49,032)	(105,830)
Research and development costs	1,581	7,978

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

9. OTHER COMPREHENSIVE (EXPENSE)/INCOME

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Available-for-sale equity securities		
Changes in fair value recognised during the period	(6,862)	1,146
Net deferred tax credited/(debited) to other comprehensive income	1,715	(118)
Other comprehensive (expense)/income, net of income tax	(5,147)	1,028

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2013 of RMB1,760,023,000 (six months ended 30 June 2012: RMB284,344,000) and the number of ordinary shares of 7,371,084,200 (six months ended 30 June 2012: weighted average number of ordinary shares of 6,771,084,200).

(b) Diluted earnings per share

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the six months ended 30 June 2013 and 2012.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired items of property, plant and equipment with an aggregate cost of RMB2,723 million (six months ended 30 June 2012: RMB6,535 million), including RMB980 million (six months ended 30 June 2012: RMB5,931 million) and RMB1,708 million (six months ended 30 June 2012: RMB591 million), through transfer from construction in progress and through acquisition of a subsidiary, respectively. Items of property, plant and equipment with carrying amounts of approximately RMB26 million (six months ended 30 June 2012: approximately RMB192 million) were disposed of during the current interim period.

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi unless otherwise indicated)

12. CONSTRUCTION IN PROGRESS

The acquisition and transfer of items of construction in progress during the six months ended 30 June 2013 and 2012 are as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Addition through acquisition of subsidiaries	38,719	176,318
Additions	4,920,066	7,636,416
Transfer to property, plant and equipment	(980,475)	(5,931,141)
	4,078,310	1,881,593

13. OTHER NON-CURRENT ASSETS

	At 30 June	At 31 December
	2013	2012
	RMB'000	RMB'000
Prepayments for the proposed investments	—	436,854
Deductible VAT and other tax	885,695	865,054
Deposits for sales and leaseback transactions	113,770	112,706
Deferred difference arising from a sales and leaseback arrangement (Note (i))	448,469	454,199
Deposits on acquisition of mining rights	196,000	196,000
Other long-term receivable (Note (ii))	9,296	32,174
	1,653,230	2,096,987

Notes:

- (i) Deferred difference arising from sales and leaseback arrangements represent the deficit of sales proceeds over the carrying amounts of the assets disposed under the sales and leaseback arrangement which resulted in a finance lease. The difference is deferred and amortised as an adjustment to the depreciation of the assets over their estimated useful lives.
- (ii) Other long-term receivable is neither past due nor impaired, and the effective interest rate is 6.35% (31 December 2012: 6.35%).

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

14. TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2013	At 31 December 2012
	<i>RMB'000</i>	<i>RMB'000</i>
Trade debtors and bills receivable for sale of electricity	5,246,623	6,625,167
Trade debtors and bills receivable for sale of heat	586,783	373,699
Trade debtors and bills receivable for sale of coal	462,432	272,489
	6,295,838	7,271,355
Less: allowance for doubtful debts	(23,229)	(23,229)
	6,272,609	7,248,126

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

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

	At 30 June 2013	At 31 December 2012
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	5,984,804	7,084,415
1 to 2 years	279,252	150,063
2 to 3 years	8,553	13,648
	6,272,609	7,248,126

15. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

As at 30 June 2013, deposits, other receivables and prepayments of the Group amounting to RMB2,105 million (31 December 2012: RMB3,350 million) mainly represented prepayments for purchasing inventories and materials, deductible VAT recoverable, dividends receivable and other receivables.

16. RESTRICTED DEPOSITS

Restricted deposits mainly represent deposit at banks and a financial institution with maturity over three months and as collateral for bills payable.

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi unless otherwise indicated)

17. CASH AND CASH EQUIVALENTS

	At 30 June 2013	At 31 December 2012
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and in hand	1,139,551	1,031,799
Cash at other financial institutions	3,396,440	2,028,275
Deposits with other financial institutions with original maturity less than three months	23,000	—
	4,558,991	3,060,074

18. BORROWINGS

(a) Other loans

	At 30 June 2013	At 31 December 2012
	<i>RMB'000</i>	<i>RMB'000</i>
Due:		
Within 1 year		
— short term other loans	823,000	1,741,600
— current portion of long term other loans	1,899,410	1,645,290
	2,722,410	3,386,890
After 1 year but within 2 years	676,570	1,321,370
After 2 years but within 5 years	2,911,020	2,783,230
After 5 years	2,940,788	3,237,897
	6,528,378	7,342,497
	9,250,788	10,729,387

Other loans are borrowed from China Huadian Finance Corporation Limited ("China Huadian Finance"), an associate of the Company, fellow subsidiaries of the Company and other trust companies. Other loans bear interest rates ranging from 5.54% to 7.76% per annum as at 30 June 2013 (31 December 2012: 5.54% to 7.76% per annum), with maturities from 2013 to 2025.

All of other loans are unsecured except for amounts totaling RMB314,040,000 (31 December 2012: RMB430,140,000) in respect of certain subsidiaries, which are secured by the income stream in respect of the sale of electricity of these subsidiaries.

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

18. BORROWINGS (CONTINUED)

(b) Short-term debentures payable

On 13 March 2013, the Company issued the first tranche of super short-term debentures in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500,000,000 with a maturity period of 180 days and bears interest at 3.80% per annum. The tranche is unsecured.

On 14 March 2013, the Company issued the first tranche of short-term debentures in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB1,500,000,000 with a maturity period of 366 days and bears interest at 4.03% per annum. The tranche is unsecured.

On 17 April 2013, the Company issued the second tranche of super short-term debentures in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500,000,000 with a maturity period of 90 days and bears interest at 3.60% per annum. The tranche is unsecured.

During the current period, the Group repaid one tranche of short-term debentures and two tranches of super short-term debentures totally amounting to RMB8,000,000,000 (six months ended 30 June 2012: Nil).

(c) Long-term debentures payable

On 22 May 2013, the Company issued the first tranche of non-public private placement debentures. The debenture was unsecured 3-year bonds totaling RMB3,000,000,000 issued at par value of RMB100 each and bear interest at 4.87% per annum.

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi unless otherwise indicated)

19. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases payable as follows:

	At 30 June 2013		At 31 December 2012	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	322,315	334,652	311,480	323,419
After 1 year but within 2 years	268,629	295,260	287,047	316,230
After 2 years but within 5 years	429,621	563,861	357,738	429,582
	698,250	859,121	644,785	745,812
	1,020,565	1,193,773	956,265	1,069,231
Less: total future interest expenses		(173,208)		(112,966)
Present value of finance lease obligations		1,020,565		956,265

For the six months ended 30 June 2013, the Group entered into one new agreement with a leasing company to sell certain of the Group's facilities to the leasing company and leaseback the facilities for 8 years. The Group has an option to purchase these facilities at a nominal price of RMB1 at the end of the lease period. As at 30 June 2013, the carrying amounts of the facilities held under finance lease included in property, plant and equipment and intangible assets amounted to RMB1,167,884,000 and RMB290,540,000 (31 December 2012: RMB1,003,795,000 and RMB299,002,000), respectively.

20. TRADE CREDITORS AND BILLS PAYABLE

As at 30 June 2013 and 31 December 2012, trade creditors and bills payable with ageing within 1 year based on invoice date accounted for approximately 90% of the total trade creditors and bills payable.

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

21. OTHER PAYABLES

	At 30 June 2013	At 31 December 2012
	RMB'000	RMB'000
Financial liabilities		
— Quality guarantee deposits	1,172,052	1,243,762
— Consideration payables on acquisitions	918,697	394,857
— Payables for mining rights	33,000	—
— Interest payables	427,637	602,853
— Wages payable	297,865	109,538
— Payables for installed capacity quota	277,686	277,686
— Payables for sewage charges	161,904	88,986
— Dividend payables to non-controlling interests	134,078	14,319
— Current portion of long-term payables (Note (i))	630,475	808,233
— Others (Note (ii))	1,183,124	847,151
	5,236,518	4,387,385
Other tax payables	319,273	458,444
Receipts in advance	228,905	925,907
	5,784,696	5,771,736

Notes:

- (i) Current portion of long-term payables mainly represents the current portion of the default bank loans undertaken by a subsidiary under guarantee agreements.
- (ii) Others mainly include payables on service fees, rental and other miscellaneous items.

22. DIVIDENDS

- (a) During the current interim period, a final dividend of RMB0.065 per share in respect of the year ended 31 December 2012 (six months ended 30 June 2012: Nil) was declared to the equity shareholders of the Company, which has not been paid as at the end of reporting period. The aggregate amount of the final dividend declared amounted to RMB479,120,000 (six months ended 30 June 2012: Nil).
- (b) The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

23. CAPITAL COMMITMENTS

The Group had capital commitments as at 30 June 2013 and 31 December 2012 as follows:

	At 30 June 2013	At 31 December 2012
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted for but not provided in the condensed consolidated financial statements		
— Development of power plants	11,618,021	12,129,457
— Investments	—	1,156,696
— Improvement projects and others	535,979	205,017
	12,154,000	13,491,170
Authorised but not contracted for		
— Development of power plants	22,557,669	28,649,812
— Improvement projects and others	1,182,571	574,866
	23,740,240	29,224,678
	35,894,240	42,715,848

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

24. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2013	2012
	RMB'000 (unaudited)	RMB'000 (unaudited)
Investing activities		
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	(5,825,039)	(7,795,495)
Cash received for the upfront connection and installation fees for heating networks	96,542	67,576
Proceeds from sale of property, plant and equipment	17,627	228,558
Net cash outflow for the acquisition of subsidiaries in current period (Note 26)	(424,810)	(330,708)
Payment for the acquisition of subsidiaries in prior period	(3,000)	(1,123,521)
Settlement/(prepayment) for proposed investments	147,680	(56,448)
Payment for additional investment in associates	(228,192)	(66,335)
Interest received	26,800	33,625
Decrease in restricted deposits	4,445	65,000
Cash received from disposal of associates in current period	—	46,331
Cash received from disposal of associates in prior period	820,915	3,415
Dividends received	94,183	70,540
Other investing activities	20,133	54,757
Net cash used in investing activities	(5,252,716)	(8,802,705)
Financing activities		
Proceeds from shares issued	—	1,829,084
Proceeds from borrowings	27,449,502	43,918,024
Repayment of borrowings	(29,948,161)	(36,547,881)
Payment for the acquisition of non-controlling interests	(44,952)	—
Capital injection from non-controlling interests	540,610	96,590
Dividends paid to non-controlling interests	(79,214)	(6,473)
Other financing activities	27,890	76,232
Net cash (used in)/generated from financing activities	(2,054,325)	9,365,576

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi unless otherwise indicated)

25. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders, fellow subsidiaries and associates

Shareholders, fellow subsidiaries and associates that had material transactions with the Group are as follows:

Name of related parties	Nature of relationship
China Huadian Corporation ("China Huadian")	Parent company of the Company
Shandong International Trust Corporation ("SITC")	A shareholder with significant influence over the Company
China Huadian Engineering (Group) Corporation and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Co. Ltd	A fellow subsidiary of the Company
China Huadian Group Capital Holdings Limited	A fellow subsidiary of the Company
CHD Power Plant Operation Co., Ltd.	A fellow subsidiary of the Company
Huadian Tendering Co., Ltd.	A fellow subsidiary of the Company
China Fortune International Trust Co., Ltd.	A fellow subsidiary of the Company
Huadian New Energy Development Company Limited	A fellow subsidiary of the Company
Fujian Huadian Kemen Phase II Power Generation Company Limited	A fellow subsidiary of the Company
Anhui Huadian Lu'an Power Generation Company Limited	A fellow subsidiary of the Company
Shanghai Huadian Power Development Generation Company Limited	A fellow subsidiary of the Company
Huadian Hubei Power Generation Company Limited	A fellow subsidiary of the Company
Huadian Sichuan Power Company Limited	A fellow subsidiary of the Company
Sichuan Huayingshan Longtan Coal Company Limited ("Longtan Coal Company")	An associate of the Group
Ningxia Power Company (Group) Limited ("Ningxia Power Company") (Note i)	An associate of the Group
Huadian Coal Industry Group Company Limited	An associate of the Group
Beijing Anfu Real Estate Development Co., Ltd.	An associate of the Group
Huadian Technology & Trade Co., Ltd.	An associate of the Group
Ningxia Yinxing Coal Company Limited	An associate of the Group
Datang Derong Tangdian Hydropower Development Company Limited	An associate of the Group
China Huadian Finance	An associate of the Group
Baoding Huacheng Residual Thermal Power Generation Company Limited	An associate of the Group
Hebei Tianwei-huarui Electric Company Limited	An associate of the Group
Shanxi Huasheng Tongpei Coal Sales Company Limited	An associate of the Group
Hebei Xibaipo Second Power Generation Company Limited	An associate of the Group
Linfen City Changfa Coal Coke Company Limited	An associate of the Group
Ningxia Ningdong Railway Corporation Limited	An associate of the Group
Otog Front Banner Changcheng Mine Company Limited	An associate of the Group
Inner Mongolia Fucheng Mining Company Limited	An associate of the Group
Sichuan Zhongxing Electric Power Development Company Limited ("Zhongxing Company") (Note iii)	An associate of the Group
Shuozhou Tong-coal Wantongyuan Coal Transportation and Sales Company Limited	An associate of the Group
Datang Xiangcheng Tangdian Hydropower Development Company Limited	An associate of the Group
Huadian Jinshajiang Upstream Hydropower Development Co., Ltd.	An associate of the Group

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with shareholders, fellow subsidiaries and associates (continued)

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the six months ended 30 June 2013 and 2012:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
<i>Sale of electricity to</i> A fellow subsidiary	31,340	27,285
<i>Purchase of electricity from</i> An associate	26,391	—
<i>Purchase of coal from</i> A fellow subsidiary	66,385	69,865
Associates	1,167,775	1,272,282
<i>Purchase of quota service from</i> A fellow subsidiary	—	2,250
<i>Sale of installed capacity quota to</i> A fellow subsidiary	—	50,000
<i>Purchase of construction service and</i> <i>equipment from</i> Fellow subsidiaries	207,699	166,737
<i>Loans obtained from</i> China Huadian and SITC	16,035	621,840
An associate	890,000	3,435,000
<i>Loans repaid to</i> China Huadian and SITC	101,000	727,080
An associate	2,456,090	3,580,460
A fellow subsidiary	1,000	101,000
<i>Proceeds obtained under sales and</i> <i>leaseback arrangements from</i> An associate	—	200,000

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)
(Expressed in Renminbi unless otherwise indicated)

25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with shareholders, fellow subsidiaries and associates (continued)

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
<i>Lease payment under sales and leaseback transaction to</i>		
An associate	32,156	1,483
<i>Interest expenses to</i>		
China Huadian and SITC	75,826	97,464
An associate	180,833	215,880
Fellow subsidiaries	17,379	21,021
<i>Interest income from</i>		
Associates	18,225	18,564
<i>Repair and maintenance service income from</i>		
Fellow subsidiaries	1,415	2,042
<i>Rental and property management service expenses to</i>		
Associates	28,664	28,995
A fellow subsidiary	432	—
<i>Guarantee service expenses to</i>		
An associate	—	1,500
<i>Other services expenses to</i>		
Associates	40,866	49,995
Fellow subsidiaries	11,970	28,234
<i>Capital investment in</i>		
Associates	150,192	66,335

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

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25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with shareholders, fellow subsidiaries and associates (continued)

The balances due from/(to) shareholders, fellow subsidiaries and associates are as follows:

	At 30 June 2013	At 31 December 2012
	RMB'000	RMB'000
<i>Construction in progress-construction and construction material prepayments</i>		
Fellow subsidiaries	348,464	252,866
<i>Trade debtors and bills receivable</i>		
A fellow subsidiary	—	2,010
<i>Deposits, other receivables and prepayments</i>		
Associates	158,881	464,400
Fellow subsidiaries	8,548	11,894
<i>Cash and cash equivalents and restricted deposits</i>		
Deposits with an associate	3,433,240	2,028,275
<i>Other loans</i>		
An associate	(5,092,415)	(6,658,505)
Fellow subsidiaries	(496,000)	(497,000)
<i>Trade creditors and bills payable</i>		
Fellow subsidiaries	(356,098)	(373,190)
Associates	(198,813)	(69,394)
<i>Other payables</i>		
Associates	(1,295)	(10,045)
A fellow subsidiary	(300,732)	(302,833)
<i>Obligation under finance leases</i>		
An associate	(202,500)	(227,500)

Notes:

- (i) At 30 June 2013, Sichuan Guang'an Power Generation Company Limited, a subsidiary of the Group, provided guarantees to banks for loans granted to Longtan Coal Company amounting to RMB100,917,000 (31 December 2012: RMB163,577,000); Ningxia Zhongning Power Generation Company Limited, a subsidiary of the Group, provided guarantees to banks for loans granted to Ningxia Power Company amounting to RMB25,110,000 (31 December 2012: RMB25,110,000). The Group have disposed all of its interest in Ningxia Power Company in 2012.
- (ii) At 30 June 2013, China Huadian provided guarantee to banks for loans granted to the Group amounting to RMB3,193,929,000 (31 December 2012: RMB3,202,648,000).
- (iii) In 2012, the Group disposed of all its interests in Zhongxing Company.

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

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25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with key management personnel

Remuneration for key management personnel, including amounts paid to the Company's directors and supervisors is as follows:

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Salaries and other emoluments	391	386
Retirement benefits	175	157
Bonuses	1,325	1,368
	1,891	1,911

(c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. As at 30 June 2013 and 31 December 2012, there was no material outstanding contribution to post-employment benefit plans.

(d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of the Group ("other government-related entities"). The majority of the business activities of the Group are conducted with other government-related entities.

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group's business within normal business operations. The Group has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

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25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions with other government-related entities in the PRC (continued)

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the condensed consolidated financial statements, the directors of the Company believe that the following transactions are collectively significant to disclose:

— sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the six months ended 30 June 2013, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 95% of its sale of electricity.

— depositing and borrowing

The Group deposits most of its cash in government-related financial institutions, and also obtains most of short-term and long-term loans from these banks in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

— other transactions

Other collectively significant transactions with other government-related entities also included a large portion of fuel purchases, and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

(e) Commitment with related parties

Commitment with related parties is as follows:

	At 30 June 2013	At 31 December 2012
	RMB'000	RMB'000
Capital commitment	143,412	225,789
Commitment on properties rental and management fees	86,280	115,376

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26. ACQUISITION OF A SUBSIDIARY

Acquisition of Inner Mongolia Huatong Ruisheng Energy Company Limited (“Huatong Ruisheng”)

On 25 March 2013, the Group acquired certain assets through acquisition of 90% interest in Huatong Ruisheng from independent third parties for a consideration of RMB1,320,315,000. Huatong Ruisheng is principally engaged in the production and sale of coal in Inner Mongolia in the PRC.

As at the date of acquisition, Huatong Ruisheng has not yet commenced operation and its production facility was still under construction. As it did not constitute a business under IFRS 3 *Business Combinations*, the acquisition was accounted for as acquisition of assets and liabilities.

The fair value of net assets acquired are as follows:

	RMB'000
Property, plant and equipment	1,707,692
Construction in process	38,719
Deposits, other receivables and prepayments	29,593
Cash and cash equivalents	1,491
Other loans	(63,000)
Other payables	(247,478)
	<hr/>
Net assets acquired	1,467,017
Less: Non-controlling interests	(146,702)
	<hr/>
Total consideration	1,320,315
	<hr/> <hr/>
Satisfied by:	
Cash	426,301
Consideration paid, which has been accounted for as other non-current assets as at 31 December 2012	289,174
Consideration payable, which has been accounted for as other payables as at 30 June 2013	604,840
	<hr/>
	1,320,315
	<hr/> <hr/>
Net cash outflow arising from acquisition	
Cash consideration paid	426,301
Less: Cash and cash equivalents acquired	(1,491)
	<hr/>
	424,810
	<hr/> <hr/>

Notes To The Condensed Consolidated Financial Statements (Continued)

(Prepared under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

27. CONTINGENT LIABILITIES

Inner Mongolia Haoyuan Coal Company Limited (“Haoyuan Company”) is a subsidiary acquired by the Group on 30 September 2011. As at 30 June 2013, Haoyuan Company was the defendant in certain lawsuits for events incurred before the acquisition date. While the above litigations were in progress up to the end of current reporting period and its final outcomes cannot be determined at present, the directors of the Company considered that the outcome of these litigations will not result in significant adverse effect on the financial position and operating results of the Group.

As at 30 June 2013, details of guarantees provided by the Group are set out in Note 25(a).

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group’s financial assets that are measured at fair value on a recurring basis

Some of the Group’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2013	31 December 2012		
Listed equity securities classified as <i>Other investments-listed available-for-sale equity securities</i> in the condensed consolidated statement of financial position	7,886,010 shares of the Bank of Communications Co., Ltd. — RMB32,096,000	7,886,010 shares of the Bank of Communications Co., Ltd. — RMB38,958,000	Level 1	Quoted bid prices in an active market

During the reporting period there is no transfer between instruments in Level 1 and Level 2.

Notes To The Condensed Consolidated Financial Statements (Continued)

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28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values:

	At 30 June 2013		At 31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	1,059,649	1,095,392	1,079,760	1,083,012
Loans from shareholders	2,838,057	2,866,442	2,822,023	2,849,842
State loans	114,034	84,548	121,758	98,073
Other loans	69,000	71,618	69,500	75,503
Long-term debentures payable	13,534,498	13,538,959	10,673,307	10,653,996

29. LIQUIDITY RISK MANAGEMENT

The Group expose to liquidity risks which arising in the normal course of the Group's business. The financial risk management policies and practices used by the Group to manage the risks are described below.

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

At the end of reporting period, the Group had net current liabilities of RMB43,458,290,000 (31 December 2012: RMB39,253,754,000). With regards to its future capital commitments and other financing requirements, the Group has unutilised banking facilities of RMB80.8 billion as at 30 June 2013.

Consolidated Balance Sheet And Balance Sheet (Unaudited)

At 30 June 2013

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000)

Item	Note	The Group		The Company	
		30 June 2013	31 December 2012	30 June 2013	31 December 2012
Current assets					
Cash at bank and on hand	V. 1	4,597,031	3,102,559	937,889	747,136
Bills receivable	V. 2	609,363	634,417	—	—
Trade receivables	V. 3; X. 1	5,663,246	6,613,709	715,127	801,032
Prepayments	V. 5	716,400	928,111	291,148	148,651
Other receivables	V. 4; X. 2	546,498	1,401,057	8,217,812	7,162,580
Inventories	V. 6	3,234,112	3,383,132	453,178	295,418
Dividends receivable		2,986	66,940	148,886	78,431
Non-current assets due within one year	V. 9	37,677	42,094	—	—
Other current assets	V. 7	872,329	986,754	162,911	139,304
Total current assets		16,279,642	17,158,773	10,926,951	9,372,552
Non-current assets					
Available-for-sale financial assets	V. 8	32,096	38,958	—	—
Long-term receivables	V. 9; X. 3	123,066	144,880	433,728	414,947
Long-term equity investments	V. 10; X. 4	10,673,471	10,304,950	38,793,304	36,501,622
Fixed assets	V. 11	104,420,316	106,881,257	7,644,147	8,070,992
Construction in progress	V. 12	13,843,178	11,670,930	1,014,634	800,635
Construction materials	V. 13	150,988	13,631	609	—
Construction and construction material prepayments		3,410,159	1,741,454	474,924	291,570
Intangible assets	V. 14	14,937,364	13,427,253	118,914	123,309
Goodwill	V. 15	873,186	873,186	12,111	12,111
Deferred tax assets	V. 16	332,447	363,770	—	—
Other non-current assets	V. 17	1,530,164	1,952,107	788	385,174
Total non-current assets		150,326,435	147,412,376	48,493,159	46,600,360
Total assets		166,606,077	164,571,149	59,420,110	55,972,912

Consolidated Balance Sheet And Balance Sheet (Unaudited) (Continued)

At 30 June 2013

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000)

Item	Note	The Group		The Company	
		30 June 2013	31 December 2012	30 June 2013	31 December 2012
Current liabilities					
Short-term loans	V. 20	17,508,370	19,491,832	8,462,870	9,190,790
Bills payable	V. 21	299,001	449,120	—	—
Trade payables	V. 22	10,895,054	8,844,820	733,879	253,778
Receipts in advances	V. 23	228,905	925,907	2,100	20,888
Wages payable	V. 24	297,865	109,538	71,596	23,340
Taxes payable	V. 25	489,394	689,469	23,426	87,325
Interest payable	V. 26	427,637	602,853	214,039	350,931
Dividends payable		613,198	14,319	479,120	—
Other payables	V. 27	3,747,523	2,853,502	1,339,508	879,844
Short-term debentures payable	V. 28	12,176,508	11,664,380	12,176,508	11,664,380
Non-current liabilities due within one year	V. 29	13,054,477	10,766,787	2,914,185	948,439
Total current liabilities		59,737,932	56,412,527	26,417,231	23,419,715
Non-current liabilities:					
Long-term loans	V. 30	59,044,577	64,173,923	3,989,420	4,729,414
Debentures payable	V. 31	11,848,324	10,352,593	11,848,324	10,352,593
Long-term payables	V. 32	1,285,954	1,319,670	—	—
Special payables		10,839	12,223	5,656	5,656
Deferred tax liabilities	V. 16	2,648,481	2,652,423	46,121	46,121
Other non-current liabilities	V. 33	2,086,754	2,002,894	21,040	21,314
Total non-current liabilities		76,924,929	80,513,726	15,910,561	15,155,098
Total liabilities		136,662,861	136,926,253	42,327,792	38,574,813

Consolidated Balance Sheet And Balance Sheet (Unaudited) (Continued)

At 30 June 2013

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000)

Item	Note	The Group		The Company	
		30 June 2013	31 December 2012	30 June 2013	31 December 2012
Shareholders' equity:					
Share capital	V. 34	7,371,084	7,371,084	7,371,084	7,371,084
Capital reserve	V. 35	5,742,003	5,749,735	5,487,469	5,488,119
Specific reserve	V. 36	98,625	40,876	35,236	408
Surplus reserve	V. 37	1,554,113	1,554,113	1,554,113	1,554,113
Retained earnings	V. 38	5,759,687	4,586,124	2,644,416	2,984,375
Total equity attributable to equity shareholders of the Company		20,525,512	19,301,932	17,092,318	17,398,099
Minority interests		9,417,704	8,342,964	—	—
Total shareholders' equity		29,943,216	27,644,896	17,092,318	17,398,099
Total liabilities and shareholders' equity		166,606,077	164,571,149	59,420,110	55,972,912

These financial statements were approved by the Board of Directors on 21 August 2013.

Yun Gongmin
Legal representative

Chen Cunlai
The person in charge
of accounting affairs

Wang Huiping
The head of the
accounting department

The notes on pages 58 to 197 form part of these financial statements.

Consolidated Income Statement And Income Statement (Unaudited)

For the six months ended 30 June 2013
(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000)

Item	Note	The Group		The Company	
		For six months ended 30 June		For six months ended 30 June	
		2013	2012	2013	2012
Operating income	V. 39; X. 5	31,599,702	29,557,919	4,200,628	4,669,356
Less: Operating costs	V. 39; X. 5	24,726,608	25,728,448	3,567,601	4,139,815
Sales taxes and surcharges	V. 40	212,595	111,504	44,263	25,907
Administrative expenses	V. 41	938,092	756,197	214,703	197,298
Finance expenses	V. 42	3,020,403	3,150,766	754,368	939,250
Add: Investment income	V. 43; X. 6	202,002	404,782	514,899	325,415
Including: income from investment in associates		200,105	400,475	73,076	312,555
Operating profit / (loss)		2,904,006	215,786	134,592	(307,499)
Add: Non-operating income	V. 44	96,283	271,796	4,635	8,374
Less: Non-operating expenses	V. 45	68,304	7,182	66	220
Including: losses on disposal of non-current assets		4,803	266	12	189
Total profit/(loss)		2,931,985	480,400	139,161	(299,345)
Less: Income tax expenses	V. 46	655,059	99,267	—	—
Net profit/(loss)		2,276,926	381,133	139,161	(299,345)
Attributable to:					
Equity shareholders of the Company		1,694,576	269,940	139,161	(299,345)
Minority interests		582,350	111,193	—	—

Consolidated Income Statement And Income Statement (Unaudited) (Continued)

For the six months ended 30 June 2013

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000)

Item	Note	The Group		The Company	
		For six months ended 30 June		For six months ended 30 June	
		2013	2012	2013	2012
Earnings per share (RMB):					
Basic earnings per share	V. 47	0.230	0.040	n/a	n/a
Diluted earnings per share	V. 47	0.230	0.040	n/a	n/a
Add: Other comprehensive income/(loss)	V. 48	(5,147)	1,028	—	610
Total comprehensive income		2,271,779	382,161	139,161	(298,735)
Attributable to:					
Equity shareholders of the Company		1,689,429	270,945	139,161	(298,735)
Minority interests		582,350	111,216	—	—

These financial statements were approved by the Board of Directors on 21 August 2013.

Yun Gongmin
Legal representative

Chen Cunlai
The person in charge
of accounting affairs

Wang Huiping
The head of the
accounting department

The notes on pages 58 to 197 form part of these financial statements.

Consolidated Cash Flow Statement And Cash Flow Statement (Unaudited)

For the six months ended 30 June 2013
(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000)

Item	Note	The Group		The Company	
		For six months ended 30 June 2013	2012	For six months ended 30 June 2013	2012
I. Cash flow from operating activities					
Cash received from sale of goods and rendering of services		37,048,278	34,279,053	4,916,918	5,507,442
Refund of taxes		5,948	778	—	—
Cash received relating to other operating activities	V. 49(1)	466,158	196,366	98,577	46,196
Sub-total of cash inflow from operating activities		37,520,384	34,476,197	5,015,495	5,553,638
Cash paid for goods and services		(19,876,556)	(25,051,461)	(2,982,278)	(4,508,650)
Cash paid to and for employees		(1,452,157)	(1,168,234)	(336,559)	(275,195)
Cash paid for all types of taxes		(2,957,270)	(1,624,803)	(427,139)	(300,526)
Cash paid relating to other operating activities	V. 49(2)	(945,106)	(1,327,997)	(188,565)	(602,246)
Sub-total of cash outflow from operating activities		(25,231,089)	(29,172,495)	(3,934,541)	(5,686,617)
Net cash flow from operating activities	V. 50(1); X. 7	12,289,295	5,303,702	1,080,954	(132,979)
II. Cash flow from investing activities					
Cash received from disposal of investments		820,915	49,746	2,227,915	41,334
Cash received for the upfront connection and installation fees for heating networks		96,542	67,576	—	—
Cash received from return on investments		94,183	70,540	397,067	42,848
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		17,627	228,558	49	3,953
Cash received relating to other investing activities	V. 49(3)	235,088	155,378	138,709	17,527
Sub-total of cash inflow from investing activities		1,264,355	571,798	2,763,740	105,662

Consolidated Cash Flow Statement And Cash Flow Statement (Unaudited) (Continued)

For the six months ended 30 June 2013

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000)

Item	Note	The Group		The Company	
		For six months ended 30 June 2013	2012	For six months ended 30 June 2013	2012
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(5,825,039)	(7,795,495)	(586,042)	(421,380)
Cash paid for acquisition of investments		(273,144)	(122,783)	(4,079,661)	(3,310,282)
Cash paid for acquisition of subsidiaries	V. 50(2)	(427,810)	(1,454,229)	(436,053)	(1,454,516)
Cash paid relating to other investing activities	V. 49(4)	(36,030)	(1,996)	—	—
Sub-total of cash outflow from investing activities		(6,562,023)	(9,374,503)	(5,101,756)	(5,186,178)
Net cash flow from investing activities		(5,297,668)	(8,802,705)	(2,338,016)	(5,080,516)
III. Cash flow from financing activities					
Cash received from investors		540,610	1,932,463	—	1,835,873
Including: cash received from minority shareholders of subsidiaries		540,610	96,590	—	—
Cash received from borrowings		27,449,502	43,545,904	17,666,500	25,272,072
Cash received relating to other financing activities	V. 49(5)	45,214	667,221	400	500
Sub-total of cash inflow from financing activities		28,035,326	46,145,588	17,666,900	27,108,445
Cash repayments of borrowings		(29,948,161)	(36,547,881)	(15,194,322)	(19,563,878)
Cash paid for dividends, profits distribution or interest		(3,562,551)	(3,425,073)	(1,020,593)	(786,770)
Including: dividends and profits paid to minority shareholders of subsidiaries		(79,214)	(6,473)	—	—
Cash paid relating to other financing activities	V. 49(6)	(17,324)	(225,558)	(4,170)	(15,882)
Sub-total of cash outflow from financing activities		(33,528,036)	(40,198,512)	(16,219,085)	(20,366,530)
Net cash flow from financing activities		(5,492,710)	5,947,076	1,447,815	6,741,915

Consolidated Cash Flow Statement And Cash Flow Statement (Unaudited) (Continued)

For the six months ended 30 June 2013
(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000)

Item	Note	The Group		The Company	
		For six months ended 30 June		For six months ended 30 June	
		2013	2012	2013	2012
IV. Net increase in cash and cash equivalents	V. 50(1); X. 7	1,498,917	2,448,073	190,753	1,528,420
Add: Cash and cash equivalents at the beginning of the period		3,060,074	2,111,725	747,136	421,704
V. Cash and cash equivalents at the end of the period		4,558,991	4,559,798	937,889	1,950,124

These financial statements were approved by the Board of Directors on 21 August 2013.

Yun Gongmin
Legal representative

Chen Cunlai
The person in charge
of accounting affairs

Wang Huiping
The head of the
accounting department

The notes on pages 58 to 197 form part of these financial statements.

Consolidated Statement Of Changes In Equity (Unaudited)

For the six months ended 30 June 2013

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000)

Item	Note	For six months ended 30 June 2013						
		Attributable to shareholders' equity of the Company						Total equity
		Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained profits	Minority interests	
I. Balance at the end of preceding year and the beginning of the period		7,371,084	5,749,735	40,876	1,554,113	4,586,124	8,342,964	27,644,896
II. Changes in equity for the period								
1. Net profit		—	—	—	—	1,694,576	582,350	2,276,926
2. Other comprehensive expenses		—	(5,147)	—	—	—	—	(5,147)
Sub-total of 1&2		—	(5,147)	—	—	1,694,576	582,350	2,271,779
3. Acquisition of a subsidiary		—	—	—	—	—	146,702	146,702
4. Capital injection from minority shareholders to subsidiaries		—	—	—	—	—	540,610	540,610
5. Acquisition of minority interests		—	(2,585)	—	—	(41,893)	(474)	(44,952)
6. Dividends recognised as distribution		—	—	—	—	(479,120)	—	(479,120)
7. Dividends declared to minority shareholders of subsidiaries		—	—	—	—	—	(198,973)	(198,973)
8. Appropriation for specific reserve	V. 36	—	—	69,459	—	—	6,177	75,636
9. Utilisation of specific reserve		—	—	(11,710)	—	—	(1,652)	(13,362)
III. Balance at the end of the period		7,371,084	5,742,003	98,625	1,554,113	5,759,687	9,417,704	29,943,216

Consolidated Statement Of Changes In Equity (Unaudited) (Continued)

For the six months ended 30 June 2013
(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000)

Item	Note	For six months ended 30 June 2012						
		Attributable to shareholders' equity of the Company					Minority interests	Total equity
		Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained profits		
I. Balance at the end of preceding year and the beginning of the period		6,771,084	4,607,401	3,268	1,547,510	3,175,032	7,541,855	23,646,150
Add: Adjustment of business combination involving an entity under common control		—	(4,268)	—	—	—	—	(4,268)
II. Balance at the beginning of the period (restated)		6,771,084	4,603,133	3,268	1,547,510	3,175,032	7,541,855	23,641,882
III. Changes in equity for the period								
1. Net profit		—	—	—	—	269,940	111,193	381,133
2. Other comprehensive income		—	1,005	—	—	—	23	1,028
Sub-total of 1&2		—	1,005	—	—	269,940	111,216	382,161
3. Shares issued		—	1,829,084	—	—	—	—	1,829,084
4. Capital contribution by the state		—	6,500	—	—	—	—	6,500
5. Capital injection from minority shareholders to subsidiaries		—	—	—	—	—	96,590	96,590
6. Dividends declared to minority shareholders of subsidiaries		—	—	—	—	—	(9,420)	(9,420)
7. Appropriation for specific reserve		—	—	22,151	—	—	739	22,890
8. Others		—	806	—	—	—	10	816
IV. Balance at the end of the period		6,771,084	6,440,528	25,419	1,547,510	3,444,972	7,740,990	25,970,503

These financial statements were approved by the Board of Directors on 21 August 2013.

Yun Gongmin
Legal representative

Chen Cunlai
The person in charge
of accounting affairs

Wang Huiping
The head of the
accounting department

The notes on pages 58 to 197 form part of these financial statements.

Statement Of Changes In Equity (Unaudited)

For the six months ended 30 June 2013

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000)

Item	For six months ended 30 June 2013					
	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained profits	Total equity
I. Balance at the end of preceding year and the beginning of the period	7,371,084	5,488,119	408	1,554,113	2,984,375	17,398,099
II. Changes in equity for the period						
1. Net profit	—	—	—	—	139,161	139,161
2. Other comprehensive income	—	—	—	—	—	—
Sub-total of 1&2	—	—	—	—	139,161	139,161
3. Appropriation for specific reserve	—	—	34,828	—	—	34,828
4. Dividends recognised as distribution	—	—	—	—	(479,120)	(479,120)
5. Others	—	(650)	—	—	—	(650)
III. Balance at the end of the period	7,371,084	5,487,469	35,236	1,554,113	2,644,416	17,092,318

Statement Of Changes In Equity (Unaudited) (Continued)

For the six months ended 30 June 2013
(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000)

Item	For six months ended 30 June 2012					Total equity
	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained profits	
I. Balance at the end of preceding year and the beginning of the period	6,771,084	4,400,536	—	1,547,510	2,924,949	15,644,079
II. Changes in equity for the period						
1. Net loss	—	—	—	—	(299,345)	(299,345)
2. Other comprehensive income	—	610	—	—	—	610
Sub-total of 1&2	—	610	—	—	(299,345)	(298,735)
3. Shares issued	—	1,829,084	—	—	—	1,829,084
4. Business combination involving an entity under common control	—	(4,268)	—	—	—	(4,268)
5. Appropriation for specific reserve	—	—	17,986	—	—	17,986
6. Capital contribution by the state	—	6,500	—	—	—	6,500
7. Others	—	759	—	—	—	759
III. Balance at the end of the period	6,771,084	6,233,221	17,986	1,547,510	2,625,604	17,195,405

These financial statements were approved by the Board of Directors on 21 August 2013.

Yun Gongmin
Legal representative

Chen Cunlai
The person in charge
of accounting affairs

Wang Huiping
The head of the
accounting department

The notes on pages 58 to 197 form part of these financial statements.

Notes To The Financial Statements (Unaudited)

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

I. COMPANY STATUS

Huadian Power International Corporation Limited (hereinafter referred to as the "Company") is a joint stock company limited by shares established in Jinan, Shandong Province, the People's Republic of China (the "PRC") on 28 June 1994 and has its head office at No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC. Its parent and ultimate holding company is China Huadian Corporation ("China Huadian").

The Company is a joint stock company limited by shares pursuant to the approval document (Ti Gai Sheng [1994] No. 76 — Reply on the approval for the establishment of Shandong International Power Development Company Limited) issued by the former State Commission for Economic Restructuring of the PRC. The Company had a registered share capital of RMB3,825,056,200, divided into 3,825,056,200 ordinary shares of RMB1 each. At the same date, the Company's joint promoters, namely Shandong Electric Power (Group) Corporation ("SEPCO"), Shandong International Trust Corporation ("SITC"), Shandong Luneng Development (Group) Company Limited, China Power Trust and Investment Company Limited and Zaozhuang City Infrastructure Investment Company, injected all assets (except parcels of land) and liabilities, together with certain construction in progress, of two power plants in Zouxian and Shiliquan of Shandong Province into the Company. In return, these joint promoters were being allotted the entire share capital mentioned above.

Pursuant to the document (Zheng Jian Fa [1998] No. 317) issued by the Securities Commission of the State Council on 15 December 1998, the Company was authorised to issue H shares and its registered share capital had been increased to 5,256,084,200 ordinary shares of RMB1 each, comprising of 3,825,056,200 domestic shares and 1,431,028,000 H shares. The Company's 1,431,028,000 H shares were successfully listed on The Stock Exchange of Hong Kong Limited in June 1999.

The Company changed its name from "Shandong International Power Development Company Limited" to "Huadian Power International Corporation Limited" pursuant to a resolution passed on the general meeting held on 24 June 2003. On 1 November 2003, the Company obtained a new business licence for body corporate (Qi Gu Lu Zong Zi No. 003922).

In January 2005, the Company was approved by China Securities Regulatory Commission, with Zheng Jian Fa Xing Zi [2005] No. 2, to issue 765,000,000 RMB ordinary shares with par value of RMB1 each. As a result, the registered capital of the Company was increased to RMB6,021,084,200. The RMB ordinary shares include 196,000,000 unlisted domestic shares. The remaining 569,000,000 A shares were listed on the Shanghai Stock Exchange on 3 February 2005. On 11 May 2005, the Company obtained a new business licence for body corporate regarding the new registered capital.

Pursuant to a resolution passed on the general meeting held on 30 June 2008, legal representative of the Company was changed to Yun Gongmin and a renewed business licence for body corporate (370000400001274) was obtained on 7 July 2008.

Pursuant to Guo Zi Chan Quan [2006] No.700 "Notice on Approval of the Share Reform of Huadian Power International Corporation Limited" issued by the State-owned Assets Supervision and Administration Commission of the State Council, the Company implemented a share reform (the "Share Reform") on 28 July 2006. All holders of non-circulating shares transferred 3 shares for every 10 shares held by the registered holders of circulating A shares as at the book closing date of the implementation of the Share Reform (28 July 2006) as consideration, totalling 170,700,000 shares. The totalling 3,850,356,200 original domestic shares held by the original domestic shareholders are circulated as at 6 August 2009.

In November 2009, the Company was approved by China Securities Regulatory Commission, with Zheng Jian Xu Ke [2009] No. 1071, to issue 750,000,000 RMB ordinary shares with par value of RMB1 each. The registered capital of the Company was increased to RMB6,771,084,200. The Company completed the non-public issue on 1 December 2009.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000 Unless Otherwise Indicated)

I. COMPANY STATUS (CONTINUED)

In June 2012, the Company was approved by China Securities Regulatory Commission, with Zheng Jian Xu Ke [2012] No. 263, to issue 600,000,000 RMB ordinary shares with par value of RMB1 each to target subscribers. The Company completed the non-public issue on 4 July 2012. 60,000,000 shares of total shares issued shall not be transferred within 36 months from the date of completion of the non-public issue, while the rest 540,000,000 shares shall not be transferred within 12 months from the date of completion. As at 30 June 2013, the Company has obtained new business licence with the updated register capital of RMB7,371,084,200.

All A shares and H shares of the Company rank *pari passu* in all material respects.

The Company and its subsidiaries (the "Group") are principally engaged in power generation, heat supply, coal sales and other related activities, as well as technical and information consulting services related to power businesses. Electricity generated is mainly transmitted to power grid companies of provinces in which the power plants are located.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation of financial statements

The financial statements have been prepared on the basis of going concern.

2. Statement of compliance

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises — Basic Standard" and 38 Specific Standards issued by the Ministry of Finance (MOF) of the PRC on 15 February 2006, and application guidance, bulletins and other relevant accounting regulations issued subsequently (collectively referred to as "Accounting Standards for Business Enterprises" or "CAS"). These financial statements present truly and completely the Company's and the consolidated financial position as at 30 June 2013, and the Company's and the consolidated financial result of operation and the Company's and consolidated cash flows for the six months ended 30 June 2013.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2010.

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

3. Accounting period

The accounting year of the Group is from 1 January to 31 December. The financial statement is the six months period from 1 January 2013 to 30 June 2013.

4. Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Accounting treatments for a business combination involving enterprises under and those not under common control

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, any excess is adjusted to retained profits. Any costs directly attributable to the combination are recognised in profit or loss for the current year when occurred. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(2) Business combinations not involving enterprises under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.17). Where 1) is less than 2), the difference is recognised in profit or loss for the current year. Other acquisition-related costs arising from the business combination are recognised as expenses in the year in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

6. Preparation of consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (continued)

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. Therefore the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amounts, from the date that common control was established.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

For a business combination not involving enterprises under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current year; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current year.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet. If the credit balance of capital reserve (share premium) is insufficient, any excess is adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, minority interests and other related items in shareholders' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognised as investment income for the current year when control is lost.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item. Comprehensive income attributable to minority shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the minority interests.

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (continued)

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

7. Recognition criteria of cash and Cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8. Translation of foreign currency transactions

When the Group receives capital in foreign currencies from investors, the capital is translated to renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to renminbi at the spot exchange rates at the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are recognised in profit or loss, except those arising from the principals and interests on foreign currency borrowings specifically for the purpose of acquisition, construction of qualifying assets (see Note II. 15). Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to renminbi using the foreign exchange rate at the transaction date.

9. Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than long-term equity investments (see Note II. 12), receivables, payables, loans and borrowings, debentures payable and share capital, etc.

(1) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

(1) Recognition and measurement of financial assets and financial liabilities (continued)

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is a derivative.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as receivables by the Group include bills receivables, trade receivables, interest receivable, dividends receivable, and other receivables.

Subsequent to initial recognition, receivables are subsequently stated at amortised cost using the effective interest method.

- Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortised cost using the effective interest method.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

(1) Recognition and measurement of financial assets and financial liabilities (continued)

— Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sales and other financial assets which do not fall into any of the above categories.

Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein, except for impairment losses and exchange differences related to amortised cost of monetary financial assets denominated in foreign currencies are recognised in profit or loss, are recognised as other comprehensive income in capital reserve. When an investment is derecognised, the cumulative gain or loss is reclassified from equity to profit or loss. Dividend income from the available-for-sale equity instruments is recognised in profit or loss when the investee declares the dividends. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss (see Note II. 20(4)).

— Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingencies (see Note II.19).

Except for the liabilities arising from financial guarantee contracts described above, subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

(2) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet, and are not offset. However, financial assets and financial liabilities are offset and the net amount presented in the balance sheet when both of the following conditions are satisfied:

- the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(3) Determination of fair values

If there is an active market for a financial asset or financial liability, the quoted price in the active market is used to establish the fair value of the financial asset or financial liability.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, etc. The Group calibrates the valuation technique and tests it for validity periodically.

(4) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria of the derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged, cancelled or expires.

When the Group derecognises a financial liability (or part of it), it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (continued)

(5) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes but is not limited to:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (d) the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;
- (e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the obligor operates, and indicates that the cost of an investment in an equity instrument may not be recovered;
- (f) a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note II. 10. The impairment of other financial assets is measured as follows:

— Held-to-maturity investments

Held-to-maturity investments are assessed for impairment on an individual basis. An impairment loss in respect of a held-to-maturity investment is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit.

If, after an impairment loss has been recognised on held-to-maturity investments, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. *Financial instruments (continued)*

(5) Impairment of financial assets (continued)

— Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in shareholders' equity is reclassified to profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income and included in the capital reserve.

(6) Equity instruments

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company.

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity.

10. *Impairment of receivables*

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting present economic conditions.

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories

(1) Categories of inventories

Inventories include coal, fuel oil, stalk, materials, components and spare parts.

(2) Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

(3) Basis for determining the net realisable value of inventories and provision methods for decline in value of inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. The net realisable value of materials held for use in the production of inventories is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales contracts is based on the contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Group, the net realisable value of the excess portion of inventories shall be based on general selling prices.

Any excess of the cost over the net realisable value of each category of inventories is recognised as a provision for diminution in the value of inventories, and is recognised in profit or loss.

(4) Inventory count system

The perpetual inventory system is maintained for stock system.

(5) Amortisation method for low cost and short-lived consumable items

Low cost and short-lived consumable items is amortised in full when received for use. The amounts of the amortisation are included in the cost of the related assets or profit or loss.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments

- (1) Determination of investment cost
 - (a) Long-term equity investments acquired through a business combination
 - The initial investment cost of a long-term equity investment obtained through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.
 - For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial investment cost comprises the aggregate of the fair value of assets transferred and liabilities incurred or assumed by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving enterprises under common control and achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and additional investment cost at the acquisition date.
 - (b) Long-term equity investments acquired other than through a business combination
 - A long-term equity investment acquired other than through a business combination is initially recognised at the actual consideration paid if the Group acquires the investment by cash.
- (2) Subsequent measurement and recognition of profit or loss

- (a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note II. 6.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(CONTINUED)

12. Long-term equity investments (continued)

(2) Subsequent measurement and recognition of profit or loss (continued)

(b) Investment in associates

An associate is an enterprise over which the Group has significant influence (see Note II. 12(3)).

An investment in an associate is accounted for using the equity method for subsequent measurement.

The Group makes the following accounting treatments when using the equity method:

- Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss, as investment income or losses, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group.
- The Group recognises its share of the investee's net profits or losses after making adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses resulting from transactions between the Group and its associates are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)
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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (continued)

(2) Subsequent measurement and recognition of profit or loss (continued)

(b) Investment in associates (continued)

- The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses not recognised.
- When the Group's interest in an associate is reduced resulting from partly disposal or a dilution (while maintaining the original significant influence and continuing using equity method to account for the associate), the Group recognises a dilution gain or loss in profit or loss which is equivalent to the difference between the carrying amounts of the investment in the associate, immediately before and after the transaction that resulted in the dilution. The carrying amount of the investment in the associate after the transaction is determined by multiplying the new (reduced) ownership interest in the associate by the amount of net assets after the transaction. The reduction of the equity interests is regarded as a disposal of the interest in that associate.
- The Group adjusts the carrying amount of the long-term equity investment for changes in owners' equity of the investee other than those arising from net profits or losses, and recognises the corresponding adjustment in shareholders' equity.

(c) Other long-term equity investments

Other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured.

Other long-term equity investments are accounted for subsequently using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (continued)

- (3) Basis for determining the existence of joint control or significant influence over an investee

Joint control is the contractual agreed sharing of control over an investee's economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing the control. The following evidence are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single investor is in a position to control the investee's operating activities unilaterally;
- Whether strategic decisions relating to the investee's main operating activities require the unanimous consent of all investors;
- If one investor is appointed, through contract or agreement by all investors, to manage the investee's daily activities, whether this investor must act within the financial and operating policies that have been agreed upon by all investors.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies. The following one or more evidences are considered usually when assessing whether the Group can exercise significant influence over an investee:

- Whether the Group has representation on the board of directors or equivalent governing body of the investee;
- Whether the Group participates in the policy-making processes of the investee;
- Whether the Group has material transactions with the investee;
- Whether the Group dispatches management personnel to the investee;
- Whether the Group provides essential technical information to the investee.

- (4) Methods of impairment assessment and determining the provision for impairment loss

For the method of assessment and determining the provision for impairment loss for subsidiaries and associates, refer to Note II. 18.

For other long-term equity investments, the carrying amount is tested for impairment at the balance sheet date. If there is objective evidence that the investment may be impaired, the impairment is assessed on an individual basis. The impairment loss is measured as the amount by which the carrying amount of the investment exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss. Such impairment loss is not reversed.

Other long-term equity investments are stated at cost less accumulated impairment.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets

(1) Recognition criteria for fixed assets

Fixed assets represent the tangible assets held by the Group for use in the production of electricity, heat and for other operation or administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.14. Costs of environmental protection and ecological restoration arising from obligations incurred when fixed assets are disposed of are included in the initial cost of fixed assets.

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures. When stripping activities can be shown to give rise to future benefits from the mineral property, the Group will capitalise the related production stripping costs into mining structure, including production stripping costs for surface mining activities.

Where parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of each category of fixed assets

Other than mining structures which are depreciated on a units-of-production method, fixed assets are depreciated using the straight-line method over their estimated useful lives at cost less estimated residual value and impairment losses. The depreciation period, residual value rate and depreciation rate of each class of fixed assets are as follows:

Classes	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Plants and buildings	20-45	3-5	2.1-4.9
Generators	5-20	3-5	4.8-19.4
Others	5-10	3-5	9.5-19.4

Useful lives, estimated residual values and depreciation methods are reviewed at least each year-end.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets (continued)

- (3) For the methods of impairment assessment and determining the provision for impairment losses of fixed assets, refer to Note II. 18.
- (4) Identification basis and valuation methods for fixed assets acquired under finance leases

For identification basis and valuation methods for fixed assets acquired under finance leases, refer to the accounting policy set out in Note II.25 (2).

- (5) Disposal

The carrying amount of a fixed asset shall be derecognised:

- on disposal; or
- when no future economic benefits are expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

- (6) Other explanations

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

14. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II. 15), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less impairment losses (see Note II. 18).

Construction in progress mainly includes construction of generators, plants and buildings, environmental and technical improvement projects.

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the year less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- Where funds are borrowed generally and used for the acquisition, construction of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalisation of borrowing costs is suspended when the acquisition, construction activities are interrupted abnormally and the interruption lasts for more than three months.

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II. 18). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment loss is amortised on the straight-line method over its estimated useful life, except mining rights are amortised using units-of-production method according to the proved coal reserves. The amortisation periods of each class of intangible assets are as follows:

Classes	Amortisation years
Land use rights	10-70
Sea use right	50
Concession assets	25
Development right of hydropower	45
Others	5-10

Concession assets are intangible assets recognized by the Group according to concession agreements to operate wind power plants, which was signed with each grantor. Concession assets are measured at actual cost incurred. Actual cost includes payment in the process of construction of a concession asset, which considering the contract agreement, and capitalised borrowing costs incurred before the asset become ready for its intended use. Concession assets are amortised over the residual concession period from the date when the assets are ready for its intended use.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group will reassess the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group will estimate its useful life and account for it in accordance with the same policy as intangible assets with finite useful lives described above.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary

The Group's expenditures on the internal research are recognised as an expense in the period in which it is incurred.

17. Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination not involving enterprises under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note II. 18). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Impairment of assets other than inventories, financial assets and other long-term investments

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- construction materials
- construction and construction material prepayments
- intangible assets
- long-term equity investments in subsidiaries and associates
- goodwill
- other non-current assets

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill and intangible assets with indefinite useful lives at no later than each year-end, irrespective of whether there is any indication of impairment or not. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset. The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Impairment of assets other than inventories, financial assets and other long-term investments (continued)

If the result of the recoverable amount calculation indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current year. A provision for impairment loss of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups, first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be reduced below the highest of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent year.

19. Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

20. Revenue

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when the inflows result in increase in shareholder's equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(1) Sale of electricity

Revenue from sale of electricity is recognised when electricity is supplied to the respective grid companies where the power plants are located.

(2) Sale of heat

Revenue from sale of heat is recognised when heat is supplied to customers.

(3) Sale of coal

Revenue from sale of coal is recognised when the significant risks and rewards of ownership of goods have been transferred to the buyer.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Revenue (continued)

(4) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(5) Dividend income

Dividend income from unlisted investments, which are accounted for using the cost method, is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments (not including investments in jointly controlled entities and associates) is recognised when the share price of the investment goes ex-dividend.

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

The Group registered wind power projects generated from the wind farm as Clean Development Mechanism ("CDM") projects with CDM Executive Board ("CDM EB") of the United Nations under the Kyoto Protocol. The Group sells verified carbon credits generated from wind power. Revenue in relation to the CERs is recognised when following conditions are met for below various revenues:

- CDM project has obtained the approval from the National Development and Reform Commission and registered as CDM project verified by the United Nations;
- the counterparties have committed to purchase the Certified Emission Reductions and the sales prices have been agreed; and
- relevant electricity has been generated.

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Employee benefits

Employee benefits are all forms of considerations given and other relevant expenditures incurred in exchange for services rendered by employees. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by employees, with a corresponding increase in cost of relevant assets or expenses in the current year.

(1) Social insurance, housing fund and supplementary pension insurance

Pursuant to the relevant laws and regulations of the PRC, employees of the Group participate in the social insurance system established and managed by government organisations. The Group makes social insurance contributions, including contributions to basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance etc., as well as contributions to housing fund, at the applicable benchmarks and rates stipulated by the government for the benefit of its employees. In addition, the Group has joined a supplementary pension insurance managed by China Huadian. The social insurance and housing fund contributions are recognised as part of the cost of assets or charged to profit or loss on an accrual basis. Except for the above contributions, the Group does not have any other obligations in this respect.

(2) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts have expired, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided, is recognised in profit or loss when both of the following conditions have been satisfied:

- The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly;
- The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for any capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in profit or loss immediately.

23. Production maintenance, production safety and other similar funds

Pursuant to the relevant regulations of the related government authorities in the PRC, provision for production maintenance, production safety and other similar fund is accrued by the Group based on coal production volume for mining production maintenance, equipment improvement expenditure, coal production, safety expenditure of mining structure and environmental protection. Provision for maintenance and production funds is recognized as expense in profit or loss and separately recorded as a specific reserve. On utilisation of the specific reserve for expense expenditure in accordance with the stipulated scope, the amount utilised would be reversed from the specific reserve. On utilisation of the specific reserve for fixed assets incremental in accordance with the stipulated scope, the amount utilised would be reversed from the specific reserve and full amount of depreciation is recognised at the same time when the cost of the relevant assets is recorded. And no depreciation will be provided after the initial recognition of the related fixed assets.

24. Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carry forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

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

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

- the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which either to intend to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Operating leases and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

(2) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II. 13(2) and II.18, respectively.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with the principles of borrowing costs (see Note II.15).

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented as non-current liabilities or non-current liabilities due within one year, respectively, in the balance sheet.

(3) Sales and leaseback transaction resulting in finance lease

The risks and rewards incidental to ownership of a leased asset do not transfer to the Group if the sales and leaseback transaction resulting in finance lease. Any excess of sales proceeds over the carrying amount of the assets is deferred and accounted for "defer income" or "other non-current assets". The excess was amortized as an adjustment to the depreciation of the assets along with the depreciation of the leased assets.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

27. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

- (a) the Company's parent;
- (b) the Company's subsidiaries;
- (c) enterprises that are controlled by the Company's parent;
- (d) investors that have joint control or exercise significant influence over the Group;
- (e) enterprises or individuals if a party has control or joint control over both the enterprises or individuals and the Group;
- (f) joint ventures of the Group, including subsidiaries of joint ventures;
- (g) associates of the Group, including subsidiaries of associates;
- (h) principal individual investors and close family members of such individuals;
- (i) key management personnel of the Group and close family members of such individuals;
- (j) key management personnel of the Company's parent;
- (k) close family members of key management personnel of the Company's parent; and
- (l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Related parties (continued)

Besides the related parties stated above, which are determined in accordance with the requirements of CAS, the following enterprises or individuals (but not limited to) are considered as related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

- (m) enterprises, or persons that act in concert, that hold 5% or more of the Company's shares;
- (n) individuals who directly or indirectly hold more than 5% of the Company's shares and their close family members, supervisors of the listed companies and their close family members;
- (o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;
- (p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and
- (q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) and (p), or in which such an individual assumes the position of a director or senior executive.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation structure, management requirements and internal reporting system. An operating segment is a component of the Group:

- it may earn revenues and incur expense from business activities;
- its operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance; and
- its financial information regarding financial position, results of operation and cash flows is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of:

- the nature of each products and services;
- the nature of production processes;
- the type or class of customers for the products and services;
- the methods used to distribute the products or provide the services; or
- the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

Notes To The Financial Statements (Unaudited) (Continued)

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Significant accounting estimates and judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Note V. 15 and IX. 2 contain information about the assumptions and their risk factors relating to impairment of goodwill and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Impairment of receivables

As described in Note II. 10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is objective evidence of a recovery in value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

(2) Impairment of other assets other than inventories, financial assets and other long-term equity investments

As described in Note II. 18, other assets other than inventories, financial assets and other long-term equity investments are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, impairment loss is recognised.

The recoverable amount of an asset (or an asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (or the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Significant accounting estimates and judgments (continued)

(3) Depreciation and amortisation of assets such as fixed assets and intangible assets

As described in Note II. 13 and 16, assets such as fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(4) Deferred tax assets

As described in Note II. 24, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. The Group obtained all relevant information, including the estimation of the volume of electricity and heat generated, selling price and related operating expenses based on reasonable and supportable assumption, to estimate whether sufficient future taxable profits will be available against which deductible temporary differences can be utilised. If there is an indication that there has been a change in the factors used to determine the deferred tax assets, the amount of deferred tax assets and tax expenses are revised.

(5) Intangible assets with indefinite useful lives

As described in Note II. 16, an intangible asset is regarded as having an indefinite useful life when there is no foreseeable limited to the period over which the asset is expected to generate economic benefits for the Group. The Group will reassess the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, or there has been a change in the factors used to determine the useful life, the amount of amortisation is revised.

Notes To The Financial Statements (Unaudited) (Continued)

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III. TAXATION

1. Main types of taxes and corresponding rates

Category of tax	Basis of tax computation	Tax rate
		%
VAT	Output VAT is calculated on product sales, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	
— Sales of electricity and coal		17
— Sales of heat		13
City maintenance and construction tax	Based on VAT payable	1-7
Education surcharge	Based on VAT payable	3-5
Enterprise income tax ("EIT") (Note)	Based on taxable profits	0-25

Note:

Except for 17 subsidiaries of the Group which are entitled to preferential tax treatments listed below, The Company and its other subsidiaries' income tax is calculated at the statutory rate of 25% (2012 : 25%).

Notes To The Financial Statements (Unaudited) (Continued)

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III. TAXATION (CONTINUED)

1. Main types of taxes and corresponding rates (continued)

The subsidiaries of the Group that are entitled to preferential tax treatments are as follows:

Company name	Preferential tax rate	Reasons for preferential tax treatments
	%	
Huadian Ningxia Lingwu Power Generation Company Limited ("Lingwu Company")	15	Enterprise income tax preferential policies on the development of the Western Region (Note (1))
Sichuan Huadian Zagunao Hydroelectric Development Company Limited ("Zagunao Hydroelectric Company")	15	Enterprise income tax preferential policies on the development of the Western Region (Note (1))
Lixian Star River Hydropower Company Limited ("Star River Hydropower Company")	15	Enterprise income tax preferential policies on the development of the Western Region (Note (1))
Lixian Star River Ganbao Hydropower Company Limited ("Ganbao Hydropower Company")	15	Enterprise income tax preferential policies on the development of the Western Region (Note (1))
Huadian Laizhou Wind Power Generation Company Limited ("Laizhou Wind Power Company")	12.5	Major public infrastructure project supported by the State (Note (2))
Hebei Huadian Guyuan Wind Power Generation Company Limited ("Guyuan Wind Power Company") Phase I	12.5	Major public infrastructure project supported by the State (Note (2))
Huadian International Ningxia New Energy Power Company Limited, Ningdong Branch ("Ningdong Branch") Phase I and II	7.5	Enterprise income tax preferential policies on the development of the Western Region (Note (1)) Major public infrastructure project supported by the State (Note (2))
Huadian Ningxia Ningdong Shangde Solar Energy Company Limited ("Ningdong Shangde Company")	7.5	Enterprise income tax preferential policies on the development of the Western Region (Note (1)) Major public infrastructure project supported by the State (Note (2))
Huadian Inner Mongolia Kailu Wind Power Company Limited ("Kailu Company")	7.5	Enterprise income tax preferential policies on the development of the Western Region (Note (1)) Major public infrastructure project supported by the State (Note (2))
Ningdong Branch Phase III and IV	—	Enterprise income tax preferential policies on the development of the Western Region (Note (1)) Major public infrastructure project supported by the State (Note (2))
Huadian International Ningxia New Energy Power Company Limited, Yueliangshan Branch ("Yueliangshan Branch") Phase I and II	—	Enterprise income tax preferential policies on the development of the Western Region (Note (1)) Major public infrastructure project supported by the State (Note (2))
Sichuan Liangshan Shuiluo Hydropower Development Company Limited ("Shuiluo Company")	—	Enterprise income tax preferential policies on the development of the Western Region (Note (1))
Huadian Kezuo Zhongqi Wind Power Company Limited ("Kezuo Zhongqi Wind Power Company")	—	Major public infrastructure project supported by the State (Note (2))
Sichuan Huadian Luding Hydropower Company Limited ("Luding Hydropower Company")	—	Enterprise income tax preferential policies on the development of the Western Region (Note (1)) Major public infrastructure project supported by the State (Note (2))
Huadian Laizhou Wind Power Company Limited ("Laizhou Wind Company")	—	Major public infrastructure project supported by the State (Note (2))
Hebei Huadian Kangbao Wind Power Company Limited ("Kangbao Wind Power Company")	—	Major public infrastructure project supported by the State (Note (2))
Hebei Huadian Yuzhou Wind Power Company Limited ("Yuzhou Wind Power Company")	—	Major public infrastructure project supported by the State (Note (2))
Guyuan Wind Power Company Phase II and III	—	Major public infrastructure project supported by the State (Note (2))
Huadian Laizhou Port Company Limited ("Laizhou Port Company")	—	Major public infrastructure project supported by the State (Note (2))

Notes To The Financial Statements (Unaudited) (Continued)

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III. TAXATION (CONTINUED)

1. Main types of taxes and corresponding rates (continued)

Note:

- (1) Pursuant to the Notice of the State Administration of Taxation on Announcement Regarding the Implementation of EIT Policies on the Development of the Western Region (Announcement of the State Administration of Taxation [2012] No.12) issued in April 2012, during the period from 1 January 2011 to 31 December 2020, enterprises located in western region match the standards stated below: the major business of the enterprise is among the listed industries on Western region encouraged industry directory; and the revenues of their major business exceed 70 percent of their total revenues; after application and confirmation by local tax authorities, enterprises may enjoy a reduced EIT rate of 15%. As at 30 June 2013, Lingwu Company, Zagunao Hydroelectric Company, Star River Hydropower Company and Ganbao Hydropower Company, Ningdong Branch, Yueliangshan Branch, Ningdong Shangde Company, Luding Hydropower Company and Shuiluohe Company's EIT rate for the period ended 30 June 2013 is still 15%, of which, Shuiluohe Company continuously entitled with the tax exemption policy before its expiry date which allow it be exempted from EIT for the first two years as of the tax year when the first revenue arising from production or operation it is attributable to, and shall be taxed at half rate for the third to the fifth years. Kailu Company has applied for preferential tax treatments, but it is yet up to approval by local taxation bureau. However, Kailu Company is allowed to pay tax at the preferential tax rate mentioned above in the period for the time being.

Notes To The Financial Statements (Unaudited) (Continued)

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III. TAXATION (CONTINUED)

1. Main types of taxes and corresponding rates (continued)

Note: (continued)

- (2) Pursuant to the EIT Law of the PRC and the Regulation on the Implementation of the EIT Law of the PRC, the income obtained by an enterprise from investing in or operating any of the public infrastructure projects under the key support of the state shall be exempted from EIT for the first three years as of the tax year when the first revenue arising from production or operation it is attributable to, and shall be taxed at half rate for the fourth to the sixth years. The Company's subsidiaries with a preferential tax rate are as follows:

Company Name	Years for Exemption	Years for half tax rate	Authorized by
Laizhou Wind Power Company	2008-2010	2011-2013	Laizhou State Administration of Taxation of Shandong Province
Ningdong Branch Phase I	2008-2010	2011-2013	Lingwu State Administration of Taxation of the Ningxia Hui Nationality Autonomous Region
Ningdong Branch Phase II	2010-2012	2013-2015	Lingwu State Administration of Taxation of the Ningxia Hui Nationality Autonomous Region
Kailu Wind Power Company	2010-2012	2013-2015	Kailu State Administration of Taxation of the Inner Mongolia Autonomous Region
Guyuan Wind Power Company Phase I	2010-2012	2013-2015	Guyuan State Administration of Taxation of Hebei Province
Ningdong Shangde Company	2010-2012	2013-2015	Lingwu State Administration of Taxation of the Ningxia Hui Nationality Autonomous Region
Kezuozhongqi Wind Power Company	2011-2013	2014-2016	Keerqinzuoyizhongqi Administration of Taxation of the Inner Mongolia Autonomous Region
Luding Hydropower Company	2011-2013	2014-2016	Luding State Administration of Taxation of Sichuan Province
Laizhou Wind Company	2012-2014	2015-2017	Laizhou State Administration of Taxation of Shandong Province
Kangbao Wind Power Company	2012-2014	2015-2017	Kangbao State Administration of Taxation of Hebei Province
Yuzhou Wind Power Company	2012-2014	2015-2017	Hebei Yuxian Administration of Taxation
Ningdong Branch Phase III and IV	2012-2014	2015-2017	Yinchuan State Administration of Taxation of Ningxia Hui Nationality Autonomous Region
Yueliangshan Branch Phase I and II	2012-2014	2015-2017	Yinchuan State Administration of Taxation of Ningxia Hui Nationality Autonomous Region
Laizhou Port Company	2013-2015	2016-2018	Laizhou State Administration of Taxation of Shandong Province
Guyuan Wind Power Company Phase II and III	2013-2015	2016-2018	Guyuan State Administration of Taxation of Hebei Province

Notes To The Financial Statements (Unaudited) (Continued)

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS

1. Background of major subsidiaries

- (1) Subsidiaries acquired through establishment, investment or other acquisition

Name of subsidiary	Type	Place of region	Legal representative	Organisation code	Business nature and operation scope	Actual capital contribution at the end of the period		Proportion of ownership interest	Proportion of voting power	Consolidated or not consolidated	Amount of the minority interests used to absorb profits or losses attributable to minority interests	
						Registered capital					RMB'000	RMB'000
Lingwu Company	Limited company	Lingwu	Wang Wenqi	77462069-7	Generation and sale of electricity	1,300,000	1,332,655	65	65	Y	891,459	—
Luding Hydropower Company	Limited company	Gansu Tibetan Autonomous Region	Luo Xiaojian	76911707-X	Generation and sale of electricity	1,366,090	1,366,090	100	100	Y	—	—
Huadian Sichou Biomass Energy Power Company Limited ("Sichou Biomass Energy Company")	Limited company	Suzhou	Zhang Daini	66269492-0	Generation and sale of electricity	52,480	43,680	78	78	Y	(8,056)	(1,763)
Huadian International Materials Company Limited ("Materials Company")	Limited company	Jinan	Xing Shibang	75919079-9	Procurement of materials	50,000	38,648	100	100	Y	—	—
Huadian Qingdao Heat Company Limited	Limited company	Qingdao	Liu Kejun	77029937-7	Sale of heat	30,000	16,500	55	55	Y	115,269	(8,153)
Huadian International Project Company Limited ("Project Company")	Limited company	Jinan	Xieyan	76000562-X	Management of construction project	50,000	50,256	100	100	Y	—	—
Huadian International Shandong Information Company Limited	Limited company	Jinan	Gou Wei	78848619-4	Development and maintenance of information system	3,000	3,000	100	100	Y	—	—
Huadian International Ningxia New Energy Power Company Limited ("New Energy Company")	Limited company	Yinchuan	Ji Jun	05460101-8	Generation and sale of electricity	330,000	410,000	100	100	Y	—	—
Huadian Zoukuan Power Generation Company Limited ("Zoukuan Company")	Limited company	Zoucheng	Bai Hua	66930776-8	Generation and sale of electricity	3,000,000	2,070,000	69	69	Y	1,114,553	—
Liaohu Wind Power Company	Limited company	Liaohu	Dong Fengjiang	67462399-1	Generation and sale of electricity	146,160	80,333	55	55	Y	80,600	—
Kalu Wind Power Company	Limited company	Tongliao	Xie Wei	67438152-4	Generation and sale of electricity	797,128	797,128	100	100	Y	—	—
Huadian Luote Power Generation Company Limited ("Luote Company")	Limited company	Luote	Wang Fengjiao	68076402-X	Generation and sale of electricity and heat	502,000	475,300	75	75	Y	(15,761)	—
Tongzhou Yinyuan Heat Company Limited ("Tongzhou Heat Company") (Note 2)	Limited company	Tongzhou	Ge Lijun	68110552-8	Sale of heat	30,000	—	65.28	70	Y	(980)	(5,918)
Shani Maohua Energy Investment Company Limited ("Maohua Company")	Limited company	Taijuan	Lu Xiankun	68805652-9	Investment and management in coal, electricity and heat industry	1,547,000	1,547,000	100	100	Y	—	—
Guyan Wind Power Company	Limited company	Zhangjiaoku	Kang Jinchu	67418073-0	Generation and sale of electricity	386,100	386,100	100	100	Y	—	—
Kauezhong Wind Power Company	Limited company	Kauezhong Qi	Xie Wei	69599522-3	Generation and sale of electricity	80,000	80,000	100	100	Y	—	—
Huadian Quodong Power Generation Company Limited ("Quodong Company")	Limited company	Xinxiang	Xing Shibang	69599141-6	Generation and sale of electricity	562,000	505,802	90	90	Y	53,807	—

Notes To The Financial Statements (Unaudited) (Continued)

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Background of major subsidiaries (continued)

- (1) Subsidiaries acquired through establishment, investment or other acquisition (continued)

Name of subsidiary	Type	Place of registration	Legal representative	Organisation code	Business nature and operation scope	Actual capital contribution at the end of the period		Proportion of ownership interest	Proportion of voting power	Consolidated or not consolidated	minority interests	Amount of the minority interests used to absorb profits or losses attributable to minority interests	
						RMB'000	RMB'000					(%)	(%)
Xinxiang Huadian Heat Company Limited ("Xinxiang Heat Company") (Note 3)	Limited company	Xinxiang	Zheng Gang	56246931-7	Sale of heat	24,570	—	90	100	Y	2,570	—	—
Ningbo Shangde Company	Limited company	Lingyu	Ji Jun	69432340-1	Generation and sale of electricity	38,000	22,800	60	60	Y	14,863	—	—
Kangbao Wind Power Company	Limited company	Zhangjiakou	Kang Jinduo	55043453-2	Generation and sale of electricity	80,000	80,000	100	100	Y	—	—	—
Anhui Huadian Lu'an Power Plant Company Limited ("Lu'an Company")	Limited company	Lu'an	Xing Shihang	55019512-1	Generation and sale of electricity (under construction)	522,000	259,180	95	95	Y	5,360	(207)	—
Huadian Zoucheng Heat Company Limited ("Zoucheng Heat Company")	Limited company	Zoucheng	Li Jingui	55964639-5	Sale of heat	80,000	56,000	70	70	Y	21,186	(1,511)	—
Shantou Huadian Power Generation Company Limited ("Shantou Company")	Limited company	Shantou	Yin Zhengjun	56084407-9	Generation and sale of electricity (under construction)	30,000	300,500	51	51	Y	14,700	—	—
Huadian Lachou Power Generation Company Limited ("Lachou Power")	Limited company	Lachou	Xing Shihang	55951021-1	Generation and sale of electricity	1,440,000	1,080,000	75	75	Y	459,000	—	—
Guangdong Huadian Shaoguan Thermal Power Company Limited ("Shaoguan Thermal Power Company")	Limited company	Nanxiong	Yin Zhengjun	56451155-6	Generation and sale of electricity and heat (under construction)	30,000	40,000	100	100	Y	—	—	—
Yuzhou Wind Power Company (Note 4)	Limited company	Yuan	Wang Li	56618950-0	Generation and sale of electricity	120,000	—	100	100	Y	—	—	—
Wefang Tahe Heat Company Limited ("Tahe Heat Company") (Note 5)	Limited company	Wefang	Xiong Shuyuan	57547412-7	Sale of heat	50,000	—	36	80	Y	9,526	(86)	—
Huadian Lachou Port Company Limited ("Lachou Port Company")	Limited company	Lachou	Bai Hui	57046634-7	Port construction and operation	215,130	139,623	65	65	Y	81,464	—	—
Lachou Wind Company	Limited company	Lachou	Dong Fengjiang	57541126-8	Generation and sale of electricity	91,914	91,914	100	100	Y	—	—	—
Anhui Wenhui New Products Promotion Company Limited ("Wenhui Company")	Limited company	Hebei	Shi Ting	55630753-4	Research, development, promotion and sales of new product (under construction)	50,000	283,315	51	51	Y	272,628	—	—
Anhui Huailin International Energy Company Limited ("Huailin Company")	Limited company	Hebei	Peng Guoquan	57443853-8	Investment on coal mine resources (under construction)	50,000	25,500	51	51	Y	24,500	—	—
Sichuan Huozing Investment Company Limited ("Huozing Company")	Limited company	Chengdu	Luo Xianqian	78911559-9	Investment on hydropower resources	263,750	344,420	100	100	Y	—	—	—
Sichuan Xuefeng Investment Company Limited ("Xuefeng Company")	Limited company	Chengdu	Luo Xianqian	78914754-1	Investment on hydropower resources and consulting	300,000	393,650	100	100	Y	—	—	—
Shulake Company (Note 6)	Limited company	Xichang	Luo Xianqian	78476629-5	Generation and sale of electricity	400,000	—	57	57	Y	967,814	—	—

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Background of major subsidiaries (continued)

- (1) Subsidiaries acquired through establishment, investment or other acquisition (continued)

Name of subsidiary	Type	Place of region	Legal representative	Organisation code	Business nature and operation scope	Actual capital contribution at the end of the period		Proportion of ownership interest	Proportion of voting power	Consolidated or not consolidated	Amount of the minority interests used to absorb profits or losses attributable to minority interests	
						RMB'000	RMB'000				(%)	(%)
Tianjin Huadian Fujuan Thermal Power Company Limited ("Fujian Thermal Power Company")	Limited company	Tianjin	Xing Shibang	58878921-8	Generation and sale of electricity and heat	102,000	100,000	98	98	Y	128	128
Ningxia Yingfeng Coal Transportation and Sales Company Limited ("Yingfeng Coal Company")	Limited company	Yinchuan	Liu Jienhai	59822111-0	Sale of coal	10,000	10,000	100	100	Y	—	—
Chongqing Mingqiang Coal Sales Company Limited ("Mingqiang Coal Company")	Limited company	Fengjie	Wang Fakou	5967078-6	Coal storage and sale of mining product	10,000	7,000	70	70	Y	2,994	170
Shanxi Shuzhou Pinglu Maohua Bailu Coal Company Limited ("Bailu Coal Company") (Note 7)	Limited company	Shuzhou	Yang Zhi	05539626-3	Resource integration improvement and expansion services	20,000	—	100	100	Y	—	—
Hangzhou Huadian Xiaoha Thermal Power Company Limited ("Xiaoha Thermal Power Company")	Limited company	Hangzhou	Xing Shibang	59955234-7	Generation and sale of electricity and heat	288,000	138,600	56	56	Y	109,661	119
Huadian Zhejiang Longyou Thermal Power Company Limited ("Longyou Thermal Power Company")	Limited company	Longyou	Xie Yun	05281573-8	Generation and sale of electricity and heat/under construction	50,000	50,000	100	100	Y	—	—
Hangzhou Huadian Jiangong Thermal Power Company Limited ("Jiangong Thermal Power Company")	Limited company	Hangzhou	Wang Xian	05672105-0	Generation and sale of electricity and heat/under construction	80,000	84,000	70	70	Y	36,000	—
Tianjin Huadian Nanjiang Thermal Power Company Limited ("Nanjiang Thermal Power Company") (Note 8)	Limited company	Tianjin	Xie Yun	05122028-7	Generation of electricity and sale of heat/under construction	660,000	85,800	65	65	Y	46,200	—
Tianjin Huadian Tianzou Heat Company Limited ("Tianzou Heat Company") (Note 9)	Limited company	Tianjin	Xie Yun	05401683-X	Sale of heat/under construction	20,000	10,200	51	51	Y	9,800	—
Huadian Fengyuan Beijing Trading Company Limited ("Fengyuan Trading Company") (Note 10)	Limited company	Beijing	Zhan Zhongnian	05911259-3	Sale of coal/under construction	51,680	—	100	100	Y	—	—
Zibo Huaxing Heat Company Limited ("Huaxing Heat Company") (Note 11)	Limited company	Zibo	Wang Dao	06590771-0	Generation and sale of heat/under construction	50,000	—	60	60	Y	4,000	—

Note 7: All subsidiaries of the Company are registered in PRC.

Note 2: Tengzhou Heat Company is the subsidiary of Huadian Tengzhou Xinyuan Thermal Power Company Limited ("Tengzhou Thermal Power Company"), a subsidiary of the Company. Tengzhou Thermal Power Company owns 70% equity interests of Tengzhou Heat Company. The closing amount of the investment is RMB21,000,000.

Notes To The Financial Statements (Unaudited) (Continued)

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Background of major subsidiaries (continued)

(1) Subsidiaries acquired through establishment, investment or other acquisition (continued)

Note 3: Xinxiang Heat Company is a wholly-owned subsidiary of Qudong Company, a subsidiary of the Company. The actual capital contribution at the end of the period is RMB24,570,000.

Note 4: Yuzhou Wind Power Company is a wholly-owned subsidiary of Hebei Huarui Energy Group Corporation Limited ("Huarui Group Company"), a subsidiary of the Company. The actual capital contribution at the end of the period is RMB120,000,000.

Note 5: Taihe Heat Company is the subsidiary of Huadian Weifang Power Generation Company Limited ("Weifang Company"), a subsidiary of the Company. Weifang Company owns 80% equity interest of Taihe Heat Company. The actual capital contribution at the end of the period is RMB40,000,000.

Note 6: Shuiluohe Company is the subsidiary of Huoxing Company and Xiexing Company, subsidiaries of the Company. Huoxing Company and Xiexing Company own 57% equity interests of Shuiluohe Company. The actual capital contribution at the end of the period is RMB313,337,200.

Note 7: Bailu Coal Company is a wholly-owned subsidiary of Maohua Company, a subsidiary of the Company. The actual capital contribution at the end of the period is RMB20,000,000.

Note 8: Nanjiang Thermal Power Company is jointly set up by the Company, Tianjin Gas Group Co., Ltd and Tianjin Binhai New Area Central Business District Investment Group Co., Ltd. The actual capital contribution at the end of the period is RMB85,800,000.

Note 9: Tiantou Heat Company is jointly set up by the Company and Tianjin Binhai New Area Central Business District Investment Group Co., Ltd. The actual capital contribution at the end of the period is RMB10,200,000.

Note 10: Fengyuan Trade Company is a wholly-owned subsidiary of Hebei Fengyuan Industrial Company Limited ("Fengyuan Company"), a wholly-owned subsidiary of Huarui Group Company. Huarui Group Company is a subsidiary of the Company. The actual capital contribution at the end of the period is RMB51,680,000.

Note 11: Huaxing Heat Company is jointly set up in 2013 by Huadian Zibo Thermal Power Company Limited ("Zibo Thermal Power Company"), a subsidiary of the Company and Zibo City Asset Management Company. The actual capital contribution at the end of the period is RMB10,000,000.

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Background of major subsidiaries (continued)

- (2) Subsidiaries acquired through business combinations under common control

Name of subsidiary	Type	Place of registration	Legal representative	Organisation code	Business nature and operation scope	Actual capital contribution at the end of the period		Proportion of ownership interest	Proportion of voting power	Consolidated or not consolidated	minority interests	Amount of the minority interests used to absorb profits or losses attributable to minority interests
						RMB'000	RMB'000					
Sichuan Guang'an Power Generation Company Limited ("Guang'an Company")	Limited company	Guang'an	Zhong Tonglin	28956243-3	Generation and sale of electricity	1,785,860	1,267,577	80	80	Y	562,097	—
Huadian Xinjiang Power Generation Company Limited ("Xinjiang Company")	Limited company	Xinjiang	Wang Fengjun	75388082-3	Generation and sale of electricity	69,000	835,686	90	90	Y	464,979	—
Anhui Huadian Suzhou Power Generation Company Limited ("Suzhou Company")	Limited company	Suzhou	Xu Xu	75290721-0	Generation and sale of electricity	854,912	829,267	97	97	Y	28,813	—
Anhui Huadian Wuhu Power Generation Company Limited ("Wuhu Company")	Limited company	Wuhu	Xu Xu	76277372-0	Generation and sale of electricity	1,000,000	644,046	65	65	Y	464,233	—
Hangzhou Huadian Banshan Power Generation Company Limited ("Banshan Company")	Limited company	Hangzhou	Gou Wei	14304951-4	Generation and sale of electricity and heat	1,111,700	729,724	64	64	Y	392,234	—
Hebei Huadian Complex Pumping-storage Power Company Limited	Limited company	Lupan	Kang Jinzhu	77770339-8	Generation and sale of electricity	10,000	15,682	100	100	Y	—	—
Hebei Huadian Shijiazhuang Thermal Power Company Limited ("Shijiazhuang Thermal Power Company")	Limited company	Shijiazhuang	Wang Wenzhi	71318764-5	Generation and sale of electricity and heat	789,740	908,511	82	82	Y	172,576	—
Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("Yuhua Thermal Power Company") (Note 12)	Limited company	Shijiazhuang	Kang Jinzhu	79138055-1	Generation and sale of electricity and heat	500,000	—	89.2	100	Y	38,664	—
Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("Luhua Thermal Power Company")	Limited company	Shijiazhuang	Xing Shibang	67468069-X	Generation and sale of electricity and heat	440,000	391,475	90	90	Y	39,960	6,206
Huadian Suzhou Thermal Power Company Limited ("Suzhou Thermal Power Company")	Limited company	Suzhou	Xing Shibang	67468145-3	Generation and sale of electricity and heat (under construction)	40,000	40,000	100	100	Y	—	—

Note 12: Yuhua Thermal Power Company is the subsidiary of Shijiazhuang Thermal Power Company, a subsidiary of the Company. Shijiazhuang Thermal Power Company holds 60% equity interest in Yuhua Thermal Power Company. Yuhua Thermal Power Company is also an associate of Hebei Huafeng Investment Company Limited ("Huafeng Investment Company"), a subsidiary of the Company. Huafeng Investment Company holds 40% equity interest in Yuhua Thermal Power Company. The actual capital contribution at the end of the period of Shijiazhuang Thermal Power Company and Huafeng Investment Company are RMB300,000,000 and RMB200,000,000 respectively.

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Background of major subsidiaries (continued)

(3) Subsidiaries acquired through business combinations under non-common control

Name of subsidiary	Type	Place of registration	Legal representative	Organisation code	Business nature and operation scope	Actual capital contribution at the end of the period		Proportion of ownership interest	Proportion of voting power	Consolidated or not consolidated	minority interests	Amount of the minority interests used to absorb profits or losses attributable to minority interests	
						RMB'000	RMB'000					%	%
Shaoguan Pingpho Power Plant Company Limited (8 Plant) ("Pingpho Power Company")	Limited company	Lichang	Ma Ruobing	61745169-6	Generation and sale of electricity	989,000	784,706	100	100	Y	—	—	—
Shunge Mining Industry Company Limited of Inner Mongolia Ala League Shunge Mining Group ("Shunge Company")	Limited company	Ala League	Yang Shuanguo	72526817-2	Coal mine improvement and sales of mining equipment	30,000	67,078	100	100	Y	—	—	—
Ningxia Zhongxing Power Generation Company Limited ("Zhongxing Company")	Limited company	Zhongning	Ji Jun	72591054-2	Generation and sale of electricity	285,600	142,800	50	50	Y	298,060	—	—
Huadian Qingdao Power Generation Company Limited ("Qingdao Company")	Limited company	Qingdao	Bai Hia	16338003-3	Generation and sale of electricity and heat	700,000	345,668	55	55	Y	853,888	—	—
Wielang Company (Note 13)	Limited company	Weifang	Bai Hia	16543394-4	Generation and sale of electricity and heat	1,250,000	823,483	45	45	Y	1,198,545	—	—
Zibo Thermal Power Company	Limited company	Zibo	Xing Shizhang	73470473-6	Generation and sale of electricity and heat	574,800	574,800	100	100	Y	—	—	—
Huadian Zhangjiu Power Generation Company Limited ("Zhangjiu Company")	Limited company	Zhangjiu	Bai Hia	70520794-1	Generation and sale of electricity and heat	750,000	617,077	87.50	87.50	Y	18,306	—	—
Tengzhou Thermal Power Company	Limited company	Tengzhou	Bai Hia	16991895-6	Generation and sale of electricity and heat	474,172	424,400	93.26	93.26	Y	11,596	—	—
Zaguan Hydroelectric Company	Limited company	Litan	Liu Xianqun	75472823-3	Generation and sale of electricity	200,000	788,362	64	64	Y	182,011	(25,301)	—
Shijiazhuang Guanghua Thermal Power Company Limited ("Guanghua Thermal Power Company") (Note 14)	Limited company	Shijiazhuang	Wu Yuechen	10432967-0	Generation and sale of electricity and heat	100,000	—	90	90	Y	—	—	—
Huanu Group Company (Note 14)	Limited company	Shijiazhuang	Gou Wei	75249201-0	Generation and sale of electricity and heat	938,000	1,366,895	100	100	Y	(18,841)	—	—
Huafeng Investment Company (Note 14)	Limited company	Shijiazhuang	Wang Li	75026749-2	Energy projects investment	977,300	—	100	100	Y	—	—	—
Fengyuan Company (Note 14)	Limited company	Shijiazhuang	Wang Li	73024734-1	Sale of coal and chemical products	582,000	—	100	100	Y	—	—	—
Shanxi Shuzhou Pinghu Meichua Wanzongquan Coal Company Limited ("Wanzongquan Coal Company") (Note 15)	Limited company	Shuzhou	Diao Youfeng	11147348-4	Resources consolidation, improvement and expansion services	10,000	—	70	70	Y	170,585	—	—
Shanxi Shuzhou Pinghu Meichua Dongji Coal Company Limited ("Dongji Coal Company") (Note 15)	Limited company	Shuzhou	Liu Xiankun	X0243004-7	Resources consolidation, improvement and expansion services	12,180	—	70	70	Y	159,521	(5,695)	—

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Background of major subsidiaries (continued)

- (3) Subsidiaries acquired through business combinations under non-common control (continued)

Name of subsidiary	Type	Place of registration	Legal representative	Organisation code	Business nature and operation scope	Actual capital contribution at the end of the period		Proportion of ownership interest	Proportion of voting power	Consolidated or not consolidated	minority interests	Amount of the minority interests used to absorb profits or losses attributable to minority interests	
						RMB'000	RMB'000					%	%
Shandong Century Electric Power Development Corporation Limited ("Century Power Company") (Note 16)	Corporation Limited	Longkou	Bai Hua	16942322-8	Generation and sale of electricity and heat	488,000	2,120,369	84.31	84.31	Y	378,120	—	—
Longkou Dongqi Wind Power Company Limited ("Dongqi Wind Power Company") (Note 16)	Limited Company	Longkou	Sun Zhongjun	66199592-8	Generation and sale of electricity (under construction)	10,000	9,102	100	100	Y	—	—	—
Shijiazhuang Huadian Heat Corporation Limited ("Shijiazhuang Heat Company") (Note 17)	Limited company	Shijiazhuang	Kang Jinchu	71836417-X	Sale of heat	425,370	330,374	100	100	Y	—	—	—
Inner Mongolia Haoguan Coal Company Limited ("Haoguan Company")	Limited company	Ordos	Peng Guoquan	66469259-5	Sale of mining equipment and components	3,000	691,777	85	85	Y	120,350	(2,071)	—
Shenzhen Huayu Star River Investment Company Limited ("Huayu Company")	Limited company	Shenzhen	He Yongsheng	69713539-8	Investment and management of electricity	20,000	483,164	100	100	Y	—	—	—
Star River Hydropower Company (Note 18)	Limited company	Liaon	Luo Xiaojun	77581054-6	Generation and sale of electricity	50,000	—	100	100	Y	—	—	—
Ganbei Hydropower Company (Note 18)	Limited company	Liaon	Luo Xiaojun	77581053-8	Generation and sale of electricity	50,000	—	100	100	Y	—	—	—
Inner Mongolia Huatong Huasheng Energy Company Limited ("Huatong Huasheng") (Note 19)	Limited Company	Dalate Banner of Inner Mongolia Autonomous Region	Li Weidong	67429402-6	Coal mining and sales	30,000	1,320,315	90	90	Y	146,370	(332)	—

Note 13: Although the Company's proportion of ownership interest and voting power in Weifang Company are less than 50%, according to the articles of association of the company, the Company holds majority of seats in the Board of Directors and have power to govern in the financial and operating policy decisions of the company, and obtain benefits from its operating activity. As a result, the management of the Company determined that the Company is able to control Weifang Company and included it into the consolidated financial statements of the Company.

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Background of major subsidiaries (continued)

(3) Subsidiaries acquired through business combinations under non-common control (continued)

Note 14: Guanghua Thermal Power Company was previously a subsidiary of Huarui Group Company, a subsidiary of the Company. Luhua Thermal Power Company, a subsidiary of the Company, acquired 100% equity interest of Guanghua Thermal Power Company from Huarui Group Company and Guanghua Thermal Power Company's minority shareholder during the current period. Thus Guanghua Thermal Power Company becomes a wholly-owned subsidiary of Luhua Thermal Power Company. The actual capital contribution at the end of the period is RMB82,595,000.

As at 30 June 2013, subsidiaries of Huarui Group Company, a subsidiary of the Company, include Huafeng Investment Company, Fengyuan Company, Hebei Huarui Matou Thermal Power Company Limited ("Matou Thermal Power Company"), Handan Wanxing Thermal Power Company Limited ("Wanxing Thermal Power Company") and Yuzhou Wind Power Company. The actual capital contribution at the end of the period to Huafeng Investment Company, Fengyuan Company, Matou Thermal Power Company and Wanxing Thermal Power Company are RMB919,987,912, RMB171,146,267, RMB5,140,800 and RMB5,734,000 respectively.

Note 15: Dongyi Coal Company and Wantongyuan Coal Company are the subsidiaries of Maohua Company, a subsidiary of the Company. The actual capital contribution at the end of the period are RMB362,600,000 and RMB397,600,000 respectively.

Note 16: Dongyi Wind Power Company was previously a subsidiary of Century Power Company, a subsidiary of the Company. The Company acquired 100% equity interest from Century Power Company and Dongyi Wind Power Company's minority shareholder during the current period. Dongyi Wind Power Company becomes a wholly-owned subsidiary of the Company. The actual capital contribution at the end of the period is RMB9,101,878.

As at 30 June 2013, subsidiaries of Century Power Company, a subsidiary of the Company, include Qingdao Guhe Power Generation Company Limited ("Guhe Company") and Penglai Donghai Thermal Power Company Limited ("Donghai Thermal Power Company"). The actual capital contribution at the end of the period to Guhe Company and Donghai Thermal Power Company are RMB6,000,000 and RMB51,120,000 respectively.

Note 17: Subsidiaries of Shijiazhuang Heat Company, a subsidiary of the Company, include Shijiazhuang Huadian Yuhua Heat Company Limited ("Yuhua Heat Company"), Shijiazhuang Huadian Luhua Heat Company Limited ("Luhua Heat Company"), Shijiazhuang Huadian Yuxi Heat Company Limited ("Yuxi Heat Company"), Shijiazhuang Huadian Beicheng Heat Company Limited ("Beicheng Heat Company") and Shijiazhuang Huadian Shiguang Heat Company Limited. The actual capital contribution at the end of the period to above mentioned heat companies are RMB136,787,500, RMB79,461,746, RMB13,100,000, RMB31,900,000 and RMB688,000, respectively.

Note 18: Star River Hydropower Company and Ganbao Hydropower Company are the subsidiaries of Huanyu Company, a subsidiary of the Company. The actual capital contribution at the end of the period to Star River Hydropower Company and Ganbao Hydropower Company are both RMB50,000,000.

Note 19: Huatong Ruisheng, a subsidiary of the Company, was newly acquired from third parties during this current period. The actual capital contribution at the end of the period is RMB1,320,315,000.

Notes To The Financial Statements (Unaudited) (Continued)

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. *The Company has no entities with special purpose or operating entities controlled through entrusted operating and leases during the period.*
3. *Changes of the consolidation scope of the Company during the period are referred to Note IV. 4.*
4. *Subsidiaries that newly consolidated and those that ceased to be consolidated during the period*

- (1) New subsidiaries that have been consolidated in the current period

Name	Note	Net assets at	Net loss for
		30 June 2013	six months
		RMB'000	ended 30
			June 2013
			RMB'000
Huatong Ruisheng	Note 1	1,463,719	(3,308)
Nanjiang Thermal Power Company	Note 2	132,000	—
Tiantou Heat Company	Note 2	20,000	—
Fengyuan Trading Company	Note 2	51,680	—
Huaxing Heat Company	Note 2	10,000	—

Note 1: Huatong Ruisheng, a subsidiary of the Company, was newly acquired from a third party during the period. Net loss of Huatong Ruisheng of the period is the consolidated net loss from the acquisition date to 30 June 2013. Details are referred to Note IV. 1(3) and Note IV. 5.

Note 2: The above mentioned four companies are the subsidiaries newly established by the Company during the period. Details are referred to Note IV. 1(1).

- (2) The Company has no entity that is excluded from consolidation in the current period.

5. Acquisition of a subsidiary

- (1) Acquisition of Huatong Ruisheng

Huatong Ruisheng is a limited company established in Dalate Banner in Inner Mongolia Autonomous Region of the PRC On 29 August 2007. On the acquisition date, Wang Guangrui and Wang Guorui held 60% and 40% equity interests in Huatong Ruisheng, respectively. On 24 November 2011, the Company entered into agreement with Wang Guangrui and Wang Guorui to acquired 90% equity interests of Huatong Ruisheng with a total consideration of RMB1,320,315,000. The Company obtained control over Huatong Ruisheng on 25 March 2013.

As at acquisition date, Huatong Ruisheng had obtained coal mining rights. As Huatong Ruisheng has not yet commenced operation and its production facility was still under construction, the portfolios of the assets and liabilities acquired from the above acquisition did not contain the key element of a "process" and cannot constitute a business combination.

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IV. BUSINESS COMBINATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Acquisition of a subsidiary (continued)

(1) Acquisition of Huatong Ruisheng (continued)

The identifiable assets and liabilities of Huatong Ruisheng are as follows:

Item	Acquisition Date (25 March 2013)		31 December 2012
	Carrying Amount	Fair value	Carrying Amount
	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	1,491	1,491	16,899
Other receivables	29,593	29,593	25,758
Fixed assets	96,305	96,305	96,463
Construction in progress	38,719	38,719	38,070
Intangible assets	152,808	1,611,387	152,859
Short-term loan	(63,000)	(63,000)	(63,000)
Other payables	(247,478)	(247,478)	(256,170)
Total identifiable assets and liabilities	8,438	1,467,017	10,879
Less: minority interests		146,702	
Consideration		1,320,315	

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Item	30 June 2013			31 December 2012		
	Foreign currency amount	Exchange rate	RMB	Foreign currency amount	Exchange rate	RMB
	'000		'000	'000		'000
Cash:						
RMB			1,704			1,488
Cash and bank:			4,581,297			3,057,446
RMB						
US dollar	641	6.1787	3,961	2,014	6.2855	12,659
HK dollar	5	0.7966	4	5	0.8109	4
Other monetary funds:						
RMB			225			128
Guarantee deposits for bank acceptance bills payable and others						
RMB			9,840			30,834
Total			<u>4,597,031</u>			<u>3,102,559</u>

As at 30 June 2013, restricted deposits in the balance of cash at bank mainly represent bank deposit in frozen bank accounts and enterprise production development fund of mining company amounting to RMB14,400,000 (2012: RMB11,651,000), as well as bank deposits with original maturity for six months amounting to RMB13,800,000 (2012: Nil).

2. Bills receivable

(1) Categories of bills receivable

Category	30 June 2013	31 December 2012
	RMB'000	RMB'000
Bank acceptance bills	549,163	599,417
Commercial acceptance bills	60,200	35,000
Total	<u>609,363</u>	<u>634,417</u>

All of the above bills are due within one year.

No amount due from shareholders who holds 5% or more of the voting power of the Group is included in the closing balance of bills receivable.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Bills receivable (continued)

- (2) As at 30 June 2013, no commercial acceptance bill has been discounted by the Group (2012: Nil).
- (3) As at 30 June 2013, there are no acceptance bills reclassified to trade receivable due to the drawers' inability to settle on maturity.
- (4) As at 30 June 2013, derecognition of bills receivable due to the transfer of financial assets are as follows:

Item	Amount derecognised	Losses related to derecognition
	RMB'000	RMB'000
Bank acceptance bill discounted and endorsed	1,008,704	2,350

- (5) As at 30 June 2013, the top five bills endorsed by the Company to other parties which are not yet due at the end of the period are as follows:

Name of drawer	Date of issue	Maturity date	Amount
			RMB'000
1. China Construction Bank Co., Ltd. Xinxiang Chengnan subbranch	27 February 2013	27 August 2013	10,000
2. China Merchants Bank Co., Ltd. Lanzhou Centural Square subbranch	25 March 2013	25 September 2013	10,000
3. Bank of Communications Co., Ltd. Ningxia branch	10 January 2013	10 July 2013	10,000
4. China Merchants Bank Co., Ltd. Lanzhou Centural Square subbranch	25 March 2013	25 September 2013	10,000
5. China Merchants Bank Co., Ltd. Lanzhou Centural Square subbranch	25 March 2013	25 September 2013	10,000
Total			50,000

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Trade receivables

(1) Trade receivables by customer type are as follow:

Category	30 June 2013	31 December 2012
	RMB'000	RMB'000
1. Trade receivables for sale of electricity	4,891,056	6,147,944
2. Trade receivables for sale of heat	405,238	267,754
3. Trade receivables for sale of coal	390,181	221,240
Sub-total	5,686,475	6,636,938
Less: Provision for bad and doubtful debts	23,229	23,229
Total	5,663,246	6,613,709

(2) The ageing analysis of trade receivables is as follows:

Ageing	30 June 2013	31 December 2012
	RMB'000	RMB'000
Within one year (inclusive)	5,375,546	6,449,998
Between one and two years (inclusive)	298,491	169,894
Between two and three years (inclusive)	12,438	17,046
Over three years	—	—
Sub-total	5,686,475	6,636,938
Less: Provision for bad and doubtful debts	23,229	23,229
Total	5,663,246	6,613,709

The ageing is counted starting from the date trade receivables are recognised.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Trade receivables (continued)

(3) Trade receivables by category

Category	Note	30 June 2013				31 December 2012			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
		RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant amounts	(4)	5,373,293	94.49	19,239	0.36	6,282,844	94.66	19,239	0.31
Other insignificant trade receivables	(5)	313,182	5.51	3,990	1.27	354,094	5.34	3,990	1.13
Total		5,686,475	100.00	23,229	0.41	6,636,938	100.00	23,229	0.35

The Group does not hold any collateral over the above trade receivables which are impaired.

(4) Provision for bad and doubtful debts for individually significant trade receivables at the end of the period

Content of trade receivables	Gross carrying amount	Provision for bad and doubtful debts	Proportion of provision	Reasons
	RMB'000	RMB'000	(%)	
Sale of heat	19,239	19,239	100.00	Individual recognition

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Trade receivables (continued)

- (5) Provision for bad and doubtful debts for individually insignificant trade receivables at the end of the period

Content of trade receivables	Gross carrying amount	Provision for bad and doubtful debts	Proportion of provision	Reasons
	RMB'000	RMB'000	(%)	
Sale of electricity	820	820	100.00	Individual recognition
Sale of coal	3,170	3,170	100.00	Individual recognition
Total	<u>3,990</u>	<u>3,990</u>	100.00	

- (6) The Group does not receive or recover any provision for bad and doubtful debts made in full or in significant portion on individually significant trade receivables in previous years.
- (7) The Group does not actually write-off any trade receivables during the period.
- (8) As at 30 June 2013, top five entities with the largest balances of trade receivables

Name of entities	Relationship with the Company	Amount	Ageing	Proportion of amount to the total trade receivables
		RMB'000		(%)
1. Shandong Electric Power Group Corporation	Third party	2,135,142	Within one year (Note)	37.55
2. Ningxia Electric Power Company	Third party	650,560	Within one year (Note)	11.44
3. Sichuan Electric Power Corporation	Third party	405,202	Within one year	7.13
4. East Inner Mongolia Electric Power Company	Third party	372,791	Within one year (Note)	6.56
5. Hebei Electric Power Corporation	Third party	370,552	Within one year	6.52
Total		<u>3,934,247</u>		<u>69.19</u>

Note: As at 30 June 2013, the amounts due from Shandong Electric Power Group Corporation, Ningxia Electric Power Company and East Inner Mongolia Electric Power Company, amounted to RMB7,606,599, RMB196,120,799 and RMB46,342,767 are over one year, respectively, all of which are receivables for new energy subsidies.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Trade receivables (continued)

- (9) No amount due from shareholders who hold 5% or above of the Company's share with voting power or other related parties of the Group is included in the closing balance of trade receivables.
- (10) As at 30 June 2013, derecognition of trade receivables due to transfer of financial assets

Item	Amount derecognised	Losses arising from the derecognition
	<i>RMB'000</i>	<i>RMB'000</i>
Factored trade receivables without recourse	1,027,000	674

- (11) The Group does not securitize trade receivables, and has no asset or liability recognized due to the continuing involvement of securitized trade receivables.

4. Other receivables

- (1) The ageing analysis of other receivables is as follows:

Ageing	30 June 2013	31 December 2012
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year (inclusive)	237,920	1,172,565
Between one and two years (inclusive)	297,007	286,303
Between two and three years (inclusive)	74,118	7,305
Over three years	79,760	77,191
Sub-total	688,805	1,543,364
Less: Provision for bad and doubtful debts	142,307	142,307
Total	546,498	1,401,057

The ageing is counted starting from the date other receivables are recognised.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (continued)

(2) Other receivables by category

Category	30 June 2013				31 December 2012			
	Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant other receivables	586,493	85.15	140,066	23.88	1,480,091	95.90	140,066	9.46
Other insignificant other receivables	102,312	14.85	2,241	2.19	63,273	4.10	2,241	3.54
Total	688,805	100.00	142,307	20.66	1,543,364	100.00	142,307	9.22

The Group does not hold any collateral over the above other receivables which are impaired.

(3) Provision for bad and doubtful debts for individually significant other receivables at the end of the period

Content of other receivables	Gross carrying amount	Provision for bad and doubtful debts	Proportion of provision	Reasons
	RMB'000	RMB'000	(%)	
Receivables on CERs	84,614	84,614	100.00	Remote likelihood of recovery
Advance payments	45,267	45,267	100.00	Long ageing
Receivables on construction projects	8,387	8,387	100.00	Long ageing
Others	1,798	1,798	100.00	Long ageing
Total	140,066	140,066	100.00	

(4) The Group does not receive or recover any provision for bad and doubtful debts made in full or in significant portion on individually significant other receivables in previous years.

(5) The Group does not actually write-off any other receivables during the period.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Other receivables (continued)

- (6) As at 30 June 2013, top five entities with the largest balances of other receivables

Name of enterprise	Relationship with the Company	Amount	Ageing	Percentage of total trade receivables
		RMB'000		(%)
1. Shuozhou Tongmei Wantongyuan Erpu Coal Transportation and Sales Co., Ltd. ("Erpu Transportatoin and Sales Company")	Related party	89,900	Within one year and between one and two years	13.05
2. Li Junzhi	Third party	67,110	Within one year and between one and two years	9.74
3. Linfen City Changfa Coal Coke Co., Ltd ("Linfen Changfa Company")	Related party	54,748	Between one and six years	7.95
4. Camco Carbon Limited	Third party	47,050	Between one and two years	6.83
5. Shandong Longkou Hualong Heat Engineering Co., Ltd	Third party	40,393	Between two and three years	5.86
Total		<u>299,201</u>		<u>43.43</u>

- (7) No amount due from shareholders who hold 5% or above of the Company's shares with voting power or other related parties included in the closing balance of other receivables.
- (8) The Group does not have derecognition of other receivables due to transfer of financial assets during the period.
- (9) The Group does not securitize other receivables, and has no asset or liability recognized due to the continuing involvement of securitized other receivables.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Prepayments

(1) Prepayments by category:

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Prepayments for purchase of fuel	301,399	717,998
Prepayments for purchase of materials	415,001	210,113
Total	716,400	928,111

(2) Prepayments by ageing

Ageing	30 June 2013		31 December 2012	
	Amount	Proportion	Amount	Proportion
	RMB'000	(%)	RMB'000	(%)
Within one year (inclusive)	632,498	88.29	861,107	92.78
Between one and two years (inclusive)	75,629	10.56	62,201	6.70
Between two and three years (inclusive)	4,594	0.64	1,206	0.13
Over three years	3,679	0.51	3,597	0.39
Total	716,400	100.00	928,111	100.00

The ageing is counted starting from the date prepayments are recognised.

As at 30 June 2013, the Group does not have individually significant prepayments with ageing over one year, except for prepayments for purchase of fuel.

(3) No amount due from shareholders who hold 5% or above of the Company's shares with voting power or other related parties of the Group is included in the closing balance of prepayments.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Inventories

- (1) Inventories by category and an analysis of the movements of inventories for the period are as follows:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000
Coal, stalk and gas	2,575,194	16,985,411	17,202,321	2,358,284
Fuel oil	119,833	62,019	79,512	102,340
Materials, components and spare parts	762,949	5,023,089	4,937,706	848,332
Sub-total	3,457,976	22,070,519	22,219,539	3,308,956
Less: Provision for diminution in value of inventories	74,844	—	—	74,844
Total	<u>3,383,132</u>	<u>22,070,519</u>	<u>22,219,539</u>	<u>3,234,112</u>

- (2) Provision for diminution in value of inventories

Category of inventories	Opening balance	Increase in current period	Decrease in current period		Closing balance
			Reversal	Write-off	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Materials, components and spare parts	74,844	—	—	—	74,844

7. Other current assets

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
VAT recoverable and prepaid other taxes	870,040	986,754
Other	<u>2,289</u>	—
Sub-total	872,329	986,754
Less: Provision for impairment	—	—
Total	<u>872,329</u>	<u>986,754</u>

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Available-for-sale financial assets

As at 30 June 2013, available-for-sale financial assets represent 7,886,010 (2012: 7,886,010) shares of the Bank of Communications Co., Ltd. The change in fair value of available-for-sale financial assets is referred to Note IX. 3.

9. Long-term receivables

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Long-term loan receivables	46,973	54,268
Long-term entrusted loan receivables	—	20,000
Finance leases (sales and leaseback) deposits	113,770	112,706
Sub-total	160,743	186,974
Less: Provision for bad and doubtful debts	—	—
Less: Non-current assets due within one year	37,677	42,094
Total	123,066	144,880

As at 30 June 2013, Long-term loan receivables represent receivables of principle and interests amounting to RMB46,973,082 (2012: RMB54,364,738) from Hebei New Resource Infrastructure Investment Company Limited by Shijiazhuang Huadian Xijiao Heat Company, a subsidiary of the Company, bearing an interest rate at 90% of prevailing bank lending rate set by the People's Bank of China. The receivables include RMB37,676,844, which is due within one year, and the rest of which will due before 2015.

As at 30 June 2013, finance leases (sales and leaseback) deposits represent deposits paid by Kailu Wind Power Company, Luohe Company, Pingshi Power Company and Guyuan Wind Power Company for its obligations under finance leases (sales and leaseback). The deposits will be the deduction to the rent payments at the end of period of finance leases (sales and leaseback) 2014 to 2016.

10. Long-term equity investments

(1) Long-term equity investments by category

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Investments in associates	10,352,576	9,984,055
Other long-term equity investments	320,895	320,895
Sub-total	10,673,471	10,304,950
Less: Provision for impairment	—	—
Total	10,673,471	10,304,950

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term equity investments (continued)

- (2) An analysis of the movements of long-term equity investments for the period is as follows:

Investee	Investment cost	Opening balance	Movement of additions and reductions	Adjustments under equity method		Cash dividends for the period	Closing balance	Proportion of ownership interest in the investee	Proportion of voting Power in the investee
				Gains/(losses) in investment	Transfer of capital reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)
Huadian Property Co., Ltd. ("Huadian Property") (Note 1)	440,000	282,290	150,000	1,556	—	—	433,846	16.57	16.57
Sichuan Luzhou Chuannan Power Generation Company Limited ("Luzhou Company")	344,000	—	—	—	—	—	—	40.00	40.00
China Huadian Finance Corporation Limited ("China Huadian Finance") (Note 1)	861,095	1,120,534	—	69,314	—	(28,336)	1,161,512	15.91	16.46
Huadian Coal Industry Group Company Limited ("Huadian Coal") (Note 1)	465,214	1,465,699	—	(29,720)	15,911	—	1,451,890	12.56	12.72
Huadian Jinshajiang Upstream Hydropower Development Co. Ltd. ("Jinshajiang Hydropower")	74,990	74,990	—	—	—	—	74,990	20.00	20.00
Hengshui Hengqing Power Generation Company Limited ("Hengshui Hengqing")	189,604	194,567	—	14,446	—	—	209,013	30.00	30.00
Hebei Jiantou Yuzhou Wind Power Company Limited ("Yuzhou Wind Company")	165,819	191,203	—	19,699	—	—	210,902	44.08	44.08
Xingtai Guotai Power Generation Company Limited ("Xingtai Guotai")	208,842	191,465	—	17,026	—	—	208,491	35.00	35.00
Hebei Xibaipo Second Power Generation Company Limited ("Xibaipo Company")	495,996	453,252	—	28,693	—	—	481,945	35.00	35.00
Guodian Inner Mongolia Dongsheng Thermal Power Company Limited ("Dongsheng Thermal Company")	112,812	154,379	—	19,714	—	—	174,093	20.00	20.00
Guodian Huai'an Thermal Power Company Limited ("Huai'an Thermal Company")	143,682	225,477	—	20,763	—	—	246,240	35.00	35.00
Otog Front Banner Changcheng Mine Company Limited ("Changcheng Mine Company")	452,612	639,001	—	(5,359)	6,953	—	640,595	35.00	35.00
Inner Mongolia Fucheng Mining Company Limited ("Fucheng Mining Company")	498,043	657,229	—	7,133	13,090	—	677,452	35.00	35.00

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term equity investments (continued)

- (2) An analysis of the movements of long-term equity investments for the period is as follows: (continued)

Investee	Investment cost	Opening balance	Movement of additions and reductions	Adjustments under equity method		Cash dividends for the period	Closing balance	Proportion of ownership interest in the investee	Proportion of voting Power in the investee
				Gains/ (losses) in investment	Transfer of capital reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)
Ningxia Ningdong Railway Corporation Limited ("Ningdong Railway Company") (Note 1)	300,000	380,959	—	12,904	—	—	393,863	8.49	8.49
Otog Front Banner Quanhui Trading Company Limited ("Quanhui Trading")	938,834	938,834	—	—	—	—	938,834	35.00	35.00
Otog Front Banner Baihui Trading Company Limited ("Baihui Trading")	569,724	569,724	—	—	—	—	569,724	35.00	35.00
Otog Front Banner Zhengtai Trading Company Limited ("Zhengtai Trading")	644,885	644,885	—	—	—	—	644,885	35.00	35.00
Ningxia Yinxing Coal Company Limited ("Yinxing Coal")	678,000	678,000	—	21,253	—	—	699,253	50.00	40.00
Sichuan Huayingshan Longtan Coal Company Limited ("Longtan Coal Company")	64,910	145,805	—	6,626	10,606	—	163,037	36.00	45.00
Sichuan Balanghe Hydropower Development Company Limited ("Balanghe Hydropower")	142,782	147,068	—	(1,099)	—	—	145,969	20.00	20.00
Eruo Coal Transportation and Sales Company	116,000	116,000	—	—	—	—	116,000	49.00	49.00
Datang Xiangcheng Hydropower Development Company Limited ("Xiangcheng Hydropower")	303,853	303,661	192	—	—	—	303,853	49.00	49.00
Datang Derongjianshan Hydropower Development Company Limited ("Derong Hydropower")	49,028	49,028	—	—	—	—	49,028	49.00	49.00
Other associates	363,121	360,005	—	(2,844)	—	—	357,161		
Total	8,563,846	9,984,055	150,192	200,105	46,560	(28,236)	10,352,576		

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term equity investments (continued)

- (2) An analysis of the movements of long-term equity investments for the period is as follows: (continued)

Note 1: Although the Company's proportion of ownership interest and voting power in Huadian Coal, China Huadian Finance, Ningdong Railway Company and Huadian Property are less than 20%, according to the articles of association of the above four companies, the Company has the representative in the Board of Directors and can participate in the financial and operating policy decisions of them. As a result, the management of the Company determined that the Company has significant influence over Huadian Coal, China Huadian Finance, Ningdong Railway Company and Huadian Property, thus recognise them as associates.

Investee	Investment cost	Opening balance	Movements of additions and reductions	Closing balance	Proportion of ownership interest in the investee	Proportion of voting power in the investee	Cash dividends for the period
					(%)	(%)	
	RMB'000	RMB'000	RMB'000	RMB'000			RMB'000
Shandong Luneng Heze Coal Power Development Company Limited ("Luneng Heze Company")	103,609	103,609	—	103,609	12.27	12.27	—
Jiantou Renqiu Thermal Company	50,537	50,537	—	50,537	17.44	17.44	—
Litang Heyuan Hydropower Company	16,854	16,854	—	16,854	5.50	5.50	—
Sichuan Daduhe Shuangjiangkou Hydropower Development Company Limited ("Daduhe Hydropower Company")	23,500	23,500	—	23,500	5.00	5.00	—
Sichuan Huayingshan Coal Corporation Limited	20,000	20,000	—	20,000	2.00	2.00	—
Hebei Handan Thermal Power Corporation Limited	72,289	72,289	—	72,289	16.00	16.00	—
Sichuan Bahe Hydropower Development Company Limited	29,945	29,945	—	29,945	10.00	10.00	—
Other investments	4,161	4,161	—	4,161			—
Total	<u>320,895</u>	<u>320,895</u>	<u>—</u>	<u>320,895</u>			<u>—</u>

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term equity investments (continued)

(3) Information of significant investment in associates

Name of investee	Type	Place of registration	Legal representative	Organisation code	Principal operation	Registered capital	Investee's total assets at the end of the period	Total net assets at the end of the period	Total operating income for the period
						RMB'000	RMB'000	RMB'000	RMB'000
		Note 1							
Huadian Property Luzhou Company	Limited company	Beijing	Cao Yinchang	77545281-1	Property Development	2,197,500	4,759,801	2,694,260	193,320
	Limited company	Luzhou	Gao Chun	76728573-4	Generation and sale of electricity	860,000	4,034,510	348,142	1,048,804
Huadian Coal	Limited company	Beijing	Ding Huande	71093361-4	Provision of coal procurement service	3,657,143	54,779,289	17,515,939	8,521,394
China Huadian Finance	Limited company	Beijing	Chen Yu	11778303-7	Provision of corporate financial service to its group companies	5,000,000	30,109,758	7,056,006	758,055
Hengshui Hengxing	Limited company	Hengshui	Wang Jinsheng	74341504-7	Generation and sale of electricity and heat	475,000	1,445,158	640,471	625,450
Yuzhou Wind Company	Limited company	Zhangjiakou	Cao Xin	79842721-3	Generation and sale of electricity	364,000	1,608,280	466,782	95,002
Xingtai Guotai	Limited company	Xingtai	Wang Jinsheng	75244165-0	Generation and sale of electricity and heat	400,000	1,611,178	507,538	704,404
Xibaipo Company	Limited company	Shijiazhuang	Wang Yongzhong	75243698-2	Generation and sale of electricity and heat	880,000	3,384,626	1,201,088	1,026,879
Dongsheng Thermal Power Company	Limited company	Ordos	Miu Jun	78300656-3	Generation and sale of electricity and heat	500,000	3,367,455	670,988	507,669
Hua'an Thermal Company	Limited company	Zhangjiakou	Li Enji	78981246-X	Generation and sale of electricity and heat	514,800	2,008,395	634,656	631,722
Changcheng Mine Company	Limited company	Inner Mongolia	Liu Duhong	77221211-8	Sale of mechanical equipment and accessories for coal mines	23,077	1,988,047	1,376,364	367,401
Fucheng Mining Company	Limited company	Inner Mongolia	Liu Fudao	78707803-8	Sale of ironstone and steel products	150,000	3,507,334	1,779,108	691,485
Yinxing Coal	Limited company	Yinchuan	Huang Jimhai	67040452-X	Development and operation of coal mines	611,000	1,440,653	704,123	250,848
Ningdong Railway Company	Corporation limited	Yinchuan	Bao Jinquan	69432300-6	Railway development and management	3,533,368	5,210,428	4,239,857	410,735
Quanhui Trading	Limited company	Inner Mongolia	Liu Canhua	78300453-3	Building material, hardware & electrical products, agriculture livestock products and electric products wholesale and retail (under construction)	5,000	3,710,719	2,682,383	—

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term equity investments (continued)

(3) Information of significant investment in associates (continued)

Name of investee	Type	Place of registration	Legal representative	Organisation code	Principal operation	Investee's total assets at the end of the period		Total net assets at the end of the period	Total operating income for the period
						Registered capital			
Note 1						RMB'000	RMB'000	RMB'000	RMB'000
Baihui Trading	Limited company	Inner Mongolia	Yang Guangxiang	78300454-1	Building material, hardware & electrical & products, agriculture livestock products and electric products wholesale and retail (under construction)	5,000	2,100,243	1,627,783	—
Zhengtai Trading	Limited company	Inner Mongolia	Wang Tao	76106842-1	Hardware & electro mechanical products, dairy commodities, agriculture & livestock products and electric products wholesale and retail (under construction)	6,770	1,842,817	1,842,529	—
Jinshajiang Hydropower	Limited company	Chengdu	Yang Qingling	78911988-4	Generation and sale of electricity (under construction)	92,552	2,320,944	374,952	—
Longtan Coal Company	Limited company	Guang'an	Gao Zhengqiang	74692267-7	Coal mining and sales	36,000	881,031	362,614	224,621
Eruo Coal Transportation and Sales Company	Limited company	Shuozhou	Zhang Junhui	57108816-5	Development of coal mines	20,000	189,687	20,000	—
Balanghe Hydropower	Limited company	Ganzi Tibetan Autonomous Region	Sun Yun	77984224-3	Generation and sale of electricity	120,000	1,545,117	535,915	88,272
Xiangcheng Hydropower	Limited company	Ganzi Tibetan Autonomous Region	Ren Ming	66955585-X	Generation and sale of electricity (under construction)	585,000	2,965,229	584,608	—
Derong Hydropower	Limited company	Ganzi Tibetan Autonomous Region	Wang Linnui	69695905-9	Generation and sale of electricity (under construction)	100,000	506,226	100,000	—

Note 1: All associates with significant investment are registered in the People's Republic of China.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Fixed assets

(1) Fixed assets

Item	Plants and buildings	Generators and related machinery and equipment	Mining structures	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost					
Balance at the beginning of the period	43,053,987	101,548,738	898,644	2,647,005	148,148,374
Transferred from construction in progress	312,414	574,243	—	93,818	980,475
Additions from acquisition of a subsidiary	93,199	—	—	3,106	96,305
Net addition from sales and leaseback	—	(33,700)	—	—	(33,700)
Other additions during the period	2,103	3,260	—	63,771	69,134
Disposals during the period	(18,177)	(148,316)	(5,217)	(19,880)	(191,590)
Balance at the end of the period	43,443,526	101,944,225	893,427	2,787,820	149,068,998
Accumulated depreciation					
Balance at the beginning of the period	(8,843,753)	(31,085,900)	(5,005)	(1,321,895)	(41,256,553)
Charge for the period	(786,865)	(2,654,294)	(22,677)	(110,044)	(3,573,880)
Disposals on sales and leaseback	—	26,754	—	—	26,754
Written-back during the period	13,843	137,814	—	13,904	165,561
Balance at the end of the period	(9,616,775)	(33,575,626)	(27,682)	(1,418,035)	(44,638,118)
Provision for impairment losses					
Balance at the beginning of the period	—	(10,564)	—	—	(10,564)
Charge for the period	—	—	—	—	—
Balance at the end of the period	—	(10,564)	—	—	(10,564)
Carrying amounts					
At the end of the period	33,826,751	68,358,035	865,745	1,369,785	104,420,316
At the beginning of the period	34,210,234	70,452,274	893,639	1,325,110	106,881,257

On 30 June 2013, certain pledged fixed assets of the Group result in the restriction on title, which are described in Note V. 19.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Fixed assets (continued)

- (2) As at 30 June 2013, the Group did not has any temporary idle fixed assets.
- (3) Fixed assets leased under finance leases (sales and leaseback):

Item	30 June 2013			31 December 2012		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Generators and related machinery and equipment	<u>1,256,792</u>	<u>(88,908)</u>	<u>1,167,884</u>	<u>1,056,792</u>	<u>(52,997)</u>	<u>1,003,795</u>

- (4) As at 30 June 2013, the Group did not have any fixed assets held for sale.
- (5) As at 30 June 2013, the Group has certain of fixed assets with pending certificates of ownership. The Board of Directors considered that the Group was entitled to lawfully and effectively occupy or use of those fixed assets.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress

(1) Changes in significant construction in progress in the period

Project	Budget amount	Opening balance	Additions through acquisition	Additions for the period	Transfer to fixed assets	Closing balance	Amount	Amount of	Including:	Source of funds
							injected as a proportion of budget amount	accumulated capitalised interest	capitalised interest for the period	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000	
Laizhou Power Phase I generating units	7,420,000	125,302	—	20,840	—	146,142	89%	—	—	Self-financing and bank loans
Shuiluohu Company preliminary hydropower plants	12,413,778	399,490	—	37,885	(54,073)	383,302	3%	2,513	2,472	Self-financing and bank loans
Barshan Company Co-generation Project	3,798,480	817,079	—	104,355	—	921,434	52%	98,288	44,228	Self-financing and bank loans
Zagunao Hydroelectric Company Shiziping hydroelectric project	3,082,000	658,349	—	107,231	—	765,580	132%	52,931	9,180	Self-financing and bank loans
Qudong Company Thermal Power project	2,843,720	710,618	—	331,442	—	1,042,060	90%	138,290	33,943	Self-financing and bank loans
Zibo Thermal Power Company Phase II generating units	2,776,080	452,817	—	45,420	—	498,237	76%	111,555	19,861	Self-financing and bank loans
Lu'an Company Phase I&II generating units	4,476,140	341,602	—	220,472	—	562,074	13%	42,420	24,706	Self-financing and bank loans
Mashua Company Coal Mine projects	1,734,316	721,612	—	232,948	—	954,560	122%	75,461	23,375	Self-financing and bank loans
Shuiluohu Company Sadiuo Hydropower plant	1,796,800	1,077,763	—	38,528	—	1,116,291	62%	121,046	33,331	Self-financing and bank loans
Shuiluohu Company Ninglang Hydropower plant	1,012,320	748,968	—	37,309	—	786,277	112%	146,874	16,942	Self-financing and bank loans
Shaoguan Thermal Power Company 2*350MW project	3,212,060	151,820	—	8,785	—	160,605	5%	4,803	1,177	Self-financing and bank loans

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress (continued)

(1) Changes in significant construction in progress in the period (continued)

Project	Budget amount	Opening balance	Additions through acquisition	Additions for the period	Transfer to fixed assets	Closing balance	Amount injected as a proportion of budget amount	Amount of accumulated capitalised interest	Including: capitalised interest for the period	Source of funds
New Energy Company Haiyuan Wuyuan Phase I project	449,413	61,627		98,085	(1,410)	158,302	36%	8,476	6,830	Self-financing and bank loans
Xiasha Thermal Power Company Natural gas Co-generation Project	1,393,470	509,913		131,590	(42,996)	598,507	47%	17,209	12,637	Self-financing and bank loans
Laizhou Port Company port project	717,110	444,622		105,601	(335,187)	215,036	81%	33,834	33,106	Self-financing and bank loans
Desulphurisation, technical improvement projects and others		4,501,834	38,719	1,593,513	(546,809)	5,587,257		294,408	52,886	Self-financing and bank loans
Total carrying amounts		11,723,416	38,719	3,114,004	(980,475)	13,895,664		1,148,108	314,674	
Less: impairment losses (2)		52,486	—	—	—	52,486				
Total net book value		11,670,930				13,843,178				

Note 1: As at 30 June 2013, certain pledged construction in progress of the Group result in the restriction on title, which are described in Note V.19.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress (continued)

(2) Provision for impairment losses for construction in progress

Project	Opening balance	Increase for the period	Decrease for the period	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000
Tengzhou Thermal Power Company Phase III preliminary project	20,940	—	—	20,940
Luoyang nuclear power preliminary project	17,242	—	—	17,242
Zibo Thermal Power Company Gaoqing project	11,885	—	—	11,885
Tianjin Dagang Phase III preliminary project	2,419	—	—	2,419
Total	52,486	—	—	52,486

The above projects of the Group were identified that the likelihood to obtain preliminary approval is remote. As a result, the Group provided impairment losses fully for the carrying amounts of these projects.

13. Construction materials

Item	Opening balance	Additions through acquisition	Additions for the period	Decreases for the period	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Construction materials	13,631	—	650,676	(513,319)	150,988

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets

Item	Land use rights and sea use right	Mining rights and mineral exploration rights	Concession assets	Development right of hydropower	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
Balance at the beginning						
at the period	2,717,036	7,102,785	2,946,886	1,382,954	39,770	14,189,431
Additions for the period	3,054	302	—	—	2,763	6,119
Additions from acquisition of a subsidiary	—	1,611,387	—	—	—	1,611,387
Balance at the end of the period	2,720,090	8,714,474	2,946,886	1,382,954	42,533	15,806,937
Accumulated amortization						
Balance at the beginning of the period	(378,133)	(40,539)	(326,831)	—	(16,675)	(762,178)
Charge for the period	(28,204)	(15,978)	(60,616)	—	(2,597)	(107,395)
Balance at the end of the period	(406,337)	(56,517)	(387,447)	—	(19,272)	(869,573)
Carrying amounts						
At the end of the period	2,313,753	8,657,957	2,559,439	1,382,954	23,261	14,937,364
At the beginning of the period	2,338,903	7,062,246	2,620,055	1,382,954	23,095	13,427,253

The land use rights of the Group are mainly obtained through acquisitions. The sea use right of the Group is the right to use sea areas around Laizhou Port, Yantai, for general berth construction obtained by Laizhou Port Company and Laizhou Power, through cash consideration from People's Government of Shandong Province and State Oceanic Administration of People's Republic of China. The useful life of sea use right is 50 years starting from its registration date.

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14. Intangible assets (continued)

Mining right is a right to extract the mineral resources and obtain the extraction minerals, in the prescribed extension of excused mineral rights certification. Mineral exploration right is the permission to conduct mineral exploration activities to estimate the ultimate value of the minerals underneath a given property within the legal region according to the mineral exploration license. The application of mining rights can be made after the assessment work of mineral exploration right has been completed, and the prospecting reports have been submitted and recorded in the Department of Land and Resources. Mineral exploration right after transferring to mining right is stated in the balance sheet at cost less accumulated amortization and impairment losses, and is amortized on the units-of-production method.

Concession assets are recognised by Kailu Wind Power Company and Guyuan Wind Power Company, subsidiaries of the Company, according to service concession arrangements. Concession assets is amortised on a straight-line basis from the date the concession infrastructure are available for use over the rest concession year. On 30 June 2013, the net book value of the concession assets held under finance lease amounted to RMB290,540,000 (31 December 2012: RMB299,002,000).

Development right of hydropower was obtained through acquisition of Shuiluohe Company in 2011. As at the acquisition date, all preliminary hydropower projects of Shuiluohe Company obtained approval for basin development and preliminarily work from the Development and Reform Commission of Sichuan Province. Amortisation of development right of hydropower will start after related hydropower plants are put into operation over its operation period on a straight-line basis.

On 30 June 2013, the Group has the pledged intangible assets that have been restricted on the ownership. Details are referred to Note V. 19.

On 30 June 2013, the Group's total land use rights with indefinite life amounted to RMB459,077,000 (30 June 2012: RMB459,077,000). They were mainly land use rights assigned by the PRC's land bureau with indefinite land use period. The Company and its subsidiaries will perform annual impairment test on intangible assets with indefinite useful life at year end.

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15. Goodwill

Investee name	Note	Opening balance	Addition for the period	Decrease for the period	Closing balance	Provision for impairment at the period end
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Laicheng Plant	Note	12,111	—	—	12,111	—
Zibo Thermal Power Company	Note	4,555	—	—	4,555	—
Weifang Company	Note	20,845	—	—	20,845	—
Zagunao Hydroelectric Company	Note	16,011	—	—	16,011	—
Huarui Group Company	Note	47,614	—	—	47,614	(6,155)
Century Power Company	Note	342,490	—	—	342,490	—
Pingshi Power Company	Note	340,376	—	—	340,376	—
Star River Hydropower Company	Note	37,419	—	—	37,419	—
Ganbao Hydropower Company	Note	51,765	—	—	51,765	—
Total		873,186	—	—	873,186	(6,155)

Note: Goodwill of the Group represents the excess of cost of acquisition over the Group's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

The Company and its subsidiaries will perform annual impairment testing on goodwill at year end of 2013.

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16. Deferred tax assets /deferred tax liabilities

- (1) Deferred tax assets or liabilities and related deductible or taxable temporary differences after offsetting

Item	30 June 2013		31 December 2012	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
	RMB'000	RMB'000	RMB'000	RMB'000
Provision for stock and bad debt	245,214	49,748	245,214	49,748
Accrued wages expenses	32,432	8,001	32,851	8,106
Tax losses	1,695,912	423,978	1,741,085	435,272
Fair value adjustment	(6,703,256)	(1,651,708)	(6,818,278)	(1,680,299)
Depreciation of fixed assets	(4,650,135)	(1,162,258)	(4,480,388)	(1,119,977)
Others	64,820	16,205	73,982	18,497
Total	<u>(9,315,013)</u>	<u>(2,316,034)</u>	<u>(9,205,534)</u>	<u>(2,288,653)</u>
Offsetting amount		<u>333,495</u>		<u>300,472</u>
Amounts after offsetting presented in balance sheet				
Deferred tax assets		<u>332,447</u>		<u>363,770</u>
Deferred tax liabilities		<u>(2,648,481)</u>		<u>(2,652,423)</u>
Total		<u>(2,316,034)</u>		<u>(2,288,653)</u>

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax assets /deferred tax liabilities (continued)

- (1) Deferred tax assets or liabilities and related deductible or taxable temporary differences after offsetting (continued)

The movements of deferred tax assets and liabilities for the period

Item	Deferred tax assets/(liabilities)				
	Opening balance	Movement charged to capital reserve	Movement charged to income statement	Acquisition of subsidiaries	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Provision for stock and bad debt	49,748	—	—	—	49,748
Accrued wages expenses	8,106	—	(105)	—	8,001
Tax losses	435,272	—	(11,294)	—	423,978
Fair value adjustment	(1,680,299)	1,715	26,876	—	(1,651,708)
Depreciation of fixed assets	(1,119,977)	—	(42,281)	—	(1,162,258)
Others	18,497	—	(2,292)	—	16,205
Total	<u>(2,288,653)</u>	<u>1,715</u>	<u>(29,096)</u>	<u>—</u>	<u>(2,316,034)</u>

- (2) Details of unrecognised deferred tax assets

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Deductible tax losses	<u>5,207,352</u>	<u>5,542,876</u>

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax assets /deferred tax liabilities (continued)

- (3) Deductible tax losses, for which no deferred tax assets are recognised, will expire in the following years

Year	30 June 2013	31 December 2012
	RMB'000	RMB'000
2013	846,853	1,753,986
2014	49,314	61,344
2015	724,442	760,705
2016	1,940,554	2,073,814
2017	746,853	893,027
2018	899,336	—
Total	5,207,352	5,542,876

17. Other non-current assets

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Prepayments for investment	—	436,854
VAT recoverable and other prepaid taxes	885,695	865,054
Deferred difference arising from a sales and leaseback arrangement	448,469	454,199
Prepayment on mining rights acquisition	196,000	196,000
Total	1,530,164	1,952,107

VAT recoverable and other prepaid taxes mainly represent VAT input arising from fixed assets acquisition, which is deductible from VAT output.

Deferred difference arising from a sales and leaseback arrangement represents the deficit of sales proceeds over the net book value of the assets disposed under the sales and leaseback arrangement which resulted in a finance lease conducted by Pingshi Power Company and Zagunao Hydroelectric Company, subsidiaries of the Company. The difference is deferred and amortised as an adjustment to the depreciation of the assets over their estimated useful lives.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Details of provisions for impairment losses

Item	Note	Opening balance	Increase for the period	Decrease for the period		Closing balance
				Reversal	Write off	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Provision for bad and doubtful debts:						
Trade receivables	V.3	23,229	—	—	—	23,229
Other receivables	V.4	142,307	—	—	—	142,307
Provision for diminution in value of inventories	V.6(2)	74,844	—	—	—	74,844
Goodwill	V.15	6,155	—	—	—	6,155
Fixed assets	V.11	10,564	—	—	—	10,564
Construction in progress	V.12	52,486	—	—	—	52,486
		<u>309,585</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>309,585</u>

19. Restricted assets

On 30 June 2013, the assets with restrictions placed on their ownership were as follows:

Category	Note	Opening balance	Increase in the period	Decrease in the period	Closing balance
Assets used as guarantee					
— Cash at bank and on hand	V.1	30,834	4,000	(24,994)	9,840
— Trade receivables	V.3	882,977	323,951	(826,012)	380,916
— Fixed assets	V.11	446,526	—	(3,333)	443,193
— Construction in progress	V.12	1,849,005	257,409	—	2,106,414
— Intangible assets	V.14	412,600	1,897,844	(256,771)	2,053,673
Other restricted assets					
— Cash at bank and on hand	V.1	11,651	16,549	—	28,200
		<u>3,633,593</u>	<u>2,499,753</u>	<u>(1,111,110)</u>	<u>5,022,236</u>

The Group's pledged trade receivables used as guarantee represent trade receivables of electricity sales as guarantee for short-term loans. The Group's fixed assets, construction in progress and intangible assets used as guarantee represent plants and buildings, machinery and equipments, hydropower plant construction, land use rights and mining rights pledged for long-term loans.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Short-term loans

(1) Short-term loans by category

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Unsecured loans	16,698,370	18,666,190
Secured loans with securities under the custody of lenders	810,000	675,642
Secured loans with securities under the Group's custody	—	150,000
Total	17,508,370	19,491,832

(2) On 30 June 2013, the Group do not have any past due short-term loans.

21. Bills payable

Category	30 June 2013	31 December 2012
	RMB'000	RMB'000
Bank acceptance bills	263,001	393,120
Commercial acceptance bills	36,000	56,000
Total	299,001	449,120

The bills payable above are due within one year.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Trade payables

- (1) Details of trade payables are as follows:

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Payables for fuel	3,136,905	1,400,002
Payables for construction, equipment and material	7,365,231	7,352,022
Payables for maintenance	332,935	84,318
Others	59,983	8,478
Total	10,895,054	8,844,820

As at 30 June 2013, the Group does not have any individually significant trade payables with ageing over one year.

The foreign currency included in the balance of trade payables is Nil (2012: Nil).

- (2) No amount due to shareholders who hold 5% or above of the Company's shares with voting power of the Group is included in the closing balance of trade payables.

23. Receipts in advances

- (1) Details of receipts in advances are as follows:

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Sales of electricity	44,527	—
Sales of heat	49,022	798,721
Sales of coal	68,562	63,424
Others	66,794	63,762
Total	228,905	925,907

As at 30 June 2013, the Group does not have any individually significant receipts in advances with ageing over one year.

- (2) No amount due to shareholders who hold 5% or above of the Company's shares with voting power of the Group is included in the closing balance of receipts in advances.

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24. Wages payable

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000
Wages, bonuses, allowances and subsidies	8,935	903,178	781,486	130,627
Staff welfare	—	94,280	88,732	5,548
Social security contributions				
Including: 1. Medical insurance	30,291	118,007	100,011	48,287
2. Pension insurance	9,059	252,201	237,965	23,295
3. Unemployment insurance	2,472	16,717	15,008	4,181
4. Work injury insurance	1,400	10,114	8,542	2,972
5. Maternity insurance	517	6,988	6,326	1,179
6. Supplementary pension insurance	—	60,973	54,093	6,880
Housing fund	7,029	215,792	205,633	17,188
Termination benefits	6,041	86	607	5,520
Labour union and staff education fund	43,437	34,849	26,876	51,410
Others	357	9,517	9,096	778
Total	109,538	1,722,702	1,534,375	297,865

The Group has joined supplementary pension insurance managed by China Huadian.

25. Taxes payable

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
VAT	213,462	330,276
EIT	170,121	231,025
Individual income tax	7,309	23,482
Education surcharge	12,617	19,356
City maintenance and construction tax	15,826	24,741
Land use tax	25,105	21,227
Property tax	27,187	17,564
Others	17,767	21,798
Total	489,394	689,469

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Interest payable

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Interest payable for loans	238,161	282,139
Interest payable for debentures	189,476	320,714
Total	427,637	602,853

27. Other payables

(1) Details of other payables are as follows:

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Amounts due to China Huadian	1,060	1,060
Amounts due to other related parties	309,711	302,878
Amounts due to third parties	3,436,752	2,549,564
Total	3,747,523	2,853,502

- (2) Except for amounts due to China Huadian, no amount due to shareholders who hold 5% or above of the Company's shares with voting power of the Group is included in the closing balance of other payables.
- (3) On 30 June 2013, except for quality guarantee deposits of constructions and consideration payables, the Group does not have any individually significant payable items with ageing over one year.
- (4) Amounts due to third parties mainly represent quality guarantee deposits of constructions, deposits, consideration payables and payables for installed capacity quota.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Short-term debentures payable

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term debentures	11,664,380	8,755,978	(8,243,850)	12,176,508

(1) Details of short-term debentures payable are as follows:

Debtenture	Par value	Issue Date	Maturity period	Interest rate	Issue amount	Opening balance	Additions		Interest accrued for the period	Interest paid for the period	Principle paid for the period	Closing balance
							for the period	Discount amortisation				
	RMB		Days	(%)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The first tranche of 2012 short-term debenture	100	10 February 2012	366	4.68	1,500,000	1,561,247	—	705	8,248	(70,200)	(1,500,000)	—
The first tranche of 2012 super short-term debenture	100	19 June 2012	270	3.15	3,500,000	3,555,984	—	2,917	22,654	(81,555)	(3,500,000)	—
The second tranche of 2012 short-term debenture	100	12 September 2012	366	4.22	2,000,000	2,019,847	—	3,967	41,853	—	—	2,065,667
The third tranche of 2012 short-term debenture	100	13 December 2012	366	4.65	1,500,000	1,497,736	—	2,975	34,588	—	—	1,535,299
The second tranche of 2012 super short-term debenture	100	19 September 2012	270	4.15	3,000,000	3,029,566	—	5,567	56,963	(92,096)	(3,000,000)	—
The first tranche of 2013 short-term debenture	100	14 March 2013	366	4.03	1,500,000	—	1,494,000	1,775	17,887	—	—	1,513,662
The first tranche of 2013 super short-term debenture	100	13 March 2013	180	3.80	3,500,000	—	3,493,000	4,239	39,718	—	—	3,536,957
The second tranche of 2013 super short-term debenture	100	17 April 2013	90	3.60	3,500,000	—	3,496,500	2,878	25,545	—	—	3,524,923
Total						11,664,380	8,483,500	25,023	247,456	(243,851)	(8,000,000)	12,176,508

On 30 June 2013, the carrying amount of short-term debentures payable of the Group includes interest payable with the amount of RMB188,467,000 (2012: RMB184,862,000).

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29. Non-current liabilities due within one year

- (1) Non-current liabilities due within one year by category are as follows:

Item	Note	30 June 2013	31 December 2012
		RMB'000	RMB'000
Long-term loans due within one year	(2)	10,604,989	9,647,074
Debentures payable due within one year	V.31	1,496,698	—
Payables for finance lease due within one year	(3)	322,315	311,480
Other long-term payables due within one year	(4)	630,475	808,233
Total		13,054,477	10,766,787

On 30 June 2013, the non-current liabilities dominated in foreign currencies included in the balance of long-term loans due within one year amounting to USD53,444,975 and EUR2,436,659 (2012: USD28,236,385 and EUR2,392,202), and the foreign currencies included in the balance of long-term payables due within one year amounting to USD84,145,984 (2012: USD116,586,210) at exchange rate of 6.1787 and 8.0536 (2012: 6.2855 and 8.3176), respectively.

- (2) Long-term loans due within one year

Item	30 June 2013	31 December 2012	
		RMB'000	RMB'000
Secured loans with securities under the custody of lenders	891,515	1,175,094	
Secured loans with securities under the Group's custody	138,560	133,560	
Guaranteed loans	170,600	126,955	
Unsecured loans	9,404,314	8,211,465	
Total	10,604,989	9,647,074	

The secured loans with securities under the custody of lenders are secured by the income stream in respect of the sales of electricity. The secured loans with securities under the Group's custody are pledged by the fixed assets, construction in progress and intangible assets.

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29. Non-current liabilities due within one year (continued)

(2) Long-term loans due within one year (continued)

(a) On 30 June 2013, the top five long-term loans due within one year

Lender	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	30 June 2013 RMB'000
1. China Development Bank Beijing Branch	29 April 2011	28 April 2014	RMB	5.54	300,000
2. Agricultural Bank of China	12 February 2011	11 February 2014	RMB	5.54	300,000
3. Bank of Communication Licang first Subbranch	14 January 2009	14 January 2014	RMB	5.18	290,000
4. Bank of Communication Licang first Subbranch	14 January 2009	23 July 2013	RMB	5.18	280,000
5. SITC	19 April 2012	18 April 2014	RMB	7.30	253,150
Total					<u>1,423,150</u>

(b) On 30 June 2013, the Group do not have any overdue loans in the balance of long-term loans due within one year.

(3) Payables for finance lease due within one year

On 30 June 2013, payables for finance leases due within one year is RMB322,315,000 with gross amount of RMB334,652,000, net of unrecognised finance costs amount of RMB12,337,000.

(4) Long-term payables due within one year

On 30 June 2013, long-term payables due within one year including payables for default bank loan as a bank loan guarantor amounting to RMB519,913,000 (2012: RMB732,803,000), payables for central heating construction amounting to RMB58,511,000 (2012: RMB20,000,000) and payables of mining rights amounting to RMB52,051,000 (2012: RMB55,430,000).

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30. Long-term loans

(1) Long-term loans by category

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Unsecured loans	47,053,646	52,983,816
Secured loans with securities under the custody of lenders	14,992,796	13,656,303
Secured loans with securities under the Group's custody	3,795,690	3,427,350
Loans guaranteed by third parties	613,506	550,880
Loans guaranteed by China Huadian	3,193,928	3,202,648
Less: Long-term loans due within one year	10,604,989	9,647,074
Total	59,044,577	64,173,923

As at 30 June 2013, the loans denominated in foreign currencies are included in the balance of long-term loans (excluding due within one year) amounting to USD46,160,092 and EUR22,166,483 (2012: USD70,632,094 and EUR23,407,040) at exchange rate of 6.1787 and 8.0536 (2012: 6.2855 and 8.3176), respectively.

(2) On 30 June 2013, the top five long-term loans are as follows:

Lender	Inception date of borrowing	Maturity date	Currency	Interest rate	30 June 2013	31 December 2012
				(%)	RMB'000	RMB'000
1. Syndicated Loans (Note 1)	26 December 2005	26 December 2025	RMB	5.90	2,930,000	2,980,000
2. Syndicated Loans (Note 2)	28 June 2006	18 June 2022	RMB	5.90	1,640,000	1,900,000
3. Syndicated Loans (Note 3)	27 June 2007	26 June 2022	RMB	6.55	1,693,320	1,755,600
4. Taikang Assets Management Co., Ltd.	6 September 2012	6 September 2019	RMB	5.86	1,500,000	1,500,000
5. Ping'an Assets Management Co., Ltd.	1 June 2011	20 March 2021	RMB	6.06	1,080,000	1,080,000
Total					8,843,320	9,215,600

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30. Long-term loans (continued)

(2) On 30 June 2013, the top five long-term loans are as follows (continued)

Note 1: Syndicated Loans above included loans from Bank of China Chengdu Development West District Subbranch, China Development Bank Sichuan Branch, Industrial and Commercial Bank of China Chengdu Zhiquan Subbranch and China Huadian Finance.

Note 2: Syndicated Loans above included loans from China Development Bank Beijing Branch, Industrial and Commercial Bank of China Anhui Branch, Bank of Communications Wuhu Branch, Bank of Communications Beijing Branch and China Huadian Finance.

Note 3: Syndicated Loans above included loans from China Development Bank, Industrial and Commercial Bank of China Guangdong Branch Banking Dept. Counter, Bank of China Shaoguan Branch and Bank of Communication Guangzhou Branch.

31. Debentures payable

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000
Medium-term notes and non-public private placement debentures	10,352,593	3,007,429	(15,000)	13,345,022
Less: Debentures payable due within one year	—	—	—	1,496,698
Total	<u>10,352,593</u>	<u>3,007,429</u>	<u>(15,000)</u>	<u>11,848,324</u>

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Debentures payable (continued)

The analysis of debentures payable is set out as follows:

Debenture	Par value	Issue date	Maturity year	Interest rate	Issue amount	Opening balance	Additions for the period	Discount amortisation	Decrease for the period	Closing balance
	RMB			%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The second tranche of 2009 medium-term notes	100	25 March 2009	From 26 March 2009 to 26 March 2014	3.96	1,500,000	1,494,467	—	2,231	—	1,496,698
The first tranche of 2010 medium-term notes	100	30 August 2010	From 31 August 2010 to 31 August 2015	3.78	2,400,000	2,380,837	—	3,568	—	2,384,405
The first tranche of 2012 medium-term notes	100	22 May 2012	From 23 May 2012 to 23 May 2017	4.72	1,500,000	1,480,248	—	2,230	—	1,482,478
Non-public private placement notes of 2012	100	13 March 2012	From 14 March 2012 to 14 March 2015	5.02	5,000,000	4,997,041	—	7,438	(15,000)	4,989,479
Non-public private placement notes of 2013	100	22 May 2013	From 23 May 2013 to 23 May 2016	4.87	3,000,000	—	2,991,000	962	—	2,991,962
Total						10,352,593	2,991,000	16,429	(15,000)	13,345,022

Interests on the above debentures are paid annually and principals are repaid on maturity.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term payables

Item	Note	30 June	31 December
		2013	2012
		RMB'000	RMB'000
Payables on mining rights	(1)	543,755	595,804
Payables for debts	(2)	519,913	732,803
Payables for central heating construction	(3)	58,511	58,511
Payables for finance leases	(4)	1,020,565	956,265
Payables on deposit for mining rights		96,000	96,000
Less: Long-term payables due within one year		952,790	1,119,713
Total		1,285,954	1,319,670

On 30 June 2013, the above payables denominated in foreign currencies included in the balance of long-term payables (excluding due within one year) amounting to USDNil (2012: USDNil).

(1) Payables on mining rights

Payables on mining rights represent mining resource fee payables to local Bureau of Land and Resources by Maohua Company, a subsidiary of the Company. According to corresponding agreements, RMB52,051,000 of total amount payables is due in 30 June 2014.

(2) Payables for debts

According to an agreement, payables for debts were previously due on 30 June 2013. During the period, the Group is in the process of negotiating with the counterparty to extend the payment schedule, which the agreement is to be signed.

(3) Payables for central heating construction amounting to RMB58,511,000 are due in 31 December 2013. Details are referred to Note V. 29(4).

Notes To The Financial Statements (Unaudited) (Continued)

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(Expressed In Renminbi'000 Unless Otherwise Indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Long-term payables (continued)

(4) Payables for finance leases

On 30 June 2013, the total future minimum lease payments under finance leases are as follows:

Minimum lease payments	30 June 2013	31 December 2012
	RMB'000	RMB'000
Within one year (inclusive)	334,652	323,419
Between one and two years (inclusive)	295,260	316,230
Between two and three years (inclusive)	250,192	245,019
Over three year	313,669	184,563
Sub-total	1,193,773	1,069,231
Less: Unrecognised finance costs	173,208	112,966
Total	1,020,565	956,265

The above mentioned payables for finance lease due within one year, net of unrecognised finance costs, is disclosed in Note V.29(3).

In 2013, the Group entered into an agreement with a financial leasing company to sell certain of the Group's facilities to the leasing company and leaseback the facilities for an 8-years period. The Group has the option to purchase the facilities at a nominal price of RMB1 at the end of the lease period. As at 30 June 2013, the net book value of the facilities held under finance leases included in fixed assets and intangible assets amounted to RMB1,167,884,000 and RMB290,540,000 (2012: RMB1,003,795,000 and RMB299,002,000), respectively.

(5) No amount due to shareholders who hold 5% or above of the Company's shares with voting power or other related parties of the Group is included in the closing balance of long-term payables.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Other non-current liabilities

On 30 June 2013, the other non-current liabilities included deferred income arising from cash received for the upfront connection and installation fees for heating networks construction amounting to RMB1,748,084,000 (2012: RMB1,683,839,000) and deferred government grants amounting to RMB338,670,000 (2012: RMB319,055,000). The above mentioned deferred income and deferred government grants are amortized over the estimated useful life of related assets using the straight-line method.

34. Share capital

	30 June 2013	31 December 2012
	RMB'000	RMB'000
Share capital	7,371,084	7,371,084

On 30 June 2013, the share capital of the Company included A shares with restriction on disposals amounting to RMB600,000,000, and shares without restriction on disposals amounting to RMB6,771,084,000.

35. Capital reserve

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000
Capital premiums	5,143,764	—	—	5,143,764
Other capital reserves	605,971	—	(7,732)	598,239
Total	5,749,735	—	(7,732)	5,742,003

Other capital reserves mainly represent government grants as state capital injection and share from an associate's fair value changes of its available-for-sale financial assets.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Specific reserve

Specific reserve is the provisions for production maintenance, production safety and other similar funds based on coal production volume according to the related regulations.

37. Surplus reserve

Item	30 June 2013 and 31 December 2012
	RMB'000
Statutory surplus reserve	1,486,024
Discretionary surplus reserve	68,089
Total	<u>1,554,113</u>

38. Retained profits

Item	Notes	Amounts
		RMB'000
Opening balance of retained profits		4,586,124
Add: Net profit attributable to equity shareholders of the Company		1,694,576
Less: Dividends recognised as distribution	(1)	479,120
Less: Acquisition of minority interests		41,893
Closing balance retained profits	(2)	<u>5,759,687</u>

(1) Dividends of ordinary shares declared during the period

Pursuant to the shareholders' approval at the Shareholders' Meeting on 25 June 2013, cash dividends of RMB0.065 per share (30 June 2012: Nil), totaling RMB479,120,473 (30 June 2012: Nil) was declared to the Company's ordinary shareholders.

(2) Retained earnings at the end of the period

On 30 June 2013, no surplus reserve made by the subsidiaries for the current period included in the consolidated retained profits attributable to equity shareholders of the Company (2012: RMB142,940,000).

According to the Company's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under CAS and the amount determined under International Financial Reporting Standards ("IFRSs").

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Operating income and operating costs

(1) Operating income and operating costs

Item	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Operating income from principal activities	31,419,777	29,437,280
Operating income from other operating activities	179,925	120,639
Operating costs	24,726,608	25,728,448

(2) Principal operating activities (by industry/by product)

Industry/product name	Six months ended 30 June			
	2013		2012	
	Operating income	Operating costs	Operating income	Operating costs
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of electricity	28,953,254	22,170,869	27,646,607	23,712,035
Sale of heat	1,722,278	1,770,104	1,576,348	1,739,805
Sale of coal	744,245	735,802	214,325	198,894
Total	31,419,777	24,676,775	29,437,280	25,650,734

(3) Principal operating activities (by geographical area)

The Group's principal activities are mainly the generation and sale of electricity and heat, and sale of coal in the PRC.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Operating income and operating costs (continued)

- (4) As at six months ended 30 June 2013, the Group's top five customers of operating income

The Group has only one customer (30 June 2012: two) whose recognised revenue in 2013 accounted for more than 10% of total operating income. Operating income from the Group's top five customers for the current period are as follows:

Customer name	Operating income	Proportion to total operating income of the Group
	RMB'000	(%)
1. Shandong Electric Power Goup Corporation	14,780,394	46.77
2. Ningxia Electric Power Company	3,076,830	9.74
3. Sichuan Electric Power Corporation	2,460,578	7.79
4. Hebei Electric Power Company	1,969,838	6.23
5. Henan Electric Power Company	1,816,487	5.75
Total	<u>24,104,127</u>	<u>76.28</u>

40. Sales taxes and surcharges

Item	Six months ended 30 June		Basis of calculation
	2013	2012	
	RMB'000	RMB'000	
City maintenance and construction tax	<u>119,859</u>	61,884	1-7% of VAT payable
Education surcharge	<u>92,736</u>	49,620	3-5% of VAT payable
Total	<u>212,595</u>	<u>111,504</u>	

41. General and Administrative Expenses

General and administrative expenses mainly include sewage charges, entertainment fee, coal management fee, service fee, transportation fee and other general and administrative expenses.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Financial expenses

Item	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Interest on loans and payables	3,383,913	3,692,551
Less: Interest capitalised	311,043	530,919
Interest income from deposits and receivables	(26,800)	(33,625)
Net foreign exchange (gains)/losses	(32,794)	15,688
Others	7,127	7,071
Total	3,020,403	3,150,766

The interest rate per annum at which the borrowing costs were capitalised during the current reporting period by the Group was 5.60% -7.05% (2012: 5.53% -7.70%).

43. Investment income

(1) Investment income by item

Item	Note	Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
Income from long-term equity investments under cost method		—	4,304
Income from long-term equity investments under equity method	(2)	200,105	400,475
Investment income from holding available-for-sale financial assets		1,897	—
Investment income from disposal of long-term equity investments		—	3
Total		202,002	404,782

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Investment income (continued)

- (2) Investees from which long-term equity investment income under equity method accounting for the top five largest of the Group are as follows

Investee	Six months ended 30 June		Reason for increase or decrease for the period
	2013	2012	
	RMB'000	RMB'000	
China Huadian Finance	69,314	63,425	Profit or loss from normal operations
Xibaipo Company	28,693	22,776	Profit or loss from normal operations
Yinxing Coal	21,253	—	Profit or loss from normal operations
Huai'an Thermal Company	20,763	6,792	Profit or loss from normal operations
Dongsheng Thermal Power Company	19,714	23,268	Profit or loss from normal operations

44. Non-operating income

- (1) Non-operating income by item is as follows:

Item	Note	Six months ended 30 June		Amount included in non-recurring profit or loss for the period
		2013	2012	
		RMB'000	RMB'000	
Gains on disposal of fixed assets		3,217	29,377	3,217
Government grants	(2)	36,312	98,876	28,683
CERs income		5,572	54,807	—
Sales of installed capacity quota		—	50,000	—
Others		51,182	38,736	51,182
Total		96,283	271,796	83,082

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Non-operating income (continued)

(2) Details of government grants

Item	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Grants of sale of heat	3,214	61,859
Grants of eliminating backward production facilities	—	11,250
Interest subsidies	2,600	2,760
Grants of sale of electricity	—	14,240
VAT refunding of wind and stalk power generation (Note 1)	7,629	—
Taxes refunding of sale of heat (Note 2)	1,781	535
Others	21,088	8,232
Total	36,312	98,876

Note 1: According to Notice of VAT Policy for Comprehensive Utilisation of Resources and Other Products (Cai Shui [2008] No.156) issued by the Ministry of Finance and the State Administration of Taxation, the Group's wind and stalk power generation earned the VAT refund policies.

Note 2: According to Notice of continue implementing the preferential taxation policies on VAT, Property Tax and the Urban Land Use Tax (Cai Shui [2009] No.11) issued by the Ministry of Finance and the State Administration of Taxation, the Group's revenue from sale of heat from 2012 to 2013 earned the VAT refund policies.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Non-operating expenses

Item	Six months ended 30 June		Amount included in non- recurring profit or loss for the period
	2013	2012	
	RMB'000	RMB'000	RMB'000
Losses on disposal of fixed assets	4,803	266	4,803
CERs costs	3,298	3,742	—
Electricity price regulation fund (Note)	53,546	—	53,546
Others	6,657	3,174	6,657
Total	68,304	7,182	65,006

Note: Electricity price regulation fund represented the expenses levied on electricity supplied by subsidiaries located in Ningxia Hui Nationality Autonomous Region to other provinces in the PRC. Collection of such fund is based on regulations issued by Ningxia local authorities and is expected to be non-recurring. Thus the fund is accounted for in non-operating expenses.

46. Income tax expenses

Item	Note	Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
Current tax expense calculated according to tax laws and relevant requirements		626,440	139,247
Adjustments to deferred tax	(1)	29,096	(35,023)
Over provision for income tax in respect of preceding year		(477)	(4,957)
Total		655,059	99,267

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Income tax expenses (continued)

(1) The analysis of adjustments to deferred tax is set out below:

Item	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Origination and reversal of temporary differences	139,146	12,617
Recognition of previously unrecognised tax losses	(110,050)	(47,640)
Total	29,096	(35,023)

(2) Reconciliation of income tax expenses with the accounting profits is as follows:

Item	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit before taxation	2,931,985	480,400
Income tax expenses calculated at 25%	732,996	120,100
Add: Non-deductible expenses	27,295	5,474
Non-taxable income	(58,798)	(122,519)
Effect of preferential tax rate of subsidiaries on income tax	(81,729)	(51,535)
Over provision in respect of preceding year	(477)	(4,957)
Tax losses	35,772	152,704
Income tax expense	655,059	99,267

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Calculation of basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit of the Company attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding:

Item	Six months ended 30 June	
	2013	2012
Consolidated net profit attributable to ordinary shareholders of the Company (RMB'000)	1,694,576	269,940
Weighted average number of ordinary shares outstanding ('000 shares)	7,371,084	6,771,084
Basic earnings per share (RMB per share)	0.230	0.040

Calculation of weighted average number of ordinary shares is as follows:

Item	Six months ended 30 June	
	2013	2012
	'000 shares	'000 shares
Issued ordinary shares at 1 January	7,371,084	6,771,084
Effect of shares issued	—	—
Weighted average number of ordinary shares at period end	7,371,084	6,771,084

(2) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the current reporting period, therefore the diluted earnings per share is the same as the basic earnings per share.

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Other comprehensive income

Item	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
1. (Losses)/gains arising from available-for-sale financial assets	(6,862)	473
Less: Tax effects arising from available- for-sale financial assets	(1,715)	118
Sub-total	(5,147)	355
2. Share of other comprehensive income of investees accounted for under the equity method	—	(1,510)
Less: Net amount included in other comprehensive income in the prior year that is transferred to profit or loss for the period	—	(2,183)
Sub-total	—	673
Total	(5,147)	1,028

49. Notes to items in the cash flow statement

- (1) Other cash received relating to operating activities

Item	Amount
	RMB'000
Cash received relating to other operating activities	179,925
Government grants received relating to profits	17,035
Others	269,198
Total	466,158

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Notes to items in the cash flow statement (continued)

(2) Other cash paid relating to operating activities

Item	Amount
	RMB'000
Cash paid relating to administration expenses	548,934
Cash paid relating to cash receipt from sale of electricity which collected on behalf of others under trade receivables factoring	3,000
Others	393,172
Total	945,106

(3) Other cash received relating to investing activities

Item	Amount
	RMB'000
Settlement for proposed investments	147,680
Interest income	26,800
Principal collected from borrowings to a third party	20,000
Decrease in guaranteed deposits of bank acceptance bills	32,612
Cash received relating to guarantee for bidding	7,996
Total	235,088

(4) Other cash paid relating to investing activities

Item	Amount
	RMB'000
Cash repaid relating to guarantee for bidding	7,863
Increase in bank deposits with maturity over three months and guaranteed deposits of bank acceptance bills	28,167
Total	36,030

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Notes to items in the cash flow statement (continued)

- (5) Other cash received relating to financing activities

Item	Amount
	RMB'000
Government grants received relating to assets	38,890
Others	6,324
	<hr/>
Total	45,214
	<hr/> <hr/>

- (6) Other cash paid relating to financing activities

Item	Amount
	RMB'000
Cash paid relating to financing surcharge	15,600
Others	1,724
	<hr/>
Total	17,324
	<hr/> <hr/>

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Supplementary Information to the cash flow statement

(1) Supplementary information to the cash flow statement

Supplement	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,276,926	381,133
Add: Depreciation of fixed assets	3,553,862	2,869,018
Amortisation of intangible assets	107,395	98,890
Losses/(gains) on disposal of fixed assets	1,586	(29,111)
Maintenance, production and other similar funds	29,076	4,872
Financial expenses	3,020,403	3,150,766
Gains arising from investments	(202,002)	(404,782)
Decrease/(increase) in deferred tax assets	33,038	(67,782)
(Decrease)/increase in deferred tax liabilities	(3,942)	32,759
Decrease/(increase) in gross inventories	149,020	(1,109,269)
Decrease/(increase) in operating receivables	1,243,947	(845,976)
Increase in operating payables	2,079,986	1,223,184
Net cash flow from operating activities	12,289,295	5,303,702
2. Net change in cash and cash equivalents:		
Cash at the end of the period	4,558,991	4,559,798
Less: Cash at the beginning of the period	3,060,074	2,111,725
Net increase in cash and cash equivalents	1,498,917	2,448,073

Notes To The Financial Statements (Unaudited) (Continued)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Supplementary Information to the cash flow statement (continued)

(2) Information on acquisition of subsidiaries

Item	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
1. Consideration of acquisition subsidiaries on equity interest and debts	1,320,315	483,225
2. Cash and cash equivalents paid in the acquisitions	715,475	601,800
Add: Cash and cash equivalents paid in current period for subsidiaries acquired in previous year	3,000	1,123,526
Less: Cash and cash equivalents prepaid in previous year for subsidiaries acquired in current period	289,174	270,810
Cash and cash equivalents held by subsidiaries	1,491	287
3. Net cash paid for the acquisition	427,810	1,454,229
4. Non-cash assets and liabilities held by the acquired subsidiaries		
Current assets	29,593	3,009
Non-current assets	1,746,411	613,406
Current liabilities	(310,478)	(129,945)
Non-current liabilities	—	(92,777)

(3) Details of cash and cash equivalents

Item	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
1. Cash at bank and on hand		
Including: Cash on hand	1,704	2,216
Bank deposits available on demand	4,557,062	4,557,063
Other monetary funds available on demand	225	519
2. Closing balance of cash and cash equivalents	4,558,991	4,559,798

Note: Cash and cash equivalents disclosed above exclude cash with restricted usage.

Notes To The Financial Statements (Unaudited) (Continued)

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VI. RELATED PARTY AND RELATED PARTY TRANSACTIONS

1. Parent of the Company

Name of the parent	Related party relationship	Type	Place of registrations	Legal representative	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent	Proportion of the Company's voting power held by the parent	Organisation code
						RMB'000	(%)	(%)	
China Huadian	Ultimate controlling party	State-owned enterprise	Beijing, the PRC	Yun Gongmin	Development, construction and operation management of electricity related business, organization of production and sale of electricity and heat	12,000,000	44.19(Note)	44.19	71093107-X

Note: This included 1.16% of equity interest of the Company, 85,862,000 H shares, which were held through China Huadian Hong Kong Co., Ltd. (a wholly owned subsidiary of China Huadian).

2. **Please refer to Note IV. 1 for the information related to subsidiaries of the Company.**
3. **Please refer to Note V. 10(3) for information related to associates of the Company.**

Notes To The Financial Statements (Unaudited) (Continued)

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VI. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Other related parties

Name of other related parties	Relationship between other related parties and the Company	Organisation code
SITC	Holding 11.83% equity interest of the Company	16304514-X
China Huadian Engineering (Group) Corporation ("Huadian Engineering") and its subsidiaries	Controlled by China Huadian	10001149-5
CHD Power Plant Operation Company Limited ("CHD Operation")	Controlled by China Huadian	71093481-X
Huadian Tendering Co., Ltd. ("Huadian Tendering")	Controlled by China Huadian	71093130-1
China Huadian Group Capital Holdings Limited ("CHD Capital")	Controlled by China Huadian	71093480-1
China Huadian New Energy Development Company Limited ("Huadian New Energy")	Controlled by China Huadian	71093502-X
China Fortune International Trust Co., Ltd. ("Fortune Trust")	Controlled by China Huadian	19352565-4
Huadian Shanxi Energy Co., Ltd. ("Huadian Shanxi Energy")	Controlled by China Huadian	69429229-1
Huadian Sichuan Power Co., Ltd. ("Sichuan Power")	Controlled by China Huadian	76729769-8
Anhui Huadian Lu'an Power Generation Co., Ltd. ("Anhui Lu'an Power")	Controlled by China Huadian	75299577-6
Huadian Hubei Power Generation Co., Ltd. ("Huadian Hubei Power")	Controlled by China Huadian	27175132-4
Fujian Huadian Kemen Phase II Co., Ltd. ("Huadian Kemen Phase II Company")	Controlled by China Huadian	56926696-2
Shanghai Huadian Electric Power Development Company Limited ("Shanghai Huadian Electric")	Controlled by China Huadian	75955843-X

Notes To The Financial Statements (Unaudited) (Continued)

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VI. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties

The below transactions with related parties were conducted under normal commercial terms or relevant agreements.

- i. Table of related party transactions concerning sale or purchase of goods, rendering of or receiving services

Related party	Details of related party transaction	Six months ended 30 June			
		2013		2012	
		Amount	Proportion of the amount of related party transactions to that of similar transactions	Amount	Proportion of the amount of related party transactions to that of similar transactions
		RMB'000	%	RMB'000	%
Huadian Engineering and its subsidiaries	Construction expenses and Equipment expenses	207,699	7.29	166,737	2.72
Huadian Engineering's subsidiaries	Technical Service fee	7,945	15.18	5,475	13.21
CHD Capital	Agency fees	4,025	100.00	4,120	100.00
China Huadian Finance	Commission charges	2,862	11.27	10,307	17.23
China Huadian Finance	Guarantee service fee	—	—	1,500	100.00
Huadian Coal	Purchase of coal	1,009,652	6.20	1,216,662	6.69
Sichuan Power, Shanxi Huasheng Tongpei Coal Company Limited ("Shanxi Huasheng") and Fucheng Mining Company	Purchase of coal	224,508	1.38	125,485	0.69
Ningdong Railway Company	Fuel transportation fees	38,004	1.94	38,188	1.50
Huadian New Energy	CDM services fees	—	—	2,550	100.00
Huadian Technology & Trade	Property management services fees	4,163	19.56	3,846	23.24
Shanghai Huadian Electric Xibaipo Company	Maintenance fee	—	—	16,089	4.53
	Purchase of electricity	26,391	44.00	—	—
Sichuan Power	Power generation substitution income	31,340	22.21	—	—
Anhui Lu'an Power	Power generation substitution income	—	—	27,285	23.83
CHD Operation	Operation service income	221	9.87	508	2.74
Huadian Hubei Power	Maintenance income	1,194	53.33	1,534	8.28
Huadian Shanxi Energy	Purchase of quota service	—	—	2,250	3.06
Huadian Kemen Phase II Company	Sale of quota service	—	—	50,000	100.00
Key management personnel	Payment of remuneration	1,891	0.11	1,911	0.17

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VI. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (continued)

ii. Related party lease

Table of transactions concerning leasing in:

Lessor name	Lessee name	Type of assets leased	Commencement date of leases	Expiration date of leases	Basis of determining lease payment	Lease payment recognized for the period
						RMB'000
Anfu Company	The Company	China Huadian Building	1 April 2009	31 December 2014	lease area	24,501
CHD Operation	The Company	Buildings and vehicle	1 November 2011	31 October 2013	lease period	432

iii. Guarantees with related parties

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
					(Y/N)
Providing guarantee					
Guang'an Company	Longtan Coal Company	100,917	9 January 2006	14 April 2022	N
Guarantee received					
China Huadian	Banshan Company	93,929	25 June 2004	30 May 2022	N
China Huadian	Lingwu Company	1,600,000	6 January 2011	20 March 2021	N
China Huadian	The Company	700,000	6 September 2012	6 September 2019	N
China Huadian	Zouxian Company	800,000	6 September 2012	6 September 2019	N

Note: Zhongning Company, a subsidiary of the Company, provided guarantees to banks for loans granted to Ningxia Power Company (Group) Limited ("Ningxia Power Company") amounting to RMB25,110,000 in 2012. The Company disposed all of its equity interests in Ningxia Power Company on 31 December 2012, but the above guarantee has not yet been terminated.

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VI. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (continued)

iv. Borrowings with relate parties

Related party	Lending Amount	Refunding Amount	Interest income recognised for the six months ended 30 June 2013
	RMB'000	RMB'000	RMB'000
Lent to			
Linfen Changfa Company	—	—	1,360

Related party	30 June 2013	31 December 2012	Interest income recognised for the six months ended 30 June 2013
	RMB'000	RMB'000	RMB'000
Deposit			
China Huadian Finance	3,433,240	2,028,275	16,865

Related party	Borrowing Amount	Repayment Amount	Interest expense recognised for the six months ended 30 June 2013
	RMB'000	RMB'000	RMB'000
Borrowed from			
China Huadian	16,035	—	33,068
SITC	—	(101,000)	42,758
China Huadian Finance	890,000	(2,456,090)	180,833
Huadian Tendering	—	—	3,000
Fortune Trust	—	(1,000)	14,379
Total	906,035	(2,558,090)	274,038

Related party	Cash received	Lease payment
	RMB'000	RMB'000
Obligation under sales and leaseback arrangements		
China Huadian Finance	—	(32,156)

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VI. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions with related parties (continued)

- v. Equity investments in related parties

Related party	Details of related party transaction	Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
Capital investment			
Jinshajiang Hydropower	Capital Injection	—	16,000
Xiangcheng Hydropower	Capital Injection	192	50,335
Huadian Property	Capital Injection	150,000	—

- vi. Related party transferring of equity interests

Related party	Details of related party transaction	Six months ended 30 June			
		2013		2012	
		Amount	Proportion of the amount of related party transactions to that of similar transactions	Amount	Proportion of the amount of related party transactions to that of similar transactions
		RMB'000	%	RMB'000	%
Huadian Shanxi Energy	Purchase of equity interest of a subsidiary	—	—	14,268	2.87

- vii. Commitment with related parties

On 30 June 2013, commitment with related parties is as follows:

Item	2013	2012
	RMB'000	RMB'000
Capital commitment	143,412	225,789
Commitment on rental leases and management fees	86,280	115,376
Total	229,692	341,165

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VI. RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Balance of related party receivables, payables, loans and deposits

Item	Related party	30 June	31 December
		2013	2012
		RMB'000	RMB'000
Receivables from related party			
Prepayments for construction and construction materials	Huadian Engineering and its subsidiaries	348,464	252,866
Prepayments for fuel	Huadian Coal, Sichuan Power	—	329,458
Prepayments for maintenance	Shanghai Huadian Electric	8,548	8,548
Prepayments for fuel transportation	Ningdong Railway Company and Erpu Transportation and Sales Company	104,133	84,900
Receivables for sale of installed capacity quota	Anhui Lu'an Power	—	2,010
Payment made on behalf	Linfen Changfa Company	54,748	53,388
Payables to related party			
Payables for construction and construction materials	Shanghai Huadian Electric, Huadian Engineering and its subsidiaries	(373,207)	(400,456)
Payables for fuel	Huadian Coal, Shanxi Huasheng and Sichuan Power	(208,255)	(68,431)
Payables for fuel transportation	Ningdong Railway Company	(7)	(963)
Payables for property management service fees	Huadian Technology & Trade	(1,250)	(1,250)
Payables of CDM service fee	Huadian New Energy	(644)	(787)
Payables of maintenance fee	Hebei Tianwei Huarui Electric Co., Ltd	(45)	(45)
Payables of capacity quota	Huadian Shanxi Energy	(273,530)	(273,530)
Other payables	China Huadian	(1,060)	(1,060)
Advances from the sale of electricity rights	Baoding Huacheng Residual Thermal Power Generation Company Limited ("Huacheng Comany")	—	(10,000)
Shareholder loans	China Huadian and SITC	(2,935,058)	(3,020,023)
Other loans	China Huadian Finance, Huadian Tendering and Fortune Trust	(5,588,415)	(7,155,505)
Payables for finance lease	China Huadian Finance	(202,500)	(227,500)

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VII. CONTINGENCIES

Haoyuan Company is a subsidiary acquired by the Group on 30 September 2011. As at 30 June 2013, Haoyuan Company was the defendant in certain lawsuits for events incurred before the acquisition date. While the above litigations were in progress up to the approval date of these financial statement and its outcomes cannot be determined at present, management of the Group considered that the outcome of these litigations will not result in significant adverse effect on the financial position and operating results of the Group.

Apart from the above litigations and the guarantees as set out in Note VI.5(3), the Group has no other material contingent liabilities as at 30 June 2013.

VIII. SIGNIFICANT COMMITMENTS

1. Capital commitments

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Investment contracts entered into but not performed or performed partially	—	1,156,696
Significant construction contracts entered into under performance or preparation of performance	12,154,000	12,334,474
Construction contracts authorised but not signed	23,740,240	29,224,678
Total	35,894,240	42,715,848

2. Operating lease commitments

On 30 June 2012 and 31 December 2012, the total future minimum lease payments under non-cancellable operating leases of buildings and land were payable as follows:

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Within one year (inclusive)	164,312	90,503
Between one and two years (inclusive)	96,684	86,229
Between two and three years (inclusive)	30,575	28,618
Over three years	303,226	334,025
Total	594,797	539,375

Notes To The Financial Statements (Unaudited) (Continued)

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IX. OTHER SIGNIFICANT ITEMS

1. Segment reporting

The Group's principal operating business is the generation and sale of electricity, sale of heat and sale of coal in the PRC. Based on the structure of the Group's internal organisation, management requirements and the internal reporting system, the Group determines that it only has one reportable segment, which is the generation and sale of electricity in the PRC. Therefore, no additional reportable segment has been presented. The Group's transaction information has been disclosed in Note V. 39. The Group's major external customer is the grid operator in relation to the sale of electricity and the revenue has been disclosed in Note V. 39 and Note IX. 2(1).

2. Risk analysis, sensitivity analysis, and fair values for financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks, etc.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

Notes To The Financial Statements (Unaudited) (Continued)

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IX. OTHER SIGNIFICANT ITEMS

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank and receivables. Exposure to these credit risks are continuously monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the Group has established a credit policy. All the customers of the Group have long-term business relationship with it, of which are mainly grid companies, thermal companies, coal-fired power companies and coal transportation and sales companies that rarely have credit loss. For monitoring the credit risk, the Group analysed its customers' information through ageing and other factors. Receivables from grid companies, coal-fired power companies are due within 30 day from the date of billing; Receivables from coal sales companies are due within 60 days from the date of billing, while receivables from thermal companies are due within 90 days. Normally, the Group does not obtain collateral from customers. In respect of other receivables, the Group performed individual credit evaluations on customers' financial status regularly to monitor credit risk. Provision for bad and doubtful debts meets management's expectation.

The ageing analysis of debtors that are past due but not impaired based on individual or collective assessment is set out as follows:

Ageing	30 June 2013	31 December 2012
	RMB'000	RMB'000
Past due within three months (inclusive)	403,312	87,290
Past due three to six months (inclusive)	89,776	143,645
Past due six months to one year (inclusive)	287,032	249,266
More than one year past due	283,789	160,130
	<hr/>	<hr/>
Total	1,063,909	640,331
	<hr/> <hr/>	<hr/> <hr/>

The debtors of the Group that are neither past due nor impaired mainly relate to a wide range of customers for whom there was no recent history of default.

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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(1) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, 68% (2012: 60%) of the total trade receivables and other receivables were due from the five largest customers of the Group. Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Except for the financial guarantees given by the Group and the Company as set out in Note VI.5(3), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VI.5(3).

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company and its individual subsidiaries are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Notes To The Financial Statements (Unaudited) (Continued)

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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(2) Liquidity risk (continued)

At the balance sheet date, rest of contractual term and the earliest payment date required of the contractual cash flows belonging to the Group's financial assets and liabilities which have not been discounted, including interests calculated on contractual interest rate (if the interest rate is float, the actual interest rate at 30 June 2013 and 31 December 2012 are adopted) are as follows:

Item	30 June 2013					Balance sheet carrying amount
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Financial assets						
Cash at bank and on hand	4,597,031	—	—	—	4,597,031	4,597,031
Receivables	6,822,093	—	—	—	6,822,093	6,822,093
Available-for-sale financial assets	32,096	—	—	—	32,096	32,096
Long-term receivables (including due within one year)	43,032	41,512	84,369	—	168,913	160,743
Sub-total	11,494,252	41,512	84,369	—	11,620,133	11,611,963
Financial liabilities						
Short-term loans	(18,070,583)	—	—	—	(18,070,583)	(17,508,370)
Short-term debentures payable	(12,311,258)	—	—	—	(12,311,258)	(12,176,508)
Long-term loans (including due within one year)	(14,455,366)	(11,259,192)	(26,849,882)	(44,561,866)	(97,126,306)	(69,649,566)
Debentures payable (including due within one year)	(2,101,909)	(5,588,564)	(7,181,123)	—	(14,871,596)	(13,345,022)
Payables	(16,280,278)	—	—	—	(16,280,278)	(16,280,278)
Long-term payables (including due within one year)	(1,061,127)	(347,311)	(583,028)	(1,720,893)	(3,712,359)	(2,238,744)
Sub-total	(64,280,521)	(17,195,067)	(34,614,033)	(46,282,759)	(162,372,380)	(131,198,488)
Net amount	(52,786,269)	(17,153,555)	(34,529,664)	(46,282,759)	(150,752,247)	(119,586,525)

Notes To The Financial Statements (Unaudited) (Continued)

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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(2) Liquidity risk (continued)

Item	31 December 2012 Contractual undiscounted cash flow				Total	Balance sheet carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Cash at bank and on hand	3,102,559	—	—	—	3,102,559	3,102,559
Receivables	8,719,641	—	—	—	8,719,641	8,716,123
Available-for-sale financial assets	38,958	—	—	—	38,958	38,958
Long-term receivables (including due within one year)	45,651	33,460	118,227	—	197,338	186,974
Sub-total	11,906,809	33,460	118,227	—	12,058,496	12,044,614
Financial liabilities						
Short-term loans	(20,150,022)	—	—	—	(20,150,022)	(19,491,832)
Short-term debentures payable	(11,898,001)	—	—	—	(11,898,001)	(11,664,380)
Long-term loans (including due within one year)	(13,927,958)	(14,897,885)	(28,700,154)	(45,269,903)	(102,795,900)	(73,820,997)
Debentures payable	(471,920)	(1,926,190)	(9,179,193)	—	(11,577,303)	(10,352,593)
Payables	(12,874,152)	—	—	—	(12,874,152)	(12,874,152)
Long-term payables (including due within one year)	(1,131,652)	(505,391)	(593,532)	(1,644,908)	(3,875,483)	(2,439,383)
Sub-total	(60,453,705)	(17,329,466)	(38,472,879)	(46,914,811)	(163,170,861)	(130,643,337)
Net amount	(48,546,896)	(17,296,006)	(38,354,652)	(46,914,811)	(151,112,365)	(118,598,723)

In order to resolve the liquid risk arising from the maturity of short term loan contract, the group will continually communicate and cooperate with bank and other financial institutes to acquire more financing. On 30 June 2013, the Group has unutilised banking facilities of RMB80.8 billion.

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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(3) Interest rate risk

Interest-bearing financial instruments at fixed rates and at variable rates expose the Group to fair value interest rate risk and cash flow interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) At the 30 June 2013 and 31 December 2012, the Group held the following interest-bearing financial instruments:

Item	30 June 2013		31 December 2012	
	Annual interest rate	Amount	Annual interest rate	Amount
	(%)	RMB'000	(%)	RMB'000
Fixed rate instruments				
Financial assets				
— Cash at bank	2.6-2.8	41,800	3.05	13,425
— Other receivables	8.00	40,700	8.00	40,700
Financial liabilities				
— Short-term loans	2.60-7.22	(9,198,144)	3.00-7.22	(9,517,739)
— Long-term loans (including due within one year)	2.25-7.76	(4,080,740)	2.25-7.76	(4,094,971)
— Short-term debentures payable	3.60-4.65	(12,176,508)	3.15-4.68	(11,664,380)
— Debentures payable (including due within one year)	3.78-5.02	(13,345,022)	3.78-5.02	(10,352,593)
Total		<u>(38,717,914)</u>		<u>(35,575,558)</u>

Notes To The Financial Statements (Unaudited) (Continued)

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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(3) Interest rate risk (continued)

- (a) At the 30 June 2013 and 31 December 2012, the Group held the following interest-bearing financial instruments: (continued)

Item	30 June 2013		31 December 2012	
	Annual interest rate	Amount	Annual interest rate	Amount
	(%)	RMB'000	(%)	RMB'000
Variable rate instruments				
Financial assets				
— Cash at bank	0.35-1.35	4,553,527	0.35-1.35	3,087,646
— Other receivables	6.15	4,100	6.15	4,100
— Long term receivables (including due within one year)	3.38-6.35	126,973	3.38-6.90	124,290
Financial liabilities				
— Short-term loans	2.61-6.60	(8,310,226)	2.61-6.60	(9,974,093)
— Long-term loans (including due within one year)	3.30-7.94	(65,568,826)	3.30-7.94	(69,726,026)
Total		(69,194,452)		(76,484,083)

- (b) Sensitivity analysis

As at 30 June 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's equity and net profit by RMB555,383,000 (2012: RMB614,971,000).

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2012.

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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(4) Foreign currency risk

In respect of trade receivables and payables denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (a) At the 30 June 2013 and 31 December 2012, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies are presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date.

Item	30 June 2013		31 December 2012	
	USD	EUR	USD	EUR
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	3,961	—	13,076	—
Short-term loans	(617,870)	—	(628,550)	—
Long-term loans (including due within one year)	(615,430)	(198,144)	(621,439)	(214,588)
Long-term payables (including due within one year)	(519,913)	—	(732,803)	—
Total	(1,749,252)	(198,144)	(1,969,716)	(214,588)

- (b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

Item	Average rate		Reporting date mid-spot rate	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
USD	6.2413	6.3126	6.1787	6.2855
EUR	8.1856	8.1052	8.0536	8.3176

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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(4) Foreign currency risk (continued)

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 10% strengthening of the Renminbi against the US dollar and Euro at 30 June 2013 and 31 December 2012 would have increased the Group's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at period end:

Item	Equity	Net profit
	RMB'000	RMB'000
30 June 2013		
USD	131,191	131,191
EUR	14,861	14,861
Total	146,052	146,052
31 December 2012		
USD	153,952	153,952
EUR	16,094	16,094
Total	170,046	170,046

A 10% weakening of the Renminbi against the US dollar and Euro at 30 June 2013 and 31 December 2012 would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis is performed on the same basis for the previous year.

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)
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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(5) Fair values

(a) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 30 June 2013 and 31 December 2012 across the three levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2013

Assets	Note	Level 1	Level 2	Level 3	Total
		RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale Financial assets	V.8	32,096	—	—	32,096

31 December 2012

Assets	Note	Level 1	Level 2	Level 3	Total
		RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale Financial assets	V.8	38,958	—	—	38,958

During the current reporting period, there were no significant transfers between instruments in Level 1 and Level 2, there were no changes in valuation technique of fair value.

Notes To The Financial Statements (Unaudited) (Continued)

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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(5) Fair values (continued)

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

All financial instruments are carried at amounts not materially different from their fair value at 30 June 2013 and 31 December 2012 except as follows:

Item	30 June 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000
Debentures payable	13,534,498	13,538,959	10,673,307	10,653,996
Long-term loans	4,080,740	4,118,000	4,093,041	4,106,430
Total	<u>17,615,238</u>	<u>17,656,959</u>	<u>14,766,348</u>	<u>14,760,426</u>

(6) Estimation and assumption of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial assets and items set out in Note IX.2(5) above that measured at fair value on the balance sheet date.

(a) Available-for-sale financial assets

Fair value is based on quoted market prices at the balance sheet date for available-for-sale financial assets if there is an active market.

(b) Receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

Notes To The Financial Statements (Unaudited) (Continued)

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IX. OTHER SIGNIFICANT ITEMS (CONTINUED)

2. Risk analysis, sensitivity analysis, and fair values for financial instruments (continued)

(6) Estimation and assumption of fair values (continued)

(c) Loans, debentures payable and long-term payables

The fair value of loans, debentures payable and long-term payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(e) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows are based on the market interest rate and the interbank debenture market maturity yield at the balance sheet date plus an adequate credit spread and are as follows:

Item	30 June 2013 Interest rate adopted (%)	31 December 2012 Interest rate adopted (%)
Long-term receivables	6.40	6.40
Long-term loans (including due within one year)	6.15-6.55	6.36-6.76
Debentures payable (including due within one year)	4.04-4.83	4.04-4.83

3. Assets at fair value

Item	Balance at the beginning of the period RMB'000	Additions from acquisition RMB'000	Increase for the period RMB'000	Changes in fair value for the period RMB'000	Decrease for the period RMB'000	Balance at the end of the period RMB'000
Available-for-sale financial assets	38,958	—	—	(6,862)	—	32,096

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

(1) Trade receivables by customer type:

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
1. Trade receivables for sale of electricity	618,917	768,061
2. Trade receivables for sale of heat	96,210	32,971
Sub-total	715,127	801,032
Less: Provision for bad and doubtful debts	—	—
Total	715,127	801,032

(2) The ageing analysis of trade receivables is as follows:

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Within one year (inclusive)	715,127	801,032

The ageing is counted starting from the date trade receivables is recognized.

(3) Trade receivables by category:

Category	Note	30 June 2013				31 December 2012			
		Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
		Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
		RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant amounts	(4)	705,637	98.67	—	—	799,752	99.84	—	—
Other insignificant trade receivables	(4)	9,490	1.33	—	—	1,280	0.16	—	—
Total		715,127	100.00	—	—	801,032	100.00	—	—

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (continued)

- (4) The Company does not make provision for bad and doubtful debts on trade receivables.
- (5) The Company does not actually write-off any trade receivables during the period.
- (6) The analysis of significant trade receivables is as follows:

Name of enterprise	Relationship with the Company	Amount	Ageing	Proportion of amount to the total trade receivables
		RMB'000		(%)
1. Shandong Electric Power Group Corporation	Third party	618,916	Within one year	86.55
2. Zaozhuang Heat Corporation	Third party	86,721	Within one year	12.13
Total		<u>705,637</u>		<u>98.67</u>

- (7) No amount due from shareholders who hold 5% or above of the Company's shares with voting power or other related parties of the Company is included in the closing balance of trade receivables.

Notes To The Financial Statements (Unaudited) (Continued)

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(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Trade receivables (continued)

- (8) As at 30 June 2013, derecognition of trade receivables due to transfer of financial assets

Item	Amount derecognised	Losses arising from the derecognition
	<i>RMB'000</i>	<i>RMB'000</i>
Factored trade receivables without recourse	200,000	90
	200,000	90

- (9) The Company does not securitize trade receivables, and has no asset or liability recognized due to the continuing involvement of securitized trade receivables.

2. Other receivables

- (1) The ageing analysis of other receivables is as follows:

Ageing	30 June 2013	31 December 2012
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year (inclusive)	5,888,439	5,036,760
Between one and two years (inclusive)	158,032	30,982
Between two and three years (inclusive)	1,100,924	1,575,112
Over three years	1,072,924	522,233
Sub-total	8,220,319	7,165,087
Less: Provision for bad and doubtful debts	2,507	2,507
Total	8,217,812	7,162,580

The ageing is counted starting from the date other receivables is recognized.

Notes To The Financial Statements (Unaudited) (Continued)

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

(2) Other receivables by category

Category	30 June 2013				31 December 2012			
	Gross carrying amount		Provision for bad and doubtful debts		Gross carrying amount		Provision for bad and doubtful debts	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
Individually significant amounts	8,198,089	99.73	2,266	0.03	7,154,549	99.85	2,266	0.03
Other insignificant other receivables	22,230	0.27	241	1.08	10,538	0.15	241	2.29
Total	8,220,319	100.00	2,507	0.03	7,165,087	100.00	2,507	0.03

The Company does not hold any collateral over the other receivables which are impaired.

- (3) The Group does not receive or recover any provision for bad and doubtful debts made in full or in significant portion on individually significant other receivables in previous year.
- (4) The Company does not actually write-off any other receivables during the period.
- (5) The analysis of significant other receivables is as follows:

Other receivables	Relationship with the Company	Amount	Ageing	Proportion of amount to the total other receivables
		RMB'000		(%)
Amounts due from subsidiaries	Subsidiary	8,166,872	Within one year and between one and four year	99.35
Total		8,166,872		99.35

Notes To The Financial Statements (Unaudited) (Continued)

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (continued)

- (6) No amount due from shareholders who hold 5% or above of the Company's shares with voting power of the Company is included in the closing balance of other receivables.
- (7) Except amounts due from subsidiaries mentioned above in (5), there was no amount due from related parties of the Company in the closing balance of other receivables.
- (8) The Company does not derecognize of any other receivables due to transfer of financial assets during the period.
- (9) The Company does not securitize other receivables, and has no asset or liability recognized due to the continuing involvement of securitized other receivables during the period.

3. Long-term receivables

Long-term receivables represent debts due from subsidiaries of the Company, including Shijiazhuang Heat Company, Yuhua Heat Company, Xijiao Heat Company, Yuxi Heat Company and Beicheng Heat Company.

4. Long-term equity investments

- (1) Long-term equity investments by category:

Item	30 June 2013	31 December 2012
	RMB'000	RMB'000
Investments in subsidiaries	31,178,739	29,119,260
Investments in associates	7,487,456	7,255,253
Other long-term equity investments	127,109	127,109
Total	38,793,304	36,501,622

Notes To The Financial Statements (Unaudited) (Continued)

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Long-term equity investments (continued)

- (2) An analysis of the movements of long-term equity investments for the period is as follows:

Investee name	Investment costs	Opening balance	Movement of additions and deductions	Closing balance	Proportion of ownership interest in the investee	Proportion of voting power in the investee	Cash dividends for the period
	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)	RMB'000
Cost method-subsidaries							
Zibo Thermal Power Company	574,800	574,800	—	574,800	100	100	—
Materials Company	38,648	38,648	—	38,648	100	100	—
Project Company	50,336	50,336	—	50,336	100	100	—
Luding Hydropower Company	1,366,090	1,366,090	—	1,366,090	100	100	—
Machua Company	1,547,000	1,547,000	—	1,547,000	100	100	—
Guyuan Wind Power Company	386,100	386,100	—	386,100	100	100	50,000
Kezuzhongqi Wind Power Company	80,000	80,000	—	80,000	100	100	—
Huarui Group Company	1,366,895	1,366,895	—	1,366,895	100	100	—
Kangbao Wind Power Company	80,000	80,000	—	80,000	100	100	—
Pingshi Power Company (Note 2)	784,706	784,706	—	784,706	100	100	—
Kailu Wind Power Company	797,128	797,128	—	797,128	100	100	—
Laizhou Wind Company	91,914	91,914	—	91,914	100	100	—
Shuozhou Thermal Power Company	40,000	40,000	—	40,000	100	100	—
Shunge Company	672,078	672,078	—	672,078	100	100	—
Huoxing Company	914,420	894,420	20,000	914,420	100	100	—
Xiexing Company	953,930	933,930	20,000	953,930	100	100	—
Mingyang Coal Company	7,000	7,000	—	7,000	70	70	—
Yinling Coal Company	10,000	10,000	—	10,000	100	100	—
Shijiazhuang Heat Company	330,374	237,374	93,000	330,374	100	100	—
Longyou Thermal Power Company	50,000	50,000	—	50,000	100	100	—
New Energy Company	410,000	330,000	80,000	410,000	100	100	—
Dongyi Wind Power Company	9,102	—	9,102	9,102	100	100	—
Huayu Company	483,164	483,164	—	483,164	100	100	—
Guang'an Company	1,267,577	1,267,577	—	1,267,577	80	80	—
Zhangjiu Company	617,077	617,077	—	617,077	87.50	87.50	—
Qingdao Company	345,668	345,668	—	345,668	55	55	11,000
Tengzhou Thermal Power Company	424,400	424,400	—	424,400	93.26	93.26	—
Xinxiang Company	835,686	835,686	—	835,686	90	90	—
Suzhou Company	829,267	829,267	—	829,267	97	97	—
Lingwu Company	1,332,655	1,332,655	—	1,332,655	65	65	—
Weifang Company	823,483	823,483	—	823,483	45	45	—
Wuhu Company	644,046	644,046	—	644,046	65	65	74,225

Notes To The Financial Statements (Unaudited) (Continued)

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Long-term equity investments (continued)

- (2) An analysis of the movements of long-term equity investments for the period is as follows: (continued)

Investee name	Investment costs	Opening balance	Movement of additions and deductions	Closing balance	Proportion	Proportion	Cash dividends for the period
					of ownership interest in the investee	of voting power in the investee	
	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)	RMB'000
Cost method-subidiaries							
Suzhou Biomass							
Energy Company	43,680	43,680	—	43,680	78	78	—
Zouxian Company	2,070,000	2,070,000	—	2,070,000	69	69	224,458
Laizhou Wind Power Company	80,333	80,333	—	80,333	55	55	—
Luohe Company	475,300	475,300	—	475,300	75	75	—
Shijiazhuang Thermal							
Power Company	908,511	908,511	—	908,511	82	82	—
Banshan Company	729,724	642,724	87,000	729,724	64	64	82,140
Zagunao Hydroelectric Company	788,362	788,362	—	788,362	64	64	—
Qudong Company	505,802	371,740	134,062	505,802	90	90	—
Lu'an Company	259,180	159,180	100,000	259,180	95	95	—
Century Power Company	2,120,369	2,120,369	—	2,120,369	84.31	84.31	—
Laizhou Power	1,080,000	1,080,000	—	1,080,000	75	75	—
Zoucheng Heat Company	56,000	56,000	—	56,000	70	70	—
Shantou Company	300,900	300,900	—	300,900	51	51	—
Luhua Thermal Power Company	391,475	391,475	—	391,475	90	90	—
Laizhou Port Company	139,833	139,833	—	139,833	65	65	—
Zhongning Company	142,800	227,237	—	227,237	50	50	—
Wenhui Company	283,315	283,315	—	283,315	51	51	—
Haoyuan Company	691,777	691,777	—	691,777	85	85	—
Fuyuan Thermal Power Company	100,000	60,000	40,000	100,000	98	98	—
Xiasha Thermal Power Company	139,600	89,600	50,000	139,600	56	56	—
Jiangdong Thermal							
Power Company	84,000	84,000	—	84,000	70	70	—
Nanjiang Thermal							
Power Company	85,800	—	85,800	85,800	65	65	—
Tiantou Heat Company	10,200	—	10,200	10,200	51	51	—
Huatong Ruisheng	1,320,315	—	1,320,315	1,320,315	90	90	—
Others	123,482	113,482	10,000	123,482			
Total	31,094,302	29,119,260	2,059,479	31,178,739			441,823

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Long-term equity investments (continued)

- (2) An analysis of the movements of long-term equity investments for the period is as follows: (continued)

Note 1: For information on subsidiaries of The Company, see Note IV.1.

Note 2: According to the pledge contract signed between China Agriculture Bank Foshan Branch and the Company as at 18 May 2010, the Company pledged 75% of its investment in Pingshui Power Company for the payables as bank loans guarantor.

Investee name	Investment costs	Opening balance	Movement of additions and deductions	Adjustments under equity method		Cash dividends for the period	Closing balance
				Gains/(losses) in investment	Transfer of capital reserve		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity method-associates							
Huadian Property	440,000	282,290	150,000	1,556	—	—	433,846
Luzhou Company	344,000	—	—	—	—	—	—
Huadian Coal	432,414	1,361,993	—	(27,617)	14,785	—	1,349,161
China Huadian Finance	796,533	1,016,288	—	62,873	—	(25,701)	1,053,460
Changcheng Mine Company	452,612	639,001	—	(5,359)	6,953	—	640,595
Fucheng Mining Company	498,042	657,229	—	7,133	13,090	—	677,452
Ningdong Railway Company	300,000	380,959	—	12,904	—	—	393,863
Quanhui Trading	938,834	938,834	—	—	—	—	938,834
Baihui Trading	569,724	569,724	—	—	—	—	569,724
Zhengtai Trading	644,885	644,885	—	—	—	—	644,885
Yinxing Coal	678,000	678,000	—	21,253	—	—	699,253
Jinshajiang Hydropower	74,990	74,990	—	—	—	—	74,990
Other associates	9,000	11,060	—	333	—	—	11,393
Total	6,179,034	7,255,253	150,000	73,076	34,828	(25,701)	7,487,456

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Long-term equity investments (continued)

- (2) An analysis of the movements of long-term equity investments for the period is as follows: (continued)

Investee name	Investment Costs	Opening balance	Movement of additions and reductions	Closing balance	Proportion of ownership interest in the investee	Proportion of voting power in the investee	Cash dividends for the period
	RMB'000	RMB'000	RMB'000	RMB'000	(%)	(%)	RMB'000
Cost method-other long-term equity investments							
Luneng Heze Company	23,500	23,500	—	23,500	5	5	—
Daduhe Hydropower Company	103,609	103,609	—	103,609	12.27	12.27	—
Total	<u>127,109</u>	<u>127,109</u>	<u>—</u>	<u>127,109</u>			<u>—</u>

- (3) For information on associates of the Company, see Note V. 10.

5. Operating income and operating costs

- (1) Operating income and operating costs

Item	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Operating income from principal activities	4,149,548	4,640,823
Other operating income	51,080	28,533
Operating costs	3,567,601	4,139,815

Notes To The Financial Statements (Unaudited) (Continued)

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Operating income and operating costs (continued)

- (2) Principal operating activities (by industry/by product)

Industry/product	Six months ended 30 June			
	2013		2012	
	Operating income	Operating costs	Operating income	Operating costs
	RMB'000	RMB'000	RMB'000	RMB'000
Sale of electricity	4,024,617	3,424,098	4,525,639	4,017,325
Sale of heat	124,931	127,659	115,184	116,916
Total	4,149,548	3,551,757	4,640,823	4,134,241

- (3) Principal operating activities (by geographical area)

The Company's principal activities are the generation and sale of electricity in the PRC.

- (4) Operating income from the top five customers

Customer name	Operating income	Proportion to total
		operating income of the Company
	RMB'000	(%)
1. Shandong Electric Power Goup Corporation	4,024,617	95.81
2. Zaozhuang Heat Corporation	57,107	1.36
3. Zoucheng Heat Corporation	56,052	1.33
4. Laiwu City Heating Power Company	7,519	0.18
5. Zaozhuang City Xuri Heating Power Company	2,754	0.07
Total	4,148,049	98.75

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Investment income

(1) Investment income by item

Item	Notes	Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
Income from long-term equity investments under cost method	(2)	441,823	12,857
Income from long-term equity investments under equity method	(3)	73,076	312,555
Investment income from disposal of long-term equity investments		—	3
Total		514,899	325,415

(2) Investees from which long-term equity investment income under cost method accounting for the top five of the total profit of the Company are as follows:

Investee	Six months ended 30 June		Reason for increase or decrease for the period
	2013	2012	
	RMB'000	RMB'000	
Zouxian Company	224,458	—	Under cost method, investment income is recognised when dividend is declared by subsidiary.
Banshan Company	82,140	—	Under cost method, investment income is recognised when dividend is declared by subsidiary.
Wuhu Company	74,225	—	Under cost method, investment income is recognised when dividend is declared by subsidiary.
Guyuan Wind Power Company	50,000	—	Under cost method, investment income is recognised when dividend is declared by subsidiary.
Qingdao Company	11,000	—	Under cost method, investment income is recognised when dividend is declared by subsidiary.

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X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Investment income (continued)

- (3) Investees from which long-term equity investment income under equity method accounting for the top five largest of the Company are as follows:

Investee	Six months ended 30 June		Reason for increase or decrease for the period
	2013	2012	
	RMB'000	RMB'000	
China Huadian Finance	62,873	57,529	Profit or loss from normal operations
Yinxing Coal Company	21,253	—	Profit or loss from normal operations
Ningdong Railway Company	12,904	20,840	Profit or loss from normal operations
Fucheng Mining Company	7,133	57,430	Profit or loss from normal operations
Huadian Property	1,556	(156)	Profit or loss from normal operations

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(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

7. Supplementary information to the cash flow statement

Supplement	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
1. Reconciliation of net profit/(losses) to cash flows from operating activities:		
Net profit/ (losses)	139,161	(299,345)
Add: Depreciation of fixed assets	445,705	428,688
Amortisation of intangible assets	5,846	6,372
Income on disposal of fixed assets	(21)	(243)
Financial expense	754,368	939,250
Gains arising from investments	(514,899)	(325,415)
(Increase)/decrease in gross inventories	(157,760)	9,245
Increase in operating receivables	(150,132)	(126,915)
Decrease/(increase) in operating payables	558,686	(764,616)
Net cash flow from operating activities	1,080,954	(132,979)
2. Net Change in cash and cash equivalents:		
Cash at the end of the period	937,889	1,950,124
Less: Cash at the beginning of the period	747,136	421,704
Net increase in cash and cash equivalents	190,753	1,528,420

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

8. Related party and related party transactions

I. Related party transactions

The below transactions with related parties were conducted under normal commercial terms or relevant agreements.

- (1) Table of related party transactions concerning sale and purchase of goods, rendering of or receiving services

Related party	Details of related party transaction	Six months ended 30 June			
		2013		2012	
		Amount	Proportion of the amount of related party transactions to that of similar transactions	Amount	Proportion of the amount of related party transactions to that of similar transactions
Note 1	RMB'000	%	RMB'000	%	
Huadian Engineering and its subsidiaries and Materials Company	Construction expenses and equipment expenses	82,638	4.90	128,919	21.57
	Warehouse expense	7,756	100	—	—
Zoucheng Heat Company	Sale of heat	54,842	43.90	50,427	43.78
	Operation service income	543	24.25	543	8.78
Zouxian Company	Properties rental income	18,898	88.82	18,898	95.16
Huadian Technology & Trade	Management services fees	4,163	41.79	3,846	59.26
Key management personnel	Payment of remuneration	1,891	0.43	1,911	0.73
		118,788	100.00	294,503	100.00

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

8. Related party and related party transactions (continued)

I. Related party transactions (continued)

(2) Related party lease

Lessor name	Lessee name	Type of assets leased	Commencement date of leases	Expiration date of leases	Basis of determining lease payment	Lease payment recognized in the period
<i>RMB'000</i>						
Anfu Company	The Company	China Huadian Building	1 April 2009	31 December 2014	Lease area	24,501
CHD Operation	The Company	Buildings and vehicle	1 November 2011	31 October 2013	Lease period	432

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

8. Related party and related party transactions (continued)

I. Related party transactions (continued)

(3) Related party guaranty

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
		RMB'000			(Y/N)
Providing guaranty					
The Company	Suzhou Biomass Energy Company	148,200	29 July 2008	29 July 2025	N
The Company	New Energy Company	30,000	13 March 2009	12 February 2023	N
The Company	Ningdong Branch Kailu Wind Power Company	197,143	12 August 2009	23 August 2022	N
The Company	Kailu Wind Power Company	158,750	19 June 2009	11 July 2022	N
The Company	Kailu Wind Power Company	325,000	27 September 2011	27 September 2022	N
The Company	Suzhou Company	19,400	29 December 2009	19 August 2019	N
The Company	Maohua Company	250,000	16 August 2012	8 January 2016	N
The Company	Maohua Company	95,000	30 July 2013	29 July 2015	N
The Company	Maohua Company	322,000	22 September 2011	21 September 2018	N
The Company	Maohua Company	110,000	21 January 2012	26 February 2016	N
The Company	Pingshi Power Company	97,500	29 March 2012	29 December 2016	N
The Company	Xiasha Thermal Power Company	132,160	29 November 2012	28 November 2029	N
The Company	Xiasha Thermal Power Company	148,783	29 November 2012	28 November 2029	N
The Company	Maohua Company	275,000	26 September 2012	25 September 2018	N
The Company	Maohua Company	299,000	28 June 2012	27 June 2019	N
The Company	Maohua Company	300,000	16 April 2013	15 April 2016	N
Receiving guaranty					
China Huadian	The Company	700,000	6 September 2012	6 September 2019	N

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

8. Related party and related party transactions (continued)

I. Related party transactions (continued)

(4) Related party lending and refunding

Related party	Lending Amount	Refunding Amount	Interest income recognised for the six months ended 30 June 2013
	RMB'000	RMB'000	RMB'000
Lent to			
Zagunao Hydroelectric Company	108,000	(90,000)	22,784
Shantou Company	—	—	2,112
Maohua Company	181,000	—	19,325
Suzhou Biomass Energy Company	—	—	327
Luding Hydropower Company	600,000	(500,000)	15,386
Zibo Thermal Power Company	50,000	(50,000)	1,414
Tengzhou Thermal Power Company	300,000	(200,000)	5,926
Shaoguan Thermal Power Company	43,600	(41,000)	3,733
Zhangqiu Company	260,000	(200,000)	6,071
Laizhou Power	300,000	(300,000)	17,150
Kailu Wind Power Company	—	(30,000)	4,833
Haoyuan Company	—	—	2,263
Shunge Company	10,000	—	672
Weifang Company	—	—	7,451
Pingshi Power Company	150,000	—	3,287
Qingdao Company	100,000	—	567
Century Power Company	100,000	—	633
Zouxian Company	200,000	—	1,267
Project Company	45,000	(45,000)	1,283
Materials Company	50,000	—	1,358
Huarui Group Company	150,000	—	1,625
Luhua Thermal Power Company	150,000	—	1,208
Suzhou Company	200,000	—	2,200
Wuhu Company	300,000	—	3,350
Huatong Ruisheng	78,000	—	2,970
Total	3,375,600	(1,456,000)	129,195

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

8. Related party and related party transactions (continued)

I. Related party transactions (continued)

(4) Related party lending and refunding (continued)

Related party	30 June	31 December	Interest
	2013	2013	income
	RMB'000	RMB'000	recognised
			for the six
			months
			ended
			30 June
			2013
			RMB'000
Deposit			
China Huadian Finance	384,829	47,694	3,090

Related party	Borrowing	Repayment	Interest
	Amount	Amount	expense
	RMB'000	RMB'000	recognised
			for the six
			months
			ended
			30 June
			2013
			RMB'000
Borrowed from			
China Huadian	4,816	—	—
China Huadian Finance	500,000	(700,000)	4,559
Fortune Trust	—	(1,000)	14,379
Materials Company	—	—	1,358
Project Company	45,000	(45,000)	1,283
Total	549,816	(746,000)	21,579

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)

(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

8. Related party and related party transactions (continued)

I. Related party transactions (continued)

(5) Equity investments in related parties

Related party	Details of related party transaction	Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
Capital investment			
Jinshajiang Hydropower	Capital Injection	—	16,000
Xiangcheng Hydropower	Capital Injection	192	50,335
Huadian Property	Capital Injection	150,000	—

(6) Related party transferring of equity interests

Related party	Details of related party transaction	Six months ended 30 June			
		2013		2012	
		Amount	Proportion of the amount of related party transactions to that of similar transactions	Amount	Proportion of the amount of related party transactions to that of similar transactions
		RMB'000	%	RMB'000	%
Huadian Shanxi Energy	Purchase of equity interest of a subsidiary	—	—	14,268	2.87
Century Power Company	Purchase of equity interest of a subsidiary	5,851	0.44	—	—

Notes To The Financial Statements (Unaudited) (Continued)

(Prepared under China Accounting Standards for Business Enterprises)
(Expressed In Renminbi'000 Unless Otherwise Indicated)

X. NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

8. Related party and related party transactions (continued)

II. Balance of related party receivables, payables, loans and deposits

Item	Related party	30 June 2013	31 December 2012
		RMB'000	RMB'000
Receivables from related party			
Prepayments for construction and construction materials	Huadian Engineering and its subsidiaries and Materials Company	25,225	23,725
Entrusted loans	The Company's subsidiaries	5,669,979	3,703,666
Prepayments for purchase of fuel	Huadian Coal	—	297,190
Payables to related party			
Other payables	China Huadian	(1,060)	(1,060)
Payables for construction equipment	Huadian Engineering and its subsidiaries	(7,218)	(10,278)
Shareholders Loans	China Huadian and SITC	(180,591)	(175,775)
Other Loans	Fortune Trust, Project Company, Materials Company and China Huadian Finance	(531,000)	(732,000)
Prepayment/(Receipts in advance) for purchase and sales of fuel	The Company's subsidiaries	135,295	(77,146)

Supplements

1. BREAKDOWN OF NON-RECURRING PROFIT OR LOSS FOR SIX MONTHS ENDED 30 JUNE 2013

Item	Amount
	RMB'000
Losses on disposal of non-current assets	(1,586)
Government grants recognised in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	28,683
Electricity price regulation fund	(53,546)
The effect due to change in accounting estimates on depreciation	(183,629)
Other non-operating income or expenses other than the above	44,525
Tax effects	43,235
Effects attributable to minority interests (after tax)	17,521
Total	(104,797)

Above non-recurring profit or loss items are listed by amount before taxation.

2. DIFFERENCE IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

The differences between the financial statements prepared under IFRS and CAS on consolidated net profit and consolidated net assets are as follows:

Notes	Net profit		Net assets	
	Six months ended 30 June		30 June	31 December
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
In accordance with CAS	2,276,926	381,133	29,943,216	27,644,896
Items and amounts reconciled to IFRSs:				
Business combination involving entities under common control (1)	(14,624)	(14,656)	670,390	685,014
Government grants (2)	12,718	6,954	(429,539)	(442,257)
Maintenance, production and other similar fund Adjustment (3)	62,274	22,890	(22,199)	(22,199)
Taxation impact of the adjustments	5,963	2,169	(128,935)	(134,898)
In accordance with IFRSs	2,343,257	398,490	30,032,933	27,730,556

2. DIFFERENCE IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS (CONTINUED)

Note:

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

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

In addition, according to CAS, in preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods in respect of business combination involving entities under common control. Accordingly, the capital reserve was adjusted for its increase in net assets due to business combination.

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

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

- (3) Pursuant to the relevant PRC regulations, coal mining companies shall make provisions for production maintenance, production safety and other similar fund based on coal production volume. Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding amount to the specific reserve in shareholders' equity. The maintenance and production funds could be utilised when qualifying revenue expenditures or capital expenditures on production maintenance and safety measures are incurred, and the amount of maintenance and production funds utilised would be offset from the specific reserve.

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

Supplements (Continued)

3. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares No.9-Calculation and Disclosure of the Return on Net Assets and Earnings Per Share" (2010 revised) issued by the CSRC, the Group's return on net assets and earnings per share are calculated as follows:

	Six months ended 30 June 2013	
	Inclusive of extraordinary gains and losses	Net of extraordinary gains and losses
Weighted average return on net assets (%)	8.41%	8.93%
Consolidated net profit attributable to the Company's ordinary equity shareholders (RMB'000)	1,694,576	1,799,373
Weighted average net assets attributable to the Company's ordinary equity shareholders (RMB'000)	20,153,282	20,153,282
Fully diluted return on net assets (%)	8.26%	8.77%
Consolidated net profit attributable to the Company's ordinary equity shareholders (RMB'000)	1,694,576	1,799,373
Weighted average net assets attributable to the Company's ordinary equity shareholders (RMB'000)	20,525,512	20,525,512
Basic earnings per share (RMB)	0.230	0.244
Consolidated net profit attributable to the Company's ordinary equity shareholders (RMB'000)	1,694,576	1,799,373
Weighted average number of ordinary shares ('000 shares)	7,371,084	7,371,084

There were no dilutive potential ordinary shares in existence during the presented period, thus diluted earnings per share was equal to basic earnings per share.