



China Power New Energy
Development Company Limited

中國電力新能源發展有限公司*

Incorporated in Bermuda with limited liability

Stock Code : 0735

Green Innovation



Interim Report 2014

* For identification purpose only



CORPORATE INFORMATION

Chairman of the Board

Ms. Li Xiaolin

Vice Chairman of the Board

Mr. Bi Yaxiong

Chief Executive Officer

Mr. He Hongxin

(appointed on 19 August 2014)

Executive Directors

Ms. Li Xiaolin

Mr. Zhao Xinyan

Mr. He Hongxin

Mr. Wang Hao

Mr. Qi Teng Yun

(appointed on 19 August 2014)

Non-Executive Director

Mr. Bi Yaxiong

(appointed on 19 August 2014)

Mr. An Luming

(appointed on 20 March 2014)

Independent Non-Executive Directors

Mr. Chu Kar Wing

Mr. Wong Kwok Tai

Dr. Li Fang

Ms. Ng Yi Kum

Audit Committee

Mr. Chu Kar Wing (*Chairman*)

Mr. Wong Kwok Tai

Dr. Li Fang

Ms. Ng Yi Kum

Remuneration Committee

Mr. Chu Kar Wing (*Chairman*)

Mr. Wong Kwok Tai

Dr. Li Fang

Ms. Ng Yi Kum

Nomination Committee

Ms. Li Xiaolin (*Chairman*)

Mr. Chu Kar Wing

Mr. Wong Kwok Tai

Dr. Li Fang

Ms. Ng Yi Kum

Company Secretary

Mr. Fung Chun Nam

Auditor

PricewaterhouseCoopers

(*Certified Public Accountants*)

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Central, Hong Kong

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INTERIM RESULTS

The Board of Directors (the “Board”) of China Power New Energy Development Company Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (together, the “Group”) for the six-month period ended 30 June 2014 (the “Period”). The interim financial information has not been audited but has been reviewed by the Audit Committee of the Company and PricewaterhouseCoopers.

The principal activities of the Group are the development, construction, owning, operation and management of clean energy power plants in Mainland China, including but not limited to wind power generation, hydro power generation, natural gas power generation, photovoltaic power generation, waste-to-energy power generation and other power generation projects. The number of power generation plants currently controlled by the Group has reached 25 which are mainly situated in Guangdong, Fujian, Gansu, Jiangsu and Chongqing, etc., and the electricity generated thereof is sold to Southern Power Grid, East China Power Grid and Northwest Power Grid. The Group is also engaged in investment holding in the clean energy power industry, property investments and securities investments.

Business Review for the Six Months Period Ended 30 June 2014

For the six months period ended 30 June 2014, the Group recorded revenue and tariff adjustment of approximately RMB1,208,752,000 (For the six months period ended 30 June 2013: RMB995,251,000), the change of which was primarily attributed to the increased power generation from Dongguan Natural Gas Power Generation Project as well as the newly acquired projects such as Meixi Hydro Power, Yingjiang Hydro Power, Inner Mongolia Wind Power.

For the six months period ended 30 June 2014, the Group’s fuel costs amounted to approximately RMB345,460,000 (For the six months period ended 30 June 2013: RMB217,993,000), and finance costs (mainly comprised of interest paid for borrowings in respect of the new energy power projects) amounted to approximately RMB230,896,000. (For the six months period ended 30 June 2013: RMB179,287,000). The Group’s profit for the period was approximately RMB164,008,000 (For the six months period ended 30 June 2013: RMB167,020,000) and the Group recorded profit attributable to equity holders of the Company amounted to approximately RMB162,312,000 (For the six months period ended 30 June 2013: RMB157,879,000). Basic and diluted earnings per share amounted to approximately RMB0.0141 (For the six months period ended 30 June 2013: RMB0.0137).



Business Environment

For the first half of 2014, total power consumption was 2,627.6 billion kWh, representing a 5.3% year-on-year increase, which is 0.2% higher than the increase rate for the corresponding period of last year. Analysed by sectors, power consumption of the primary sector was 43.5 billion kWh, a 4.6% year-on-year decrease and representing 1.7% of the total power consumption. Power consumption of the secondary sector was 1,932.5 billion kWh, a 5.1% year-on-year increase, which is 0.2% higher than the increase rate for the corresponding period of last year and representing 73.5% of the total power consumption, contributing 70.6% to the increase of total power consumption. Power consumption of the tertiary sector was 313.8 billion kWh, a 6.9% year-on-year increase which is 2.4% lower than the increase rate of the corresponding period of last year and representing 11.9% of total power consumption, contributing 15.2% to the increase of total power consumption. Power consumption of urban residents was 337.8 billion kWh, a 6.6% year-on-year increase which is 2.7% higher than the increase rate of the corresponding period of last year, representing 12.9% of total power consumption and contributing 15.8% to the increase of total power consumption.

For the first half of 2014, total power generation by large-scale power plants was 2,616.3 billion kWh, a 5.8% year-on-year increase which is 1.5% higher than the increase rate of the corresponding period of last year. Power generation by large-scale hydropower plants was 371.3 billion kWh, a 9.7% year-on-year increase which is 2.2% lower than the increase rate of the corresponding period of last year. Power generation by large-scale thermal power plants was 2,099.5 billion kWh, a 4.7% year-on-year increase which is 2.1% higher than the increase rate of the corresponding period of last year. Power generation by nuclear power plants was 56.6 billion kWh, a 16.9% year-on-year increase. Power generation by wind power mills with a capacity over 6,000 kW was 78.5 billion kWh, a 12.0% year-on-year increase which is 27.3% lower than the increase rate of the corresponding period of last year.

For the first half of 2014, the aggregate average utilisation hours of power generation units were 2,087 hours, 79 hours less than the corresponding period of last year. Analysed by power types, average utilisation hours of hydropower generation units were 1,430 hours, 101 hours less than the corresponding period of last year with hydropower generation units in most of the provinces experiencing a decrease in average utilisation hours. Average utilisation hours of thermal power generation units were 2,375 hours, 26 hours less than the corresponding period of last year. Average utilisation hours of nuclear power generation units were 3,430 hours, 113 hours less than the corresponding period of last year. Average utilisation hours of wind power units were 986 hours, 114 hours less than the corresponding period of last year.



As at 30 June 2014, power projects in operation or in progress owned by the Group through its subsidiaries, associated companies and jointly-controlled entities were as follows:

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable	Average Tariff (RMB/MWh)	Average	Gross Generation (MWh)
					Installed Capacity (MW)		Utilisation Hours	
1	Phase I of the Gansu Wind Power Project (甘肅風力發電項目一期)	Wind power generation	100.50	100	100.50	462.00	881	88,533
2	Phase II of the Gansu Wind Power Project (甘肅風力發電項目二期)	Wind power generation	49.50	100	49.50	540.00	714	35,357
3	Phase III of the Gansu Wind Power Project (甘肅風力發電項目三期)	Wind power generation	201.00	100	201.00	520.00	966	194,212
4	Phase IV of the Gansu Wind Power Project (甘肅風力發電項目四期)	Wind power generation	100.50	100	100.50	520.00	1,074	107,925
5	Phase V of the Gansu Wind Power Project (甘肅風力發電項目五期)	Wind power generation	20.00	100	20.00	540.00	1,202	24,049
6	Heilongjiang Hongqi Wind Power Project (黑龍江紅旗風力發電項目)	Wind power generation	49.50	100	49.50	620.00	948	46,919
7	Heilongjiang Hailing Wind Power Project (黑龍江海浪風力發電項目)	Wind power generation	49.75	100	49.75	620.00	1,064	52,935
8	China Power Dafeng Wind Power Project (中電大豐風力發電項目)	Wind power generation	200.25	100	200.25	488.00	867	173,664
9	Inner Mongolia Chayou Zhongqi Wind Power Project (內蒙古察右中旗風電項目)	Wind power generation	49.50	100	49.50	510.00	1,003	49,662
10	Shanghai Sea Wind Power Project (上海海風發電項目)	Wind power generation	102.00	24	24.48	975.00	1,159	118,227
11	Chongming Beiyuan Wind Power Project (崇明北沿風力發電項目)	Wind power generation	48.00	20	9.60	610.00	1,292	62,014
12	German Bönen Wind Power Project (德國Bönen風電項目)	Wind power generation	8.00	100	8.00	782.00	949	7,589
13	Fujian Shaxikou Hydro-electric Power Plant (福建沙溪口水力發電廠)	Hydro power generation	300.00	100	300.00	250.00	2,097	629,025
14	Niu Tou Shan Power Stations (牛頭山發電廠)	Hydro power generation	115.00	52	59.80	355.00	2,058	236,704
15	Zhangping Huakou Hydro Power Plant (漳平市華口水電廠)	Hydro power generation	36.60	100	36.60	344.00	1,639	59,972
16	Chongqing Meixi Hydro Power Plant (重慶梅溪水電廠)	Hydro power generation	129.00	100	129.00	384.00	891	114,966
17	Yunnan Yingjiang Hongfu Industrial Hydro Power generation (雲南盈江鴻福實業水電)	Hydro power generation	64.00	100	64.00	196.00	474	30,359
18	Yunnan Yingjiang Humin Hydro Power generation (雲南盈江惠民水電)	Hydro power generation	6.40	100	6.40	196.00	1,348	8,628
19	Kunming Waste Incineration Power Plant (昆明廢物焚化發電廠)	Waste-to-energy power generation	30.00	100	30.00	597.00	2,748	82,434
20	Haikou Waste Incineration Power Plant ^A (海口廢物焚化發電廠)	Waste-to-energy power generation	24.00	100	24.00	650.00	3,501	84,017
21	Dongguan China Power New Energy Heat and Power Plant (東莞中電新能源熱電廠)	Natural gas power generation	360.00	100	360.00	975.00	1,434	516,394



No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable		Average Utilisation Hours	Gross Generation (MWh)
					Installed Capacity (MW)	Average Tariff (RMB/MWh)		
22	Zhongdian Hongze Reproductive Substance Thermal Power Plant (中電洪澤生物質發電廠)	Biomass power generation	15.00	100	15.00	760.00	1,604	24,063
23	Zhongdian Hongze Thermal Plant (中電洪澤熱電廠)	Coal-fired power generation	6.00	60	3.60	494.00	2,681	16,084
24	Phase I of Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏發電項目一期)	Photovoltaic power generation	20.00	100	20.00	810.00	469	9,376
25	Phase II of Gansu Wuwei Photovoltaic Power Project (甘肅武威光伏發電項目二期)	Photovoltaic power generation	30.00	100	30.00	1,000.00	693	20,782
26	Phase I of Gansu Baijin Photovoltaic Power Project (甘肅白銀光伏發電項目一期)	Photovoltaic power generation	20.00	100	20.00	826.00	878	17,561
27	Phase II of Gansu Baijin Photovoltaic Power Project (甘肅白銀光伏發電項目二期)	Photovoltaic power generation	30.00	100	30.00	1,000.00	844	25,306
Aggregate Controlled Amount of Capacity in Operation			2,014.50*		1,990.98			2,656,516*
	No. 2 Gansu Anbei Wind Power (甘肅安北第二風電)	Wind power generation	400.00	100	400.00	540.00		
	No. 6 Gansu Anbei Wind Power (甘肅安北第六風電)	Wind power generation	200.00	100	200.00	540.00		
	Phase II of Dongguan Expansion Project (東莞二期擴建項目)	Natural gas power generation	920.00	100	920.00	Not yet determined		
	Hainan Changjiang Photovoltaic Power Project (海南昌江光伏)	Photovoltaic power generation	20.00	100	20.00	1,000.00		
	Yunnan Yuanjiang Photovoltaic Power Project (雲南元江光伏)	Photovoltaic power generation	20.00	100	20.00	950.00		
	Phase II of Hai Kou Waste Incineration Power Project (海口垃圾焚化發電項目二期)	Waste-to-energy power generation	24.00	100	24.00	650.00		
	Aggregate Amount In Progress		1,584.00		1,584.00			
	Total		3,598.50		3,574.98			

* The data excludes Shanghai Sea Wind Power Project and Chongming Beiyan Wind Power Project.

In light of the above, aggregate controlled amount of capacity in operation was 2,014.5MW, and attributed installed capacity in operation was 1,990.98MW.



Aggregate installed capacity in progress was 1,584MW and attributed installed capacity in progress was 1,584MW. It is expected to be in operations in full by the end of 2015, upon which time the controlled installed capacity of the Group will reach 3,598.5MW, and its attributed installed capacity will be 3,574.98MW.

Wind Power Generation Projects

For the six months period ended 30 June 2014, the Group's attributable installed capacity of wind power in operation was 862.58MW with power generation of 780,845MWh in the half-year period, representing a year-on-year growth of 7.57% (corresponding period of last year: 725,923MWh). The current capacity in progress under this segment is 600MW, with project reserve of over 1,000MW.

Natural Gas Power Generation Projects

For the six months period ended 30 June 2014, the Group's attributable installed capacity of natural gas power in operation was 360MW with power generation of 516,394MWh in the half-year period, representing a year-on-year growth of 75.3% (corresponding period of last year: 294,590MWh). This segment contributed as one of the Group's major profit sources. The current expanded capacity of Dongguan Phase II is 920MW, with project reserve of 2,640MW.

Hydro Power Generation Projects

For the six months period ended 30 June 2014, the Group's attributable installed capacity of hydro power in operation was 595.8MW with power generation of 1,079,654MWh in the half-year period, representing a year-on-year increase of 14.9% (corresponding period of last year: 939,982MWh). It is mainly due to the commencement of operation of Meixi Hydro Power Plant and acquisition of Yingjiang Hydro Power. Currently the project reserve of this segment is 768MW.

Photovoltaic Power Generation Projects

For the six months period ended 30 June 2014, the Group's attributable installed capacity of photovoltaic power in operation was 100MW with power generation of 73,025MWh in the half-year period, representing a year-on-year increase of 5.8% (corresponding period of last year: 69,009MWh). The current capacity in progress under this segment is 40MW, with project reserve of over 360MW.

Waste-to-energy Power Generation Projects

For the six months period ended 30 June 2014, the Group's attributable installed capacity of waste-to-energy power in operation was 54MW with power generation of 166,451MWh in the half-year period, representing a year-on-year increase of 8.97% (corresponding period of last year: 152,754MWh). The current capacity in progress under this segment is 24MW, with project reserve of over 87MW.



FUTURE PLANS

As the “Twelfth Five-Year Plan” of the PRC has clearly defined the direction for the development of new energy while the PRC government has called for the building of an eco-friendly civilisation, the Group believes that there is enormous development potential for the sector of new energy. On this basis, the Group will follow the direction of establishing itself as a leading enterprise in the new energy sector, focusing on enhancing business performance and safeguarding investors’ interests. Strategic development will be rolled out both in China and in the global market, to be flanked by respective business platforms in Hong Kong and in the Mainland China. In brief, our direction is well guided and our goals are clearly set out, as we drive development at home and abroad with the support of two efficient platforms.

Overview of Future Project Development

	Project Name	Installed Capacity (MW)	Project Progress
Wind Power	Phase II of Jiangsu Dafeng Wind Power (江蘇大豐二期風電)	100.00	Under approval
	Shandong Wendeng Wind Power (山東文登風電)	49.50	Under approval
	Sheyang Sea Wind Power (射陽海上風電)	300.00	Under approval
	Gan Su Beida Qiao No. 5 Wind Power in South (甘肅北大橋五南風電)	40.00	Under approval
	Yunnan Kunming Wind Power (雲南昆明風電)	49.50	Road Slip stage
	Fujian Shaowu Wind Power (福建邵武風電)	49.50	Road Slip stage
	Fujian Pucheng Wind Power (福建浦城風電)	49.50	Road Slip stage
	Guangdong Yangjiang Sea Wind Power (廣東陽江海上風電)	300.00	Road Slip stage
	Heilongjiang Qiqihar Wind Power (黑龍江齊齊哈爾風電)	49.50	Road Slip stage
	Macheng Chunyang Wind Power (麻城純陽山風電)	80.00	Road Slip stage
	Subtotal	1,067.50	



	Project Name	Installed Capacity (MW)	Project Progress
Natural Gas Power	Tianjin Ninghe Natural Gas Power (天津寧河天然氣)	780.00	Under approval
	Dongguan Distributed Energy Project (東莞分布式能源項目)	120.00	Road Slip stage
	Hainan Distributed Energy Project (海南分布式能源項目)	180.00	Road Slip stage
	Hongze Natural Gas Power (洪澤燃機)	780.00	Road Slip stage
	Yancheng Natural Gas Power (鹽城燃機)	780.00	Road Slip stage
	Subtotal	2,640.00	
Hydro Power	Laos Phou Ngoy Hydroelectricity Project (老撾坡諾水電項目)	728.00	Road Slip stage
	Chongqing Meixi River Grade 2 and Grade 3 Power Station (重慶梅溪河二級三級電站)	40.00	Road Slip stage
	Subtotal	768.00	
Photovoltaic Power	Phase III of Gansu Wuwei (甘肅武威三期)	50.00	Under approval
	Gansu Yongdeng Photovoltaic (甘肅永登光伏)	50.00	Under approval
	Xinjiang Santanghu Photovoltaic (新疆三塘湖光伏)	20.00	Under approval
	Phase III of Gansu Baiyin (甘肅白銀三期)	70.00	Road Slip stage
	Inner Mongolia Huade Photovoltaic (內蒙化德光伏)	50.00	Under approval
	Inner Mongolia Zhuozi Photovoltaic (內蒙卓資光伏)	100.00	Under approval
	Kunming Xishan Photovoltaic (昆明西山光伏)	20.00	Road Slip stage
	Subtotal	360.00	



	Project Name	Installed Capacity (MW)	Project Progress
Waste-to-energy Power	Guizhou Renhuai Waste-to-energy Power (貴州仁懷垃圾發電)	15.00	Under approval
	Guiyang Huaxi Waste-to-energy Power (貴陽花溪垃圾發電)	18.00	Under approval
	Anhui Wuhu Waste-to-energy Power (安徽蕪湖垃圾發電)	24.00	Under approval
	Hebei Bazhou Waste-to-energy Power (河北霸州垃圾發電)	12.00	Under approval
	Hainan Danzhou Waste-to-energy Power (海南儋州垃圾發電)	18.00	Road Slip stage
	Subtotal	87.00	
	Total	4,922.50	

The Group's future efforts will be focused on:

1. Developing strategies with a dynamic sounding, optimising industrial structure and enhancing the efficiency of assets operation. Natural gas, photovoltaic and waste-to-energy power will become the focus points in the coming years in order to reduce solidification of assets and enhance profit margin of net assets.
2. Strengthening project development and enhancing development potential of the Group. We will ensure approval documents are obtained this year for various projects such as Tianjin Ninghe, Phase II of Dafeng, Anhui Wuhu, Guiyang Huaxi, Guizhou Renhuai, Hebei Bazhou and Lanzhou Yongdeng projects and possess approval conditions for Hongze Gas Turbine Power Project during the year. The project development will be emphasised on various projects such as Phase III of Wuwei, Phase III of Baiyin, Wind and Photovoltaic Power of Phase II Chayou Zhongqi, Inner Mongolia Zhuozi Photovoltaic, Kunming Xishan Photovoltaic, Hainan Danzhou Waste-to-energy Power, Yancheng Gas Turbine, Dongguan Distributed Energy, Haikou Distributed Energy, Macheng Chunyang Wind Power, Sheyang Sea Wind Power, Guangdong Yangjiang Sea Wind Power, Fujian Shaowu Wind Power, Shandong Wendeng Wind Power, Qiqihar Wind Power and Chongqing Bishan Hydro Power, among others. We shall endeavour to complete the approval process of 0.3 million kW to 0.4 million kW photovoltaic projects and lock up the development rights of 2 or 3 waste-to-energy power projects.



3. Continuing to implement our internationalisation strategy. The projects development will be focused on economically developed regions with sounded framework or in China-friendly areas where resources are abundant to expand market share through well serving of operating projects. Avoiding various risks by performing duties properly for the pre-development work of Laos Phou Ngoy Hydroelectricity Project, which a Laos project development team will be formed in a timely manner for electricity pricing estimation and negotiation.
4. Striving to expand the Group's aggregate installed capacity to 4,000MW with project reserve of 4,000MW. The scale and profitability of the Company will achieve a greater increase and the Company will truly become a leading clean energy enterprise with market competitiveness and strategic distinctiveness.

FINANCIAL REVIEW

Revenue and Tariff Adjustment

For the six-month period ended 30 June 2014, revenue and tariff adjustment were approximately RMB1,208,752,000 (for the six-month period ended 30 June 2013: approximately RMB995,251,000), representing an increase of 22% over the same period last year. The increase was primarily attributed to the increased power generation from Dongguan Natural Gas Power Generation Project as well as the newly acquired projects such as Meixi Hydro Power, Yingjiang Hydro Power, Inner Mongolia Wind Power.

Fuel Costs

For the six-month period ended 30 June 2014, fuel costs of the Group were approximately RMB345,460,000 (for the six-month period ended 30 June 2013: approximately RMB217,993,000), representing an increase of 59% over the same period last year. The increase was mainly attributed to the increased tariff adjustment of Dongguan Natural Gas Power Project, adjustment of the generator operation modes, year-on-year increase in power consumption and the increase in fuel costs.

Depreciation and Amortisation

For the six-month period ended 30 June 2014, depreciation and amortisation of the Group were approximately RMB263,001,000 (for the six-month period ended 30 June 2013: approximately RMB219,890,000), representing an increase of 20% over the same period last year, which was mainly attributed to the provision for depreciation incurred on power generation units and property, plant and other equipment of the newly acquired projects.



Staff Costs

For the six-month period ended 30 June 2014, staff costs of the Group were approximately RMB93,950,000 (for the six-month period ended 30 June 2013: approximately RMB93,010,000), there was an increase of 1% over the same period last year. The increase in staff costs was mainly attributed to the increased number of operational staff for the new development projects and increase of labor costs.

Repairs and Maintenance

For the six-month period ended 30 June 2014, the expenditure on repairs and maintenance of the Group was approximately RMB16,497,000 (for the six-month period ended 30 June 2013: approximately RMB22,741,000), representing a decrease of 28% over the same period last year, the first reason for the decrease was mainly attributed to the shifted focus of time arrangement for repair plan towards the second half of the year, the second reason was mainly attributed to the increased strength of control over costs.

Operating Profit

For the six-month period ended 30 June 2014, the operating profit of the Group was approximately RMB416,053,000 (for the six-month period ended 30 June 2013: approximately RMB350,610,000), representing an increase of 19% over the same period last year. The increase of operating profit was mainly attributed to the decreased of management fee and costs.

Finance Costs

For the six-month period ended 30 June 2014, the finance costs of the Group amounted to approximately RMB230,896,000 (for the six-month period ended 30 June 2013: approximately RMB179,287,000), representing an increase of 29% over the same period last year. The increase in finance costs was due to finance costs caused by the loans of new projects.

Income Tax Expense

For the six-month period ended 30 June 2014, income tax expense of the Group was approximately RMB46,252,000 (for the six-month period ended 30 June 2013: approximately RMB42,193,000), representing an increase of 10% over the same period last year. The increase in income tax expense was primarily attributed to expiration of tax holding entitled by certain subsidiaries.



Profit Attributable to the Equity Holders of the Company

For the six-month period ended 30 June 2014, profit attributable to equity holders of the Company was approximately RMB162,312,000 (for the six-month period ended 30 June 2013: approximately RMB157,879,000), representing an increase of 3% over last year, which was mainly attributable to contributions from new energy power projects having commenced operation.

Liquidity and Financial Resources

As at 30 June 2014, the Group had cash and cash equivalents of approximately RMB1,162,554,000 (31 December 2013: approximately RMB1,734,808,000). Decrease in cash and cash equivalents was mainly attributable to construction of new project and the optimisation of debt structure.

Capital Expenditure

For the six-month period ended 30 June 2014, the capital expenditure of the Group was approximately RMB783,795,000, spent mainly on developments of new projects, the purchase of equipment and technical renovation. The major sources of capital were the Group's cash balance and project financing of bank loans.

Borrowings

As at 30 June 2014, total borrowings and corporate bonds of the Group amounted to approximately RMB8,210,203,000 (31 December 2013: approximately RMB7,934,793,000), consisting of short-term bank and other borrowings, current portion of long-term bank and other borrowings of approximately RMB1,199,351,000, long-term bank and other borrowings of approximately RMB6,214,705,000 and corporate bonds of approximately RMB796,147,000.

Gearing Ratio

As at 30 June 2014, the net debt divided by total capital was 48% (31 December 2013: 46%).



Foreign Exchange and Currency Risks

The Group's main business transactions, assets and liabilities are substantially measured in Renminbi. The Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure to be insignificant.

Investment Risk of the Capital Market

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

For the six-month period ended 30 June 2014, the Group's fair value loss on financial assets at fair value through profit and loss amounted to approximately RMB1,707,000 (for the six-month period ended 30 June 2013: gain of approximately RMB165,000).

Charge on the Group's Assets

As at 30 June 2014, certain bank deposits, accounts receivable, lease prepayments, property, plant and equipment and investment properties of the Group with an aggregate amount of approximately RMB2,688,498,000 (31 December 2013: approximately RMB2,508,249,000) were pledged as certain borrowings of the Group and securities for certain notes payable and bank borrowings granted by banks.

Contingent Liabilities

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

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2014, the Group had approximately 1,083 employees in Hong Kong and the PRC (31 December 2013: 1,119).

Remuneration of directors and employees is determined by the Group with reference to performance, experience and duties as well as industry and market standards. The Group provided appropriate emoluments and benefit packages to all employees of its operating power plants and new project developments in the PRC based on their respective duties and pursuant to the labour laws and regulations of the PRC.

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



DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the directors of the Company below had the following interests in the underlying shares of the Company which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register referred to therein.

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

Pursuant to the Company's share option schemes, the Company has granted options to the following directors of the Company to subscribe for shares of the Company, details of which as at 30 June 2014 were as follows:

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

+ The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, none of the directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.



DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme operated by the Company as set out in note 17 to the consolidated financial statements and save as disclosed in the section headed "Share Option Scheme" below, at no time during the six-month period ended 30 June 2014 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Company. Further details of the Company's share option scheme are disclosed in note 17 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the six-month period ended 30 June 2014:

Name or category of participant	Number of share options					Outstanding as at 30 June 2014	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share
	Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors									
Ms. Li Xiaolin	23,000,000	-	-	-	-	23,000,000	8 June 2007	26 June 2007 to 7 June 2017	0.836
	20,000,000	-	-	-	-	20,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	30,000,000	-	-	-	-	30,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	73,000,000	-	-	-	-	73,000,000			
Mr. Yin Lian ¹	18,000,000	-	-	-	-	18,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Mr. Zhao Xinyan	18,000,000	-	-	-	-	18,000,000	8 June 2007	15 June 2007 to 7 June 2017	0.836
	8,000,000	-	-	-	-	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	12,000,000	-	-	-	-	12,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	38,000,000	-	-	-	-	38,000,000			



Name or category of participant	Number of share options					Outstanding as at 30 June 2014	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share
	Outstanding as at 1 January 2014	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Mr. Wang Hao	30,000,000	-	-	-	-	30,000,000	9 March 2007	26 March 2007 to 8 March 2017	0.63
	8,000,000	-	-	-	-	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	10,000,000	-	-	-	-	10,000,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
Subtotal:	48,000,000	-	-	-	-	48,000,000			
	177,000,000	-	-	-	-	177,000,000			
Other employees working under continuous employment contracts									
In aggregate	20,000,000	-	-	-	-	20,000,000	9 March 2007	23 March 2007 to 8 March 2017	0.63
	5,000,000	-	-	-	-	5,000,000	8 June 2007	28 June 2007 to 7 June 2017	0.836
	33,500,000	-	-	-	-	33,500,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	66,500,000	-	(4,000,000)	(7,000,000)	-	55,500,000	16 January 2013	16 January 2013 to 15 January 2023	0.514
	125,000,000	-	(4,000,000)	(7,000,000)	-	114,000,000			
Total:	302,000,000	-	(4,000,000)	(7,000,000)	-	291,000,000			

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

1. *Mr. Yin Lian has retired as an executive director of the Company with effect from 28 May 2014. Pursuant to the share option scheme, his share options will lapse in three months following the date of resignation.*
- * *The vesting period of the share options is from the date of the grant until the commencement of the exercise period.*
- ** *The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.*

A total of 291,000,000 shares (representing approximately 2.46% of the existing issued share capital of the Company as at the date of this interim report) may be issued by the Company if all the outstanding options as set out in the above table are exercised.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2014, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of interest	Notes	Number of shares interested or deemed to be interested	Percentage holding*
State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會)	Corporate interests	1, 2, 3, 4 & 5	7,800,918,572	67.91%
China Power Investment Corporation	Corporate interests	1 & 2	3,330,749,231	29.00%
China Power International Holding Limited	Corporate interests	1	3,135,029,231	27.29%
	Beneficial owner	2	195,720,000	1.71%
			3,330,749,231	29.00%
Tianying Holding Limited	Corporate interests	1	3,135,029,231	27.29%
China Power New Energy Limited	Beneficial owner	1	3,135,029,231	27.29%
China Three Gorges Corporation (中國長江三峽集團公司)	Beneficial owner	3	3,230,769,231	28.13%
China National Offshore Oil Corporation	Corporate interests	4	900,000,000	7.83%
Overseas Oil & Gas Corporation, Ltd.	Corporate interests	4	900,000,000	7.83%
Shining East Investments Limited	Beneficial owner	4	900,000,000	7.83%



Notes:

1. These 3,135,029,231 shares were held by China Power New Energy Limited, a wholly-owned subsidiary of Tianying Holding Limited, which in turn was a wholly-owned subsidiary of China Power International Holding Limited. China Power International Holding Limited was a wholly-owned subsidiary of China Power Investment Corporation which in turn was wholly owned by State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Tianying Holding Limited, China Power International Holding Limited, China Power Investment Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.
 2. These 195,720,000 shares were held by China Power International Holding Limited. Based on the relations set out in note 1 above, China Power Investment Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.
 3. These 3,230,769,231 shares were held by China Three Gorges Corporation, a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.
 4. These 900,000,000 shares were held by Shining East Investments Limited, a wholly-owned subsidiary of Overseas Oil & Gas Corporation, Ltd., which in turn was a wholly-owned subsidiary of China National Offshore Oil Corporation. China National Offshore Oil Corporation was a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Overseas Oil & Gas Corporation, Ltd., China National Offshore Oil Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.
 5. On 8 November 2013, the Company entered into a new share agreement with China Energy Engineering Group Guangdong Electric Power Design Institute (中國能源建設集團廣東省電力設計研究院), as the subscriber, pursuant to which the Company has conditionally agreed to allot and issue 339,400,110 new shares to the said subscriber. China Energy Engineering Group Guangdong Electric Power Design Institute (中國能源建設集團廣東省電力設計研究院) is a wholly-owned subsidiary of China Energy Engineering Group Co. Ltd (中國能源建設集團有限公司) (an ultra-large energy construction group directly managed by State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會)). Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) was deemed to be interested in these shares to be issued pursuant to Part XV of the SFO. The issue of such shares has been completed on 1 August 2014.
- † The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2014.

Save as disclosed above, as at 30 June 2014, no person had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.



PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six-month period ended 30 June 2014.

PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the directors of the Company, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the six-month period ended 30 June 2014.

CORPORATE GOVERNANCE REPORT

The Company complied with the Corporate Governance Code (the "CG Code"), contained in Appendix 14 to the Listing Rules throughout the six-month period ended 30 June 2014 except for the following deviations:

Term of Office of the Directors

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

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



Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ dealings in the Company’s securities. Having made specific enquiry of all the Company’s directors, they confirmed that they have complied with the Model Code throughout the six-month period ended 30 June 2014.

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

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

COMMITTEES OF THE BOARD

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

Executive Committee

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



Remuneration Committee

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

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

During the six-month period ended 30 June 2014, the Remuneration Committee has held one meeting and generally reviewed and discussed the remuneration packages of management team, budgeting and performance evaluation approach of the Group.

Audit Committee

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

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



During the six-month period ended 30 June 2014, the Audit Committee has held one meeting and performed the following major works:

- Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2013, the related accounting principles and practices adopted by the Group and internal controls related matters; and recommendation of the re-appointment of the external auditor.

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

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

The Audit Committee members have reviewed the Group's unaudited interim financial statements for the six months ended 30 June 2014.

Nomination Committee

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

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

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



During the six-month period ended 30 June 2014, the Nomination Committee has held one meeting and performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 28 May 2014 (the "2014 AGM");
- Assessment of the independence of all the Company's independent non-executive directors; and
- Consideration and recommendation to the Board on the appointment of Mr. An Luming as non-executive director of the Company.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 June 2014 (six-month period ended 30 June 2013: Nil)

INTERIM REPORT

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

On behalf of the Board

Li Xiaolin

Chairman

Hong Kong
19 August 2014



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2014

		Unaudited	
		Six-month period ended	
		30 June	
	<i>Note</i>	2014	2013
		RMB'000	RMB'000
Revenue	6	1,096,829	882,236
Tariff adjustment	6	111,923	113,015
		1,208,752	995,251
Other income	7	13,573	19,419
Other gains, net	8	7,033	165
Fuel costs		(345,460)	(217,993)
Depreciation and amortisation		(263,001)	(219,890)
Staff costs		(93,950)	(93,010)
Repairs and maintenance		(16,497)	(22,741)
Other operating expenses		(94,397)	(110,591)
Operating profit	9	416,053	350,610
Finance income	10	11,210	24,130
Finance costs	10	(230,896)	(179,287)
Share of loss of an associated company		(2,574)	(285)
Share of profits of jointly controlled entities		16,467	14,045
Profit before tax		210,260	209,213
Income tax expense	11	(46,252)	(42,193)
Profit and total comprehensive income for the period		164,008	167,020
Total comprehensive income for the period attributable to:			
Equity holders of the Company		162,312	157,879
Non-controlling interests		1,696	9,141
		164,008	167,020
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
— basic	12(a)	0.0141	0.0137
— diluted	12(b)	0.0141	0.0137



CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2014

	Note	As at	
		30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	11,531,090	11,619,407
Lease prepayments	14	124,937	123,236
Investment properties	14	302,496	302,496
Intangible assets	14	1,053,143	1,052,332
Interest in an associated company		111,220	113,794
Interests in jointly controlled entities		237,826	232,123
Other long-term deposits and prepayments	15	1,407,378	805,933
Deferred income tax assets		27,483	27,483
		14,795,573	14,276,804
Current assets			
Inventories		94,502	101,778
Accounts receivable	16	951,162	652,282
Prepayments, deposits and other receivables		526,707	501,239
Financial assets at fair value through profit or loss		5,651	7,331
Pledged deposits		1,100	24,979
Cash and cash equivalents		1,162,554	1,734,808
		2,741,676	3,022,417
Non-current assets classified as held for sale		255,000	255,000
		2,996,676	3,277,417
Total assets		17,792,249	17,554,221



		As at	
	<i>Note</i>	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	17	1,047,281	1,046,966
Share premium		1,823	5,555,503
Reserves		6,441,099	713,061
		7,490,203	7,315,530
Non-controlling interests		20,929	196,055
Total equity		7,511,132	7,511,585
LIABILITIES			
Non-current liabilities			
Long-term bank and other borrowings	18	6,214,705	5,468,758
Corporate bonds	19	796,147	798,773
Construction cost payable	21	405,894	478,684
Consideration payable for the acquisition of subsidiaries	21	160,063	163,246
Deferred income tax liabilities		67,857	68,840
		7,644,666	6,978,301
Current liabilities			
Accounts payable	20	70,884	32,621
Construction cost payable	21	1,141,584	1,191,114
Other payables and accrued charges	21	165,939	159,086
Short-term bank borrowings	18	546,000	559,000
Current portion of long-term bank and other borrowings	18	653,351	608,681
Current portion of corporate bonds	19	-	499,581
Income tax payable		58,693	14,252
		2,636,451	3,064,335
Total liabilities		10,281,117	10,042,636
Total equity and liabilities		17,792,249	17,554,221
Net current assets		360,225	213,082
Total assets less current liabilities		15,155,798	14,489,886



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2014

	Unaudited							
	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Sub-total			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2014	1,046,966	5,555,503	(254,112)	967,173	7,315,530	196,055	7,511,585	
Profit and total comprehensive income for the period	-	-	-	162,312	162,312	1,696	164,008	
Transfer from share premium to other reserve (note)	-	(5,555,503)	5,555,503	-	-	-	-	
Set off against accumulated loss (note)	-	-	(406,340)	406,340	-	-	-	
Acquisition of non-controlling interests	-	-	10,744	-	10,744	(176,822)	(166,078)	
Issue of shares upon exercise of share options	315	1,823	(521)	-	1,617	-	1,617	
Balance at 30 June 2014	1,047,281	1,823	4,905,274	1,535,825	7,490,203	20,929	7,511,132	
Balance at 1 January 2013	1,046,966	5,555,503	(268,518)	709,794	7,043,745	176,157	7,219,902	
Profit and total comprehensive income for the period	-	-	-	157,879	157,879	9,141	167,020	
Employee share option benefits	-	-	14,408	-	14,408	-	14,408	
Balance at 30 June 2013	1,046,966	5,555,503	(254,110)	867,673	7,216,032	185,298	7,401,330	

Note: The share premium account of the Company is attributable in the form of fully paid bonus shares. On 28 May 2014, a special resolution was passed on the annual general meeting to approve the cancellation of the amount of approximately RMB5,555,503,000 standing to the credit of the share premium account of the Company and transferred to the contributed surplus account of the Company. On the same date, another resolution was passed to approve to apply the amount of approximately RMB406,340,000 standing to the credit of the contributed surplus of the Company towards offsetting the accumulated losses of the Company. The reduction of share premium complied with the Companies Act 1981 of Bermuda.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2014

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	444,761	591,546
PRC income tax paid	(2,794)	(21,740)
	<hr/>	<hr/>
Net cash generated from operating activities	441,967	569,806
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from investing activities		
Payments for property, plant and equipment	(918,192)	(772,632)
Payments for intangible assets	(1,224)	–
Dividends received from jointly controlled entities	4,500	–
Acquisition of non-controlling interest	(166,078)	–
Interest received	11,210	37,680
Decrease in pledged deposits	22,957	6,154
	<hr/>	<hr/>
Net cash used in investing activities	(1,046,827)	(728,798)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Cash flows from financing activities		
Issue of shares	1,617	–
New bank and other borrowings	1,341,500	860,250
Repayment of bank and other borrowings	(563,883)	(856,170)
Repayment of corporate bond	(500,000)	–
Interest paid	(246,628)	(227,670)
	<hr/>	<hr/>



Unaudited
Six-month period ended
30 June

2014 2013
RMB'000 RMB'000

Net cash generated from/(used in) financing activities	32,606	(223,590)
Net decrease in cash and cash equivalents	(572,254)	(382,582)
Cash and cash equivalents at 1 January	1,734,808	2,692,592
 Cash and cash equivalents at 30 June	 1,162,554	 2,310,010
 Analysis of cash and cash equivalents:		
Cash and bank balances	1,162,554	2,310,010



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

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

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

This condensed consolidated interim financial information is presented in thousands of Renminbi (RMB’000), unless otherwise stated, and have been approved by the Board of Directors for issue on 19 August 2014.

2 Basis of preparation

The Company has a financial year end date of 31 December. This condensed consolidated interim financial information for the six-month period ended 30 June 2014 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The Group has several capital and other commitments that will fall due within the next twelve months. Based on the Group’s history of obtaining finance, its relationships with its bankers, banking facilities available and net operating cash inflow, the directors consider that the Group will be able to obtain adequate financial resources to enable it to operate and meet its liabilities and commitments as and when they fall due within the next twelve months from the balance sheet date. Accordingly, the directors have prepared these consolidated financial statements on a going concern basis.

3 Accounting policies

The accounting policies and method of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2013, except as mentioned below.

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



3 Accounting policies (Continued)

(a) Effect of adopting amendments and interpretation to standards

The following amendments and interpretation to standards are mandatory for the financial year beginning on 1 January 2014, but do not have significant impact to the Group:

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 Amendment	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Consolidation for Investment Entities
HK (IFRIC)-Int 21	Levies

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

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

		Effective for accounting periods beginning on or after
HKAS 16 and HKAS 38 Amendment	Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions	1 July 2014
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customer	1 January 2017
Annual Improvements Project	Annual improvements 2010–2012 cycle	1 July 2014
Annual Improvements Project	Annual improvements 2011–2013 cycle	1 July 2014

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



4 Estimates

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013 except for a revision of the estimation of tariff adjustment. Details of which are set out in Note 6.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

5.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of internal resources, short-term and long-term bank borrowings and corporate bonds.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



5 Financial risk management *(Continued)*

5.3 Fair value estimation *(Continued)*

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2014 and 31 December 2013.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2014				
Assets				
Financial assets at fair value				
through profit or loss	5,651	–	–	5,651
At 31 December 2013				
Assets				
Financial assets at fair value				
through profit or loss	7,331	–	–	7,331

There were no transfer between Level 1 and 2 during the period.

There were no other changes in valuation techniques during the period.

5.4 Group's valuation processes

The Group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every six months, in line with the Group's interim and annual reporting dates.



6 Revenue, tariff adjustment and segment information

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

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Sales of electricity to provincial power grid companies (note (i))	1,011,402	804,496
Heat supply by thermal power plants to other companies	50,607	41,981
Rubbish handling income	29,507	30,655
Rental income from investment properties	5,313	5,104
Total revenue	1,096,829	882,236
Tariff adjustment (note (ii))	111,923	113,015
	1,208,752	995,251

Notes:

- (i) Pursuant to the power purchase agreements entered into between the Group and the respective provincial power grid companies, the Group's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective provincial power grid companies as approved by the relevant government authorities.
- (ii) The amount represents additional tariff received and receivable from the relevant local government authorities. During the six-month period ended 30 June 2014, no revision on the estimation of tariff adjustment was made in respect of the period from July to December 2013 with reference to the actual notices received from the relevant local government authorities (six-month period ended 30 June 2013: RMB3,360,000).



6 Revenue, tariff adjustment and segment information *(Continued)*

(b) Segment information

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

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

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

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

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

The securities investments segment is engaged in securities trading.

No sales between operating segments are undertaken.

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

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

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



6 Revenue, tariff adjustment and segment information (Continued)

(b) Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the six-month periods ended 30 June 2014 and 30 June 2013 is as follows:

	Power generation									
	Natural gas power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to- energy power generation business RMB'000	Photovoltaic power generation business RMB'000	Other power generation business RMB'000	Property investments RMB'000	Securities investments RMB'000	Unallocated RMB'000	Total RMB'000
For the six-month period ended 30 June 2014										
Segment revenue	336,804	337,745	194,459	108,146	57,112	57,250	5,313	-	-	1,096,829
Tariff adjustment	111,923	-	-	-	-	-	-	-	-	111,923
	448,727	337,745	194,459	108,146	57,112	57,250	5,313	-	-	1,208,752
Results of reportable segments	97,856	63,763	17,621	37,284	31,023	2,777	(5,838)	(1,707)	-	242,779
A reconciliation of results of reportable segments to profit for the period is as follows:										
Results of reportable segments										242,779
Unallocated income										9,135
Unallocated expenses										(55,547)
Share of loss of an associated company										(2,574)
Share of profits of jointly controlled entities										16,467
Profit before tax										210,260
Income tax expense										(46,252)
Profit for the period										164,008
Segment results included:										
Depreciation and amortisation	(15,179)	(138,043)	(64,992)	(17,309)	(20,409)	(5,592)	(626)	-	(851)	(263,001)
Interest income	768	910	131	157	77	27	5	-	9,135	11,210
Interest expense	(9,318)	(98,036)	(53,798)	(14,376)	(3,299)	(3,297)	(11,683)	-	(37,089)	(230,896)



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

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



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

	Power generation									
	Natural gas power generation business	Wind power generation business	Hydro power generation business	Waste-to-energy power generation business	Photovoltaic power generation business	Other power generation business	Property investments	Securities investments	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2014										
Segment assets	1,936,329	8,055,659	3,663,640	836,288	913,452	233,897	629,998	7,457	-	16,276,720
Interest in an associated company									111,220	111,220
Interests in jointly controlled entities									237,826	237,826
Deferred income tax assets									27,483	27,483
Non-current assets classified as held for sale									255,000	255,000
Other unallocated assets									884,000	884,000
Total assets per consolidated balance sheet										17,792,249
Additions to non-current assets	212,954	590,957	3,418	6,267	426	2,836	24	-	9,070	825,952
As at 31 December 2013										
Segment assets	2,407,882	6,991,239	3,808,617	873,730	868,033	219,459	401,406	9,415	-	15,219,781
Interest in an associated company									113,794	113,794
Interests in jointly controlled entities									232,123	232,123
Deferred income tax assets									27,483	27,483
Non-current assets classified as held for sale									255,000	255,000
Other unallocated assets									1,706,040	1,706,040
Total assets per consolidated balance sheet										17,554,221
Additions to non-current assets	261,602	1,274,631	1,026,748	21,286	318,662	5,905	6,062	-	14,921	2,929,817

Substantially all of the Group's revenue and assets are generated or located in the PRC except that cash and cash equivalents held at corporate level in the amount of RMB475,142,000 (31 December 2013: RMB1,262,787,000) were deposited in Hong Kong, an investment property of RMB26,496,000 (31 December 2013: RMB26,496,000) is situated in Hong Kong and the financial assets at fair value through profit or loss of RMB5,651,000 (31 December 2013: RMB7,331,000) are relating to equity securities listed in Hong Kong.

For the six-month period ended 30 June 2014, external revenue of approximately RMB770,426,000 (six-month period ended 30 June 2013: RMB518,704,000) is generated from 3 (six-month period ended 30 June 2013: 3) major customers, each of which accounts for 10% or more of the Group's external revenue. The revenue is attributable to the power generation segment.



7 Other income

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Government grants <i>(note (i))</i>	10,455	9,659
Repairs and maintenance management fee income	-	2,443
Income from Voluntary Emission Reductions ("VER") projects <i>(note (ii))</i>	1,079	2,150
Others	2,039	5,167
	13,573	19,419

Notes:

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



8 Other gains, net

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Gain on sale of power generation quota (<i>note</i>)	8,480	–
(Decrease)/increase in fair value of financial assets at fair value through profit or loss	(1,707)	165
Other	260	–
	7,033	165

Note:

During the period ended 30 June 2014, the Group, a subsidiary of the China Power Investment Corporation (中國電力投資集團公司) (“CPI Group”) (the “Subcontractor”), a shareholder of the Group and a provincial power grid company (the “Purchaser”) entered into agreements pursuant to which the Subcontractor agreed to generate and supply power on behalf of the Group, and the Purchaser agreed to purchase all the power generated from the Subcontractor at a consideration of approximately RMB24,156,000. The Group paid an amount of approximately RMB15,676,000 to the Subcontractor for power generation and supply.

9 Operating profit

Operating profit is stated after charging the following:

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Amortisation of lease prepayments	1,514	1,132
Amortisation of intangible assets	413	265
Depreciation of property, plant and equipment	261,074	218,493
Operating lease rental in respect of leasehold land and buildings	3,405	5,380
Fair value (losses)/gains on financial assets at fair value through profit or loss	(1,707)	165
Staff costs including directors' emoluments	93,950	93,010



10 Finance income and costs

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Interest income from bank deposits	11,210	24,130
Interest expense on		
— bank borrowings	(193,870)	(157,126)
— other borrowings	(18,455)	(9,581)
— corporate bonds	(32,760)	(36,276)
	(245,085)	(202,983)
Less: Amounts capitalised in property, plant and equipment	14,189	23,696
	(230,896)	(179,287)
Finance costs, net	(219,686)	(155,157)

The weighted average interest rate on capitalised borrowings is approximately 6.42% (six-month period ended 30 June 2013: 5.92%) per annum.

11 Income tax expense

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit in Hong Kong for the six-month period ended 30 June 2014 (six-month period ended 30 June 2013: Nil).

The provision for PRC corporate income tax is calculated based on the statutory tax rate of 25% (six-month period ended 30 June 2013: 25%) on the estimated assessable income for the period except that certain subsidiaries of the Group are entitled to a three-year exemption from income tax followed by a 50% reduction in income tax rate at 12.5% for another three years, and then taxed at 25% thereafter.



11 Income tax expense *(Continued)*

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

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
PRC current income tax	47,234	36,270
Deferred income tax	(982)	5,923
	46,252	42,193

There is no tax impact relating to components of other comprehensive income for the six-month period ended 30 June 2014 (six-month period ended 30 June 2013: Nil).

12 Earnings per share

(a) **Basic**

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

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
Profit attributable to equity holders of the Company <i>(RMB'000)</i>	162,312	157,879
Weighted average number of shares in issue <i>(shares in thousands)</i>	11,486,580	11,482,934
Basic earnings per share <i>(RMB)</i>	0.0141	0.0137



12 Earnings per share (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
Profit attributable to equity holders of the Company (RMB'000)	162,312	157,879
Weighted average number of ordinary shares in issue (shares in thousands)	11,486,580	11,482,934
Adjustments for share options (shares in thousands)	14,013	–
Weighted average number of ordinary shares for diluted earnings per share (shares in thousands)	11,500,593	11,482,934
Basic earnings per share (RMB)	0.0141	0.0137

13 Interim dividend

The Board of Directors of the Company does not recommend the payment of an interim dividend for the six-month period ended 30 June 2014 (six-month period ended 30 June 2013: Nil).



14 Capital expenditure

	Property, plant and equipment RMB'000	Lease prepayments RMB'000	Investment properties RMB'000	Intangible assets RMB'000
Six-month period ended				
30 June 2014				
Balance at 1 January 2014	11,619,407	123,236	302,496	1,052,332
Additions	172,757	3,215	-	1,224
Depreciation and amortisation	(261,074)	(1,514)	-	(413)
	<u>11,531,090</u>	<u>124,937</u>	<u>302,496</u>	<u>1,053,143</u>
Balance at 30 June 2014	<u>11,531,090</u>	<u>124,937</u>	<u>302,496</u>	<u>1,053,143</u>
	Property, plant and equipment RMB'000	Lease prepayments RMB'000	Investment properties RMB'000	Intangible assets RMB'000
Six-month period ended				
30 June 2013				
Balance at 1 January 2013	9,870,591	106,077	303,326	1,051,328
Additions	783,795	-	-	-
Depreciation and amortisation	(218,493)	(1,132)	-	(265)
	<u>10,435,893</u>	<u>104,945</u>	<u>303,326</u>	<u>1,051,063</u>
Balance at 30 June 2013	<u>10,435,893</u>	<u>104,945</u>	<u>303,326</u>	<u>1,051,063</u>

15 Other long-term deposits and prepayments

	As at	
	30 June 2014	31 December 2013
	Unaudited	Audited
	RMB'000	RMB'000
Prepayments for construction of power plants	1,388,824	788,226
Non-current pledged deposits (Note 18(d))	16,420	15,498
Rental deposits	2,134	2,209
	<u>1,407,378</u>	<u>805,933</u>



16 Accounts receivable

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Accounts receivable from provincial power grid companies	634,825	515,175
Accounts receivable from other companies	48,671	18,707
	683,496	533,882
Tariff adjustment receivable from the relevant government authorities	210,358	100,320
Notes receivable (<i>note</i>)	57,308	18,080
	951,162	652,282

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

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

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Less than 3 months	302,690	230,644
4 to 6 months	149,997	79,920
7 to 12 months	200,926	136,546
Over 1 year	29,883	86,772
	683,496	533,882

Note:

As at 30 June 2014 and 31 December 2013, notes receivable represent commercial acceptance notes and are with maturity period of 90 to 180 days (31 December 2013: 90 to 180 days).



17 Share capital

(a) Authorised and issued capital

	Number of shares (HK\$0.10 each)	Nominal value RMB'000
Authorised:		
At 1 January 2013, 30 June 2013, 31 December 2013 and 30 June 2014	20,000,000,000	1,759,154
Issued and fully paid:		
At 1 January 2013, 30 June 2013 and 1 January 2014	11,482,934,062	1,046,966
Issue of shares upon exercise of share options (<i>note</i>)	4,000,000	315
At 30 June 2014	11,486,934,062	1,047,281

Note: During the period ended 30 June 2014, the Company issued 4,000,000 shares (Six-month period ended 30 June 2013: Nil) of HK\$0.1 each for cash at the exercise price of HK\$0.514 per share as a result of the exercise of the share options. The related weighted average price at the time of exercise was HK\$0.58 per share.



17 Share capital (Continued)

(b) Share option scheme

Details of the options granted under the share option scheme of the Company outstanding as at 30 June 2014 and 31 December 2013 are as follows:

Date of grant	Expiry date	Exercise price	Number of shares subject to the options at 30 June 2014	Number of shares subject to the options at 31 December 2013
Directors				
9 March 2007	8 March 2017	0.630	30,000,000	30,000,000
8 June 2007	7 June 2017	0.836	41,000,000	41,000,000
1 November 2010	31 October 2020	0.780	36,000,000	36,000,000
16 January 2013	15 January 2023	0.514	70,000,000	70,000,000
			177,000,000	177,000,000
Senior management and other employees				
9 March 2007	8 March 2017	0.630	20,000,000	20,000,000
8 June 2007	7 June 2017	0.836	5,000,000	5,000,000
1 November 2010	31 October 2020	0.780	33,500,000	33,500,000
16 January 2013	15 January 2023	0.514	55,500,000	66,500,000
			114,000,000	125,000,000
			291,000,000	302,000,000

Notes:

- (i) 4,000,000 options were exercised by the senior management and other employees during the six-month period ended 30 June 2014. (Six-month period ended 30 June 2013: Nil)
- (ii) 7,000,000 options were lapsed during the six-month period ended 30 June 2014. (Six-month period ended 30 June 2013: Nil)



18 Bank and other borrowings

Bank and other borrowings are analysed as follows:

	As at	
	30 June	31 December
	2014	2013
	Unaudited	Audited
	RMB'000	RMB'000
<hr/>		
Non-current borrowings		
Long-term bank borrowings, secured (<i>note (a)</i>)	2,412,658	2,119,929
Long-term bank borrowings, unsecured (<i>note (b)</i>)	3,780,689	3,484,165
Long-term other bank borrowings, unsecured (<i>note (c)</i>)	165,610	165,610
Obligation under finance lease, secured (<i>note (d)</i>)	509,099	307,735
	<hr/> 6,868,056	<hr/> 6,077,439
	-----	-----
Less: current portion of long-term borrowings		
— secured bank borrowings	(253,508)	(250,008)
— unsecured bank borrowings	(318,590)	(300,790)
— obligation under finance lease	(81,253)	(57,883)
	<hr/> (653,351)	<hr/> (608,681)
	-----	-----
Non-current portion	6,214,705	5,468,758
	-----	-----
Current borrowings		
Short-term bank borrowings, unsecured	431,000	444,000
Short-term bank borrowings, secured (<i>note (f)</i>)	15,000	—
Short-term other borrowings, secured (<i>note (e)</i>)	—	15,000
Obligation under finance lease, unsecured (<i>note (d)</i>)	100,000	100,000
	<hr/> 546,000	<hr/> 559,000
Current portion of long-term borrowings	653,351	608,681
	<hr/> 1,199,351	<hr/> 1,167,681
	-----	-----
Total borrowings	7,414,056	6,636,439
	<hr/> 7,414,056	<hr/> 6,636,439



18 Bank and other borrowings (Continued)

Movements in bank and other borrowings are analysed as follows:

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Balance as at 1 January	6,636,439	6,130,497
Additions	1,341,500	860,250
Repayments	(563,883)	(856,170)
Balance as at 30 June	7,414,056	6,134,577

Except for the long-term bank borrowings of RMB6,568,000 (31 December 2013: RMB6,739,000) which are denominated in HK\$, long-term bank borrowings of RMB37,905,000 (31 December 2013: 40,445,000) which are denominated in EUR and long-term bank borrowings of RMB300,000,000 (31 December 2013: nil) which are denominated in US\$, all borrowings are denominated in RMB.

All of the bank and other borrowings, other than the obligation under finance lease, are interest bearing at floating rates. The effective interest rate of the Group's HK\$-denominated long-term bank borrowing is 0.73% (31 December 2013: 0.71%) per annum. The effective interest rates of the Group's bank and other borrowings are as follows:

	As at	
	30 June	31 December
	2014	2013
	Unaudited	Audited
Long-term bank borrowings	5.89%	6.05%
Long-term other borrowings	6.00%	6.00%
Short-term bank borrowings	5.91%	5.67%
Obligation under finance lease	6.00%	6.08%



18 Bank and other borrowings (Continued)

Notes:

- (a) Secured long-term bank borrowings are secured by:
- all investment properties of the Group with a carrying amount of RMB302,496,000 (31 December 2013: RMB302,496,000);
 - certain property, plant and equipment of the Group with a carrying amount of RMB2,185,671,000 (31 December 2013: RMB2,007,496,000);
 - accounts receivable with a carrying amount of RMB187,809,000 (31 December 2013: RMB193,790,000);
 - corporate guarantee given by a shareholder, China Power International Holding Limited ("CPIH").
- (b) Unsecured long-term bank borrowings amounting to RMB1,123,930,000 (31 December 2013: RMB1,193,330,000) are guaranteed by CPIH.
- (c) As at 30 June 2014, the balance was an entrusted loan amounting to RMB165,610,000 (31 December 2013: RMB165,610,000) from a company of CPI Group.
- (d) As at 30 June 2014, the cost and accumulated depreciation of property, plant and equipment held by the Group under finance lease amounted to RMB893,616,000 (31 December 2013: RMB626,250,000) and RMB193,614,000 (31 December 2013: RMB181,124,000) respectively. The obligation under finance lease is secured by a long-term deposits with carrying amount of RMB16,420,000 (31 December 2013: RMB15,498,000)
- (e) As at 31 December 2013, short-term other borrowings of RMB15,000,000 were secured by certain lease prepayments of the Group with a carrying amount of RMB2,036,000 and property, plant and equipment of the Group with a carrying amount of RMB2,431,000.
- (f) As at 30 June 2014, short-term bank borrowings of RMB15,000,000 were secured by certain lease prepayments of the Group with a carrying amount of RMB1,890,000 (31 December 2013: Nil) and property, plant and equipment of the Group with a carrying amount of RMB10,632,000 (31 December 2013: Nil).

19 Corporate bonds

	As at	
	30 June 2014	31 December 2013
	Unaudited	Audited
	RMB'000	RMB'000
RMB denominated corporate bonds — unsecured	796,147	1,298,354
Less: Current portion	—	(499,581)
Non-current portion	796,147	798,773



19 Corporate bonds *(Continued)*

On 22 April 2011, the Company issued RMB500,000,000 corporate bond, due in April 2014. The bond was unsecured and carried an effective interest rate of 4.06% per annum, with the interest being payable semi-annually. During the period ended 30 June 2014, the balance was settled in full.

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

As at 30 June 2014, the fair value of corporate bonds amounted to RMB821,137,000 (31 December 2013: RMB1,323,746,000). The fair value is calculated using cash flows discounted at a rate based on the borrowings rate at 6.8% (31 December 2013: 5.8%) and are within level 2 of the fair value hierarchy.

20 Accounts payable

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

The ageing analysis of accounts payable is as follows:

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Current to 3 months	66,286	31,910
4 to 6 months	2,000	226
7 to 12 months	2,598	84
Over 1 year	–	401
	70,884	32,621



21 Construction cost payable, other payables and accrued charges

	As at	
	30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Construction cost payable	1,547,478	1,669,798
Salaries and staff welfare payable	11,678	4,056
Value added tax payable	1,802	405
Repairs and maintenance expenses payable	1,964	2,972
Consideration payables for acquisitions of subsidiaries	217,578	220,761
Other payables and accrued operating expenses	41,602	40,408
Interest payable	35,079	36,622
Amounts due to a shareholder and its subsidiaries (<i>note (i)</i>)	15,756	16,565
Amounts due to non-controlling interests (<i>note (i)</i>)	543	543
	1,873,480	1,992,130
Less: non-current portion		
Construction costs payable (<i>note (ii)</i>)	(405,894)	(478,684)
Consideration payable for acquisition of subsidiaries	(160,063)	(163,246)
Current portions	1,307,523	1,350,200

Notes:

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



22 Commitments

(a) Capital commitments

	As at	
	30 June	31 December
	2014	2013
	Unaudited	Audited
	RMB'000	RMB'000
<hr/>		
Contracted but not provided for in respect of		
— property, plant and equipment	4,802,941	736,713

(b) Commitments under operating leases

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

	As at	
	30 June	31 December
	2014	2013
	Unaudited	Audited
	RMB'000	RMB'000
<hr/>		
Land and buildings		
Not later than one year	7,149	7,972
Later than one year and not later than five years	1,863	3,726
	9,012	11,698



22 Commitments (Continued)

(c) Future operating lease agreements

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

	As at	
	30 June 2014 RMB'000	31 December 2013 RMB'000
Land and buildings		
Not later than one year	7,011	9,269
Later than one year and not later than five years	10,455	18,674
Later than five years	70	54
	17,536	27,997

23 Related party transactions

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

(i) Transactions with related parties

(a) Income

	Unaudited Six-month period ended 30 June	
	2014 RMB'000	2013 RMB'000
Service income from a jointly controlled entity (note)	-	1,312

Note:

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



23 Related party transactions *(Continued)*

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

(b) Expenses

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Repair and maintenance expenses to a subsidiary of a shareholder <i>(note (I))</i>	3,619	14,240
Interest expense to a subsidiary of a shareholder <i>(note (II))</i>	4,996	4,968
Interest expense to a fellow subsidiary <i>(note (III))</i>	2,633	254

Notes:

- (I) The Group has entered into agreements for the provision of repair and maintenance service from a subsidiary of a shareholder, the terms of which were mutually agreed between the parties.
- (II) The Group has entered into loan agreements with a subsidiary of CPIH (Note 18(c)), the terms of which were mutually agreed between the parties.
- (III) The Group has entered into a finance lease agreement with a fellow subsidiary (Note 18(d)), the terms of which were mutually agreed between the parties.



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

	Note	As at	
		30 June 2014 Unaudited RMB'000	31 December 2013 Audited RMB'000
Included in:			
<u>Other receivables</u>			
Amount due from a shareholder	(I)	7,347	7,297
Amount due from a non-controlling interest	(I)	-	20,000
Dividend receivable from a jointly controlled entity	(I)	9,963	3,699
Amount due from CPI Finance Company ("CPIF")	(II)	13	91
<u>Other payables</u>			
Amounts due to a shareholder and certain of its subsidiaries	(I)	15,756	16,565
Amounts due to non-controlling interests	(I)	543	543
<u>Bank and other borrowings</u>			
Loan from a jointly controlled entity	(III)	6,111	-
Loans from a subsidiary of a shareholder	18(c)	165,610	165,610
Obligation under finance lease from a fellow subsidiary	18(d)	-	100,000

Notes:

- (I) The balances with these related parties are unsecured, interest-free and repayable on demand.
- (II) The amount due from CPIF, a subsidiary of a shareholder, is unsecured, carries interest at 0.36% (2013: 0.36%) per annum and is repayable on demand.
- (III) The balance was unsecured, carries interest at 5.6% per annum and repayable within one year.



23 Related party transactions *(Continued)*

(ii) Period-end balances with related parties *(Continued)*

Transactions with government-related enterprises

For the six-month periods ended 30 June 2014 and 2013, the Company and its domestic subsidiaries sold substantially all their products to local government-related power grid companies. Please refer to Note 6 for details of sales information to major power grid companies. The Company and its domestic subsidiaries maintained most of its bank deposits in government-related financial institutions while lenders of most of the Company and its subsidiaries' loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

For the six-month periods ended 30 June 2014 and 2013, other collectively-significant transactions with government-related enterprises also included a large portion of fuel purchases, property, plant and equipment construction and related labour employed.

(iii) Key management compensation

	Unaudited	
	Six-month period ended	
	30 June	
	2014	2013
	RMB'000	RMB'000
Basic salaries, housing allowance, other allowances, discretionary bonus and benefits in kind	2,379	3,052
Share based compensation	-	8,866
	2,379	11,918



24 Acquisition of additional interests in a subsidiary without a change in control

On 28 January 2014, the Group entered into a purchase and sale agreement with the non-controlling interest of Dongguan China Power New Energy Heat and Power Plant to acquire additional 9.9% equity interests in Dongguan China Power New Energy Heat and Power Plant. The carrying amount of the non-controlling interests in Dongguan China Power New Energy Heat and Power Plant on the date of acquisition was RMB176,822,000. The Group recognised a decrease in non-controlling interests of RMB176,822,000 and an increase in equity attributable to equity holders of the Company of RMB10,744,000. The effect of changes in the ownership interest of Dongguan China Power New Energy Heat and Power Plant on the equity attributable to equity holders of the Company during the period is summarised as follows:

	Unaudited Six-month period ended 30 June 2014 RMB'000
Carrying amount of non-controlling interests acquired	176,822
Consideration paid to non-controlling interests	(166,078)
Discount on acquisition recognised within equity	10,744



羅兵咸永道

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF CHINA POWER NEW ENERGY
DEVELOPMENT COMPANY LIMITED**

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 24 to 58, which comprises the condensed consolidated balance sheet of China Power New Energy Development Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2014 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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羅兵咸永道

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 August 2014