



華電國際電力股份有限公司

HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

Stock Code : 1071

# 2014 interim report



The board of directors (the “**Board**”) of Huadian Power International Corporation Limited\* (the “**Company**”) hereby announces the unaudited interim consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2014 (the “**Period**”) prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”. The Group’s interim financial report for the Period are unaudited, but they have been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report addressed to the Board is set out in page 18. The audit committee of the Company has also reviewed the 2014 interim report and the relevant financial information of the Group.

## BUSINESS REVIEW

During the Period, turnover of the Group amounted to approximately RMB33,517 million, representing an increase of approximately 6.67% over the corresponding period in 2013; profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB2,765 million, representing an increase of approximately 57.08% over the corresponding period in 2013; earnings per share was approximately RMB0.375; net asset value per share (excluding non-controlling interests) amounted to approximately RMB3.27.

## INTERIM DIVIDEND

The Board did not recommend declaring any interim dividend for the Period.

## POWER GENERATION

During the Period, the power generated by the Group amounted to approximately 87.94 million MWh, representing an increase of approximately 7.56% over the corresponding period in 2013, and accounting for 47.28% of the annual target of 186.00 million MWh; on-grid power sold amounted to approximately 82.34 million MWh, representing an increase of approximately 7.64% over the corresponding period in 2013; the average utilization hours of generating units were 2,450 hours, representing an increase of 32 hours over the corresponding period in 2013; and the average utilization hours of coal-fired generating units were 2,696 hours, representing an increase of 95 hours over the corresponding period in 2013; and the coal consumption for power supply was approximately 306.31 g/KWh.

## MAJOR ASSETS

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

As at the date of this report, the number of controlled power plants of the Group which have commenced operations totaled 42, with the total controlled installed capacity amounting to 37,321 MW, including 33,842 MW of controlled installed capacity attributable to coal- or gas-fired generating units, and 3,479 MW of controlled installed capacity attributable to renewable energy generating units such as hydropower, wind power, solar power and biomass energy power generating units. The number of coal mining enterprises controlled or invested by the Company totaled 17, with coal resources reserves of approximately 2.2 billion tonnes and expected coal production capacity of approximately 10 million tonnes/year. The details are as follows:

\* For identification purpose only

## MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
1	Zouxian Plant	2,575	100%	1 x 635MW + 1 x 600MW + 4 x 335MW
2	Shiliquan Plant	800	100%	2 x 330MW + 1 x 140MW
3	Laicheng Plant	1,200	100%	4 x 300MW
4	Huadian Zouxian Power Generation Company Limited ("Zouxian Company")	2,000	69%	2 x 1,000MW
5	Huadian Laizhou Power Generation Company Limited ("Laizhou Company")	2,000	75%	2 x 1,000MW
6	Huadian Weifang Power Generation Company Limited ("Weifang Company")	2,000	45%	2 x 670MW + 2 x 330MW
7	Huadian Qingdao Power Generation Company Limited ("Qingdao Company")	1,220	55%	1 x 320MW + 3 x 300MW
8	Huadian Zibo Thermal Power Company Limited ("Zibo Company")	950	100%	2 x 330MW + 2 x 145MW
9	Huadian Zhangqiu Power Generation Company Limited ("Zhangqiu Company")	925	87.5%	1x 335MW + 1 x 300MW + 2 x 145MW
10	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("Tengzhou Company")	930	93.257%	2 x 315MW + 2 x 150MW
11	Shandong Century Electric Power Development Company Limited ("Century Power Company")	936	84.31%	4 x 220MW + 2 x 28MW
12	Huadian Ningxia Lingwu Power Generation Company Limited ("Lingwu Company")	3,320	65%	2 x 1,060MW + 2 x 600MW
13	Ningxia Zhongning Power Generation Company Limited ("Zhongning Company")	660	50%	2 x 330MW
14	Sichuan Guang'an Power Generation Company Limited ("Guang'an Company")	2,400	80%	2 x 600MW + 4 x 300MW
15	Huadian Xinxiang Power Generation Company Limited ("Xinxiang Company")	1,320	90%	2 x 660MW

## MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
16	Huadian Luohe Power Generation Company Limited ("Luohe Company")	660	75%	2 x 330MW
17	Huadian Qudong Power Generation Company Limited ("Qudong Company")	660	90%	2 x 330MW
18	Anhui Huadian Suzhou Power Generation Company Limited ("Suzhou Company")	1,260	97%	2 x 630MW
19	Anhui Huadian Wuhu Power Generation Company Limited ("Wuhu Company")	1,320	65%	2 x 660MW
20	Anhui Huadian Lu'an Power Generation Company Limited ("Lu'an Company")	1,320	95%	2 x 660MW
21	Hangzhou Huadian Banshan Power Generation Company Limited ("Hangzhou Banshan Company")	2,680	64%	3 x 415MW+ 3 x 390MW + 1 x 135MW + 1 x 130MW
22	Hangzhou Huadian Xiasha Thermal Power Company Limited ("Xiasha Company")	246	56%	1 x 88MW +2 x 79MW
23	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("Shijiazhuang Thermal Power Company")	1,075	82%	2 x 300MW +2 x 200 MW + 3 x 25 MW
24	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("Luhua Company")	660	90%	2 x 330 MW
25	Hebei Huarui Energy Group Corporation Limited ("Huarui Company") (Note)	1,766.4	100%	—
26	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("Pingshi Power Company")	725	100%	2 x 300 MW + 1 x 125 MW

Note: As at the date of this report, the interested installed capacity of Huarui Company held by the Group amounted to 1,766.4 MW. The installed capacity of wind power of Hebei Huadian Yuzhou Wind Power Company Limited, a wholly-owned subsidiary of Huarui Company, amounted to 99 MW.

## MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
1	Huadian Suzhou Biomass Energy Power Company Limited ("Suzhou Biomass Energy Company")	25	78%	2 x 12.5 MW
2	Sichuan Huadian Luding Hydropower Company Limited ("Luding Hydropower Company")	920	100%	4 x 230 MW
3	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("Za-gunao Hydroelectric Company")	591	64%	3 x 65 MW + 3 x 56 MW + 3 x 46 MW + 3 x 30 MW
4	Lixian Xinghe Ganbao Power Company Limited ("Ganbao Company")	34	100%	4 x 8.5 MW
5	Lixian Xinghe Power Company Limited ("Lixian Company")	33	100%	3 x 11 MW
6	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("Shuiluohe Company")	324	57%	3 x 70 MW + 3 x 38 MW
7	Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("Hebei Hydropower Company")	57	100%	1x16 MW +2 x 15 MW + 1 x 11 MW
8	Huadian Inner Mongolia Kailu Wind Power Company Limited ("Kailu Wind Power Company")	399	100%	262 x 1.5 MW +2 x 3 MW
9	Huadian Kezuozhongqi Wind Power Company Limited ("Kezuozhongqi Wind Power Company")	49.5	100%	33 x 1.5 MW
10	Huadian Power International Ningxia New Energy Power Company Limited ("Ningxia New Energy Company")	448.5	100%	48 x 2 MW + 235 x 1.5 MW
11	Hebei Huadian Guyuan Wind Power Company Limited ("Guyuan Wind Power Company")	250.5	100%	167 x 1.5 MW

## MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
12	Hebei Huadian Kangbao Wind Power Company Limited ("Kangbao Wind Power Company")	49.5	100%	24 x 2 MW + 1 x 1.5 MW
13	State Development Zhangjiakou Wind Power Company Limited ("Zhangjiakou Wind Power Company")	100.5	100%	67 x 1.5 MW
14	Huadian Laizhou Wind Power Company Limited ("Laizhou Wind Power Company")	40.5	55%	27 x 1.5 MW
15	Huadian Laizhou Wind Power Generation Company Limited ("Laizhou Wind Company")	48	100%	24 x 2 MW
16	Huadian Ningxia Ningdong Shangde Solar Power Company Limited ("Shangde Solar Company")	10	60%	10 x 1 MW

## MAJOR ASSETS (CONTINUED)

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

Name of company		Percentage of equity interest held by the Group	Resources reserve (million tonnes)	Interested resources reserve (million tonnes)	Capacity (thousand tonnes/year)
1	Shanxi Shuozhou Pinglu Maohua Bailu Coal Company Limited	100%	395	395	1,200
2	Shanxi Shuozhou Pinglu Maohua Wantongyuan Coal Company Limited	70%	373	261	2,100
3	Shanxi Shuozhou Pinglu Maohua Dongyi Coal Company Limited	70%	128	90	900
4	Shunge Mining Industry Company Limited of Inner Mongolia Alxa League Shunge Mining Group	100%	28	28	450
5	Inner Mongolia Haoyuan Coal Company Limited	85%	77	65	1,200
6	Inner Mongolia Huatong Ruisheng Energy Company Limited ("Huatong Ruisheng")	90%	116	104	3,000
7	Anhui Wenhui New Products Promotion Company Limited	51%	39	20	600
8	Ningxia Yinxing Coal Company Limited ("Yinxin Coal")	50%	1,037	519	4,000
9	Sichuan Huayingshan Longtan Coal Power Company Limited ("Longtan Company") (Note)	45%	97	44	1,500
10	Otog Front Banner Changcheng Mine Company Limited	35%	111	39	600
11	Inner Mongolia Fucheng Mining Company Limited	35%	238	83	2,400
12	Otog Front Banner Zhengtai Trading Company Limited	35%	216	76	2,400
13	Otog Front Banner Quanhui Trading Company Limited	35%	723	253	3,000
14	Otog Front Banner Baihui Trading Company Limited	35%	199	70	1,800
15	Linfen City Changfa Coal Coke Company Limited ("Changfa Coal Coke") (Note)	33%	117	39	1,200
16	Huadian Coal Industry Group Company Limited	12.72%	—	—	—
17	Shandong Luneng Heze Coal Power Development Company Limited	12.27%	—	—	—

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

## ADDITIONAL INSTALLED CAPACITY

From 1 January 2014 up to the date of this report, the capacity of the Group's newly-installed generating units amounted to 1,926 MW.

Name of project	Capacity (MW)
Lu'an Company	1,320
Xiasha Company	246
Shuiluohe Company	210
Zhangjiakou Wind Power Company	100.5
Ningxia New Energy Company	49.5
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Total	1,926
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## PROJECTS APPROVED AND UNDER CONSTRUCTION

As at the date of this report, the Group's principal generating units approved and under construction are as follows:

Generating units approved and under construction	Planned installed capacity
Chongqing Fengjie Project	2x600MW generating units
Shiliquan Plant Expansion Project	1x600MW generating unit
Shuozhou Thermal Power Branch Project	2x300MW heat-power co-generating units
Qingdao Company Phase III Project	1x300MW heat-power co-generating units
Tianjin Huadian Nanjiang Thermal Power Company Limited ("Nanjiang Thermal Power Company") Phase I Project	2x300MW heat-power co-generating units
Nanjiang Thermal Power Company Phase II Project	900MW gas-fired generating units
Tianjin Huadian Fuyuan Thermal Power Company Limited Project	2x200MW gas-fired generating units
Hangzhou Huadian Jiangdong Thermal Power Company Limited Project	2x400MW gas-fired generating units
Huadian Zhejiang Longyou Thermal Power Company Limited Project	2x200MW gas-fired generating units
Shenzhen Huadian Pingshan Distributed Energy Resources Project	3 x 100MW gas-fired generating units
Hebei Huadian Shijiazhuang Natural Gas Thermal Co-generating Project	2x 400MW gas-fired generating units
Project of Shuiluohe Company	492MW hydroelectric generating units
Project of Ningxia New Energy Company	746.5MW wind power generating units
Project of Kangbao Wind Power Company	49.5MW wind power generating units
Jincheng Wind Power Phase II Project of Laizhou Wind Company	48MW wind power generating units
Huadian Laizhou Wind Power Energy Company Limited Project	49.8MW wind power generating units
Huadian Changyi Wind Power Company Limited ("Changyi Wind Power Company") Project	49.5MW wind power generating units
Huadian Zibo Wind Power Company Limited ("Zibo Wind Power Company") Project	48MW wind power generating units
Huadian Longkou Wind Power Company Limited Project	49.5MW wind power generating units
Phase I Project of Huadian Taierzhuang Wind Farm	50MW wind power generating units
Guangdong Zhanjiang Xuwen Huahai Wind Power Project	49.5MW wind power generating units
Solar Power Generation Project in Taiyangshan, Wuzhong, Ningxia	10MW solar power generating units
Huadian Ningdong Solar Power Phase II Project	20 MW solar power generating units
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Total	8,562.3MW
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## MANAGEMENT DISCUSSION AND ANALYSIS

### (1) *Macroeconomic Conditions and Electricity Demand*

According to the relevant information and statistics, in the first half of 2014, the gross domestic product ("GDP") of the PRC amounted to RMB26,904.4 billion, representing an increase of 7.4% over the corresponding period in 2013 based on comparable prices. Power consumption of the whole society of the PRC totaled 2,627.6 million MWh, representing an increase of 5.3% over the corresponding period in 2013, with a year-on-year increase of 0.2 percentage point in the growth rate. Specifically, consumption by the primary industry represented a year-on-year decrease of 4.6% and consumption by the secondary and tertiary industries represented year-on-year increases of 5.1% and 6.9%, respectively, while the consumption by urban and rural residents represented a year-on-year increase of 6.6%. In the second half of 2014, China's economy is expected to maintain a steady growth, and the demand for electricity is expected to increase at a stable level. The total electricity supply and demand in China will maintain an overall balance, and the electricity demand and supply will be abundant in certain regions and will be tight in others.

### (2) *Power Generation*

During the Period, power generated by the Group amounted to approximately 87.94 million MWh, representing an increase of approximately 7.56% over the corresponding period in 2013 and accounting for 47.28% of the annual target of 186.00 million MWh; on-grid power sold amounted to approximately 82.34 million MWh, representing an increase of approximately 7.64% over the corresponding period in 2013; the average utilization of generating units were 2,450 hours, representing an increase of 32 hours over the corresponding period of 2013, and the average utilization of coal-fired generating units were 2,696 hours, representing an increase of 95 hours over the corresponding period of 2013; and coal consumption for power supply was approximately 306.31 g/kWh.

### (3) *Turnover and Profit*

Turnover of the Group for the Period amounted to approximately RMB33,517 million, representing an increase of approximately 6.67% over the corresponding period in 2013. This was mainly due to an increase in on-grid power sold. Revenue generated from the sale of electricity amounted to approximately RMB31,225 million, representing an increase of approximately 7.85% over the corresponding period in 2013. Revenue generated from the sale of heat amounted to approximately RMB1,746 million, representing an increase of approximately 1.37% over the corresponding period in 2013. Revenue generated from the sale of coal amounted to approximately RMB546 million, representing a decrease of approximately 26.69% over the corresponding period in 2013.

The Group's operating profit for the Period amounted to approximately RMB6,973 million, representing an increase of approximately 24.22% over the corresponding period in 2013. Profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB2,765 million, representing an increase of approximately 57.08% over the corresponding period in 2013, mainly due to the increase in on-grid power sold and the drop in the unit fuel cost of the Group. Earnings per share was approximately RMB0.375.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (4) Major Operating Expenses

Fuel costs are the major business expenses of the Group. Fuel costs of the Group for the Period amounted to approximately RMB17,093 million, representing a decrease of approximately 0.40% over the corresponding period in 2013. Fuel costs accounted for approximately 64.39% of the operating expenses of the Group. The price of standard coal-into-furnace decreased by 10.60% on a year-on-year basis.

During the Period, depreciation and amortization expenses of the Group amounted to approximately RMB3,944 million, representing an increase of approximately 7.85% over the corresponding period in 2013. This was mainly due to the commencement of operations of new generating units as well as the increase in capital transfer for technical renovation.

During the Period, repairs, maintenance and inspection costs of the Group amounted to approximately RMB1,492 million, representing an increase of approximately 24.84% over the corresponding period in 2013. This was mainly due to the different progress in the repairs of generating units as well as the increase in the cost of materials following the increase in power generation and the number of denitrified generating units.

During the Period, personnel costs of the Group amounted to approximately RMB1,927 million, representing an increase of approximately 21.48% over the corresponding period in 2013, mainly due to difference in the payment schedule of annual remuneration.

During the Period, tax and levies on operation of the Group amounted to approximately RMB263 million, representing an increase of approximately 36.73% over the corresponding period of 2013, mainly due to the reduction of coal price, resulting in decrease in relevant deducted levies.

### (5) Other Revenue and Net Income

During the Period, other revenue and net income of the Group amounted to approximately RMB256 million, representing an increase of approximately 69.97% over the corresponding period of 2013, mainly due to the increase in government grants.

### (6) Finance Costs

During the Period, finance costs of the Group amounted to approximately RMB3,167 million, representing an increase of approximately 3.93% from the corresponding period in 2013. This was mainly due to the commencement of operations of new generating units as well as the increase in the average cost of capital in the capital market.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (7) *Share of Profit of Associates and a Joint Venture*

During the Period, profit of associates and a joint venture attributable to the Group amounted to approximately RMB344 million, representing an increase of approximately 39.58% over the corresponding period of 2013, mainly due to increased profit from power generation enterprises invested by the Group.

### (8) *Income Tax*

Income tax of the Group during the Period amounted to approximately RMB922 million, representing an increase of approximately 42.06% over the corresponding period of 2013, mainly due to the impact of increase in the Group's profit.

### (9) *Pledge and Mortgage of Assets*

The Company and its subsidiaries, including Qingdao Company, Tengzhou Company, Guang'an Company, Lingwu Company, Suzhou Company, Luding Hydropower Company, Wuhu Company, Shijiazhuang Thermal Power Company, Hangzhou Banshan Company, Za-gunao Hydroelectric Company, Laizhou Company, Zhongning Company, Shuiluohe Company, Ningxia New Energy Company, Changyi Wind Power Company, Zibo Wind Power Company and Zhangjiakou Wind Power Company, have together pledged their income streams in respect of the sale of electricity or trade receivables for sale of electricity as security for loans amounting to approximately RMB17,782 million. In addition, the 75% equity interest held by the Company in Pingshi Power Company was pledged as security for repayment of the long term payables due within one year which was guaranteed by the Company.

The generating units, relevant equipments and land use rights of Pingshi Power Company were mortgaged to secure loans amounting to RMB1,570 million. In addition, the plants and equipment of Shuiluohe Company were mortgaged as security for loans amounting to RMB2,100 million. The mining rights of Shanxi Maohua Energy Investment Company were mortgaged as security for long-term borrowings amounting to RMB490 million.

### (10) *Indebtedness*

As at 30 June 2014, total borrowings of the Group amounted to approximately RMB85,647 million, of which borrowings denominated in US dollar and the Euro amounted to approximately US\$188 million and EUR22 million, respectively. The liability to asset ratio was approximately 80.97%. In addition, the closing balance of super short-term debentures payable, short-term debentures payable, medium-term notes payable (including those due within one year) and debentures issued through non-public offerings to target subscribers of the Group amounted to approximately RMB10,679 million, RMB5,598 million, RMB6,441 million and RMB7,981 million, respectively.

### (11) *Contingent Liabilities*

As at 30 June 2014, Guang'an Company, a subsidiary of the Group, had provided guarantees to banks for loans amounting to RMB87,057,000 to Longtan Coal Company; Zhongning Company, a subsidiary of the Group, had provided guarantees to banks for loans amounting to RMB18,779,070 to "China Aluminum Ningxia Energy Group Company Limited (formerly known as Ningxia Power Generation Company (Group) Limited)". The Group disposed of all of the equity interests in Ningxia Power Generation Company (Group) Limited in 2012, and both parties agreed to cancel such guarantees. As at 30 June 2014, the cancellation of such guarantees was still in progress.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (12) Cash and Cash Equivalents

As at 30 June 2014, the Group had cash and cash equivalents of approximately RMB5,530 million.

Save as the information disclosed herein, information with respect to the Group's other matters as set out in paragraph 32 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (The Stock Exchange of Hong Kong Limited is referred as the "Hong Kong Stock Exchange") has not changed materially from that included in the Company's 2013 annual report.

### BUSINESS OUTLOOK

China's economy has transformed from the stage of rapid growth to the new stage of high and medium growth. As a significant basic energy industry, the electricity industry still has a relatively large development space. Along with the cyclical changes in the coal and electricity markets, the electricity industry has stepped into a new business cycle.

In the second half of this year, the power generation business will face more intense competition in the market in the environment of overall profitability of power generation enterprises and the low-operational prices of coal. The Group will strengthen its marketing efforts and explore markets such as direct purchase by large consumers, and to increase the efficiency of power generation of clean energy. As for fuel management, the Group will enhance the analysis, research and judgment on the coal market to provide powerful support for its scientific decisions. Therefore, it will control the procurement price with reasonable inventories and increase its bargaining capability with large-scale procurement. As for environmental protection management, the environmental protection standards are becoming more and more stringent, with the enactment of new laws, regulations and policies such as the Environmental Protection Act, Air Pollution Prevention and Control Action Plan, and Environmental Protection Tariff Regulation. In order to adapt to the trend of rigid constraints of environmental protection and low-carbon clean energy, the Group will increase investments in the transformation of environmental protection equipment, establish a wholesome environmental protection regulation system and strictly regulate the rewards and punishment incentive mechanisms to effectively prevent environmental risks.

Confronted with the new reforms, opportunities and challenges, the Group will adhere to the development principle of enhancement of its major business as well as a reasonable development speed to optimize the structures of the industry, region and electricity sources. Through advancing the plats complementation and advantage complementation, the Group will maximize the realization of comprehensive benefits. In the meantime, the Group will expand financing channels to enhance the capital operation through firmly grasping opportunities brought by the continuous improvement of the operations.

## SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS

### (1) *Convening the Extraordinary General Meeting*

The Company held the first extraordinary general meeting of 2014 on 13 January 2014. The general meeting considered and approved the resolution in relation to the appointments of Mr. Li Qingkui and Mr. Gou Wei as directors of the sixth session of the Board.

For details, please see the announcement in relation to the voting results of the extraordinary general meeting of the Company dated 13 January 2014.

### (2) *Change of the Director*

As Mr. Wang Jixin has resigned as a director of the Board due to work reasons, pursuant to the relevant laws and regulations, Mr. Ding Huiping has been appointed as a director of the Board with effect from the conclusion of the annual general meeting on 30 May 2014 to the expiry of the seventh session of the Board.

For details, please see the announcement of the Company dated 30 May 2014.

### (3) *Amendments to the Articles of Association of the Company*

On 30 May 2014, the Company convened the annual general meeting, at which it considered and approved the amendments to Article 180 and Article 184 of the original Articles of Association, and made relevant revisions and improvements to the contents regarding profit distribution.

For details, please see the announcement of the Company dated 13 January 2014 and 30 May 2014.

### (4) *Completion of Subscription of 1,150,000,000 New A Shares with China Huadian Corporation ("China Huadian") (the "A Shares Subscription")*

On 18 July 2014, the Company completed a non-public issuance of new A shares of the Company (the "A Shares") and China Huadian subscribed for 1,150,000,000 new A Shares in cash. In accordance with the Subscription Agreement Regarding Non-public Issuance of A Shares of Huadian Power International Corporation Limited between China Huadian Corporation and Huadian Power International Corporation Limited and the relevant requirements of the Rules Governing the Trading of Stocks on the Shanghai Stock Exchange, if any ex-right or ex-dividend event occurs during the period from the price determination date to the date of issuance, the subscription price per share will be adjusted accordingly. As the 2013 annual general meeting of the Company approved the profit distribution plan of RMB0.225 per share, the ultimate subscription price of the A Shares Subscription was adjusted from the original RMB3.12 per share to RMB2.895 per share. The total proceeds raised amounted to approximately RMB3,329 million, with the net amount of approximately RMB3,311 million, which will be used to supplement the working capital of the Company. Upon completion of the A Shares Subscription, China Huadian and its associates, as the ultimate beneficial owner, held 4,406,923,853 shares in aggregate, representing approximately 51.72% of the enlarged total issued share capital of the Company.

The Board of the Company considers that the A Shares Subscription will improve the asset and liability structure of the Company to help the Company to enhance its financing capability and improve the operating conditions.

For details, please see the announcement of the Company dated 21 July 2014.

## **SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS** *(CONTINUED)*

### **(5) Completion of Non-public Issuance of 286,000,000 H Shares (the "Issuance of H Shares")**

On 30 July 2014, the Company completed the issuance of an additional 286,000,000 H shares of the Company (the "H Shares"). Ten investors in total subscribed for the H Shares placed by the Company, with the placing price of HK\$4.92 per share. The total proceeds raised amounted to approximately HK\$1,408 million, with the net amount of approximately HK\$1,384 million, all of which will be used to supplement the working capital of the Company.

Upon completion of the Issuance of H Shares, the total share capital of the Company was increased to 8,807,289,800 Shares. The aggregate shareholding of China Huadian and its associates, as the ultimate beneficial owner, decreased to 50.04%.

For details, please see the announcement of the Company dated 30 July 2014.

### **(6) Amendments to the Terms of Reference of the Nomination Committee of the Board**

On 29 August 2014, the Company held the third meeting of the seventh session of the Board, at which it considered and approved the amendments to the original Terms of Reference of the Nomination Committee of the Board to reflect the policy concerning diversity of the Board members pursuant to the amended Hong Kong Listing Rules.

For details, please refer to the announcement in relation to resolutions of the Board meeting dated 29 August 2014.

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, each of the following persons, not being a director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 30 June 2014 in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 30 June 2014, or was a substantial shareholder (as defined in the Listing Rules) of the Company as at 30 June 2014:

Name of shareholder	Class of shares	Number of shares held	Equity Interest as at 30 June 2014		
			Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian	A Shares	3,171,061,853	43.02%	53.38%	—
	H Shares	85,862,000(L) (Note)	1.16%	—	6.00%
Shandong International Trust Corporation	A Shares	800,766,729	10.86%	13.48%	—
JPMorgan Chase & Co.	H Shares	143,687,000(L)	1.95%	—	10.04%
		60,394,000(P)	0.82%		4.22%
Morgan Stanley	H Shares	78,435,033(L)	1.06%	—	5.48%
		11,921,803(S)	0.16%		0.83%

(L): Long position

(S): Short position

(P): Lending pool

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

Save as disclosed above and so far as the directors are aware, as at 30 June 2014, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Listing Rules) of the Company.

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

As described in the paragraph headed "Significant Events and Subsequent Events", the A Share Subscription and new issue of H Shares were completed by the Company on 18 July 2014 and 30 July 2014, respectively. As at the date of this report hereof, the shareholding structure of the Company was as follows:

Name of shareholder	Class of shares	Number of shares held	Equity Interest as at the date of this report		
			Approximate Percentage of Shareholding in the Company's Total Issued Share Capital	Approximate Percentage of Shareholding in the Company's Total Issued A Shares	Approximate Percentage of Shareholding in the Company's Total Issued H Shares
China Huadian	A Shares	4,321,061,853	49.06%	60.95%	—
	H Shares	85,862,000 (Note)	0.97%	—	5.00%
Public	A Shares	2,768,994,347	31.44%	39.05%	—
	H Shares	1,631,371,600	18.52%	—	95.00%

Note: To the knowledge of directors of the Company or as far as they were informed, these 85,862,000 H Shares were held in the name of HKSCC Nominees Limited and were directly held through a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited.

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

As at 30 June 2014, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Name	Position in the Company	Number of A Shares of the Company held as personal interest	Capacity
Gou Wei	Non-executive Director	10,000 (Note)	Beneficial owner

Note: Accounted for approximately 0.0001% of the total issued A Shares of the Company on 30 June 2014.



## **SECURITIES INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVES AND SENIOR MANAGEMENT** (CONTINUED)

Save as disclosed above, as at 30 June 2014, none of the directors, supervisors, chief executives or members of the senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debenture certificates (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such director, supervisor, chief executive or members of senior management of the Company was taken or deemed to have under such provisions of the SFO) or was (ii) required to be entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the directors of the Company).

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

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

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

## **DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS**

As at 30 June 2014, the Group's deposits placed with financial institutions or other parties did not include any designated or trust deposits, or any material term deposits which could not be collected by the Group upon maturity.

## **MATERIAL LITIGATION**

As at 30 June 2014, some members of the Group were parties to certain litigations arising from the Group's ordinary course of business or acquisition of assets. The final outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the management of the Group believes that any possible legal liability which may incur from the aforesaid cases will not have material adverse effect on the financial position and operating results of the Group.

## **AUDIT COMMITTEE**

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

## CORPORATE GOVERNANCE

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

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

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

The Board is committed to the principles of corporate governance consistent with prudent management and enhancement of shareholders' value. Transparency, accountability and independence are enshrined under these principles. The Board has reviewed the relevant requirements prescribed under the codes on corporate governance practices adopted by the Company and its actual operations, and has taken the view that the corporate governance practices adopted by the Company during the Period have met the requirements under the code provisions in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules, and approved the Amendments to the original Terms of Reference of the Nomination Committee under the Board. Pursuant to the revised Hong Kong Listing Rules, the Company adopted the Board Member Diversity Policy. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code, the major particulars of which are as follows:

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

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

*Li Qingkui (Chairman, Non-executive Director), Chen Jianhua (Vice Chairman, Executive Director), Chen Dianlu (Vice Chairman, Non-executive Director), Geng Yuanzhu (Executive Director), Wang Yingli (Non-executive Director), Chen Bin (Non-executive Director), Gou Wei (Non-executive Director), Chu Yu (Non-executive Director), Wang Yuesheng (Independent Non-executive Director), Ning Jiming (Independent Non-executive Director), Yang Jinguan (Independent Non-executive Director) and Ding Huiping (Independent Non-executive Director).*

# Deloitte.

## 德勤

TO THE BOARD OF DIRECTORS OF  
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 48, which comprise the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim financial reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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

## CONCLUSION

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

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

29 August 2014

# Condensed Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For the six months ended 30 June 2014  
(Prepared Under International Financial Reporting Standards)  
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2014	2013
		RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Turnover</b>	4	<b>33,516,736</b>	31,419,777
<b>Operating expenses</b>			
Fuel costs		(17,092,593)	(17,161,514)
Cost of coal sold		(385,338)	(557,143)
Depreciation and amortisation		(3,944,262)	(3,657,323)
Repairs, maintenance and inspection		(1,492,286)	(1,195,352)
Personnel costs		(1,927,185)	(1,586,382)
Administrative expenses		(904,292)	(933,664)
Tax and levies on operation		(262,779)	(192,194)
Other operating expenses		(534,660)	(522,400)
		<b>(26,543,395)</b>	(25,805,972)
<b>Operating profit</b>		<b>6,973,341</b>	5,613,805
Investment income	5	2,050	1,897
Other revenue and net income		255,608	150,388
Interest income from bank deposits		33,801	26,800
Finance costs	6	(3,167,110)	(3,047,203)
Share of profits less losses of associates and a joint venture		344,307	246,666
<b>Profit before taxation</b>		<b>4,441,997</b>	2,992,353
Income tax	7	(922,135)	(649,096)
<b>Profit for the period</b>	8	<b>3,519,862</b>	2,343,257
<b>Other comprehensive income/(expense) for the period (net of tax):</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Net fair value gain/(loss) on available-for-sale investments	9	574	(5,147)
<b>Total comprehensive income for the period</b>		<b>3,520,436</b>	2,338,110

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

For the six months ended 30 June 2014  
(Prepared Under International Financial Reporting Standards)  
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2014	2013
		RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Profit for the period attributable to:</b>			
Equity shareholders of the Company		2,764,566	1,760,023
Non-controlling interests		755,296	583,234
		<b>3,519,862</b>	<b>2,343,257</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity shareholders of the Company		2,765,129	1,754,876
Non-controlling interests		755,307	583,234
		<b>3,520,436</b>	<b>2,338,110</b>
<b>Basic earnings per share</b>	10	<b>RMB0.375</b>	<b>RMB0.239</b>

# Condensed Consolidated Statement Of Financial Position

At 30 June 2014

(Prepared Under International Financial Reporting Standards)

(Expressed in Renminbi)

	Notes	At 30 June 2014	At 31 December 2013
		RMB'000 (unaudited)	RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	122,346,989	119,045,738
Construction in progress	12	18,917,377	16,811,390
Lease prepayments		1,995,026	2,027,296
Intangible assets		5,334,116	4,644,694
Goodwill		1,036,182	1,033,120
Interests in associates and a joint venture		10,390,112	10,329,396
Other investments		363,805	363,489
Other non-current assets	13	1,919,366	1,800,405
Deferred tax assets		255,101	259,669
		<b>162,558,074</b>	<b>156,315,197</b>
<b>Current assets</b>			
Inventories		3,090,504	3,156,314
Trade debtors and bills receivable	14	8,076,953	8,402,725
Deposits, other receivables and prepayments	15	2,238,114	2,315,572
Tax recoverable		127,623	84,120
Restricted deposits	16	165,800	33,283
Lease prepayments		68,844	69,369
Cash and cash equivalents	17	5,530,062	2,920,016
		<b>19,297,900</b>	<b>16,981,399</b>
<b>Current liabilities</b>			
Bank loans		19,903,047	20,602,798
Loans from shareholders	18(a)	990,000	1,473,136
State loans		10,606	10,631
Other loans	18(b)	4,051,705	2,266,205
Short-term debentures payable	18(c)	16,277,378	17,250,400
Long-term debentures payables-current portion	18(d)	4,989,479	1,498,965
Amount due to the parent company		5,617	14,326
Obligations under finance leases	19	564,878	362,372
Trade creditors and bills payable	20	14,462,331	12,100,180
Other payables	21	6,157,326	6,127,974
Dividend payable		290,110	—
Tax payable		398,712	412,100
		<b>68,101,189</b>	<b>62,119,087</b>
<b>Net current liabilities</b>		<b>(48,803,289)</b>	<b>(45,137,688)</b>
<b>Total assets less current liabilities</b>		<b>113,754,785</b>	<b>111,177,509</b>

# Condensed Consolidated Statement Of Financial Position (Continued)

At 30 June 2014

(Prepared Under International Financial Reporting Standards)

(Expressed in Renminbi)

	Notes	At 30 June 2014	At 31 December 2013
		RMB'000 (unaudited)	RMB'000 (audited)
<b>Non-current liabilities</b>			
Bank loans		54,267,221	50,773,395
Loans from shareholders	18(a)	100,000	1,020,407
State loans		102,689	107,315
Other loans	18(b)	6,221,723	6,209,423
Long-term debentures payable	18(d)	9,433,269	11,866,318
Obligations under finance leases	19	2,584,077	1,128,410
Long-term payables		497,143	765,181
Provisions		83,256	80,050
Deferred government grants		915,858	896,797
Deferred income		1,981,307	1,990,752
Deferred tax liabilities		2,953,279	2,859,754
		<u>79,139,822</u>	<u>77,697,802</u>
<b>Net assets</b>		<b>34,614,963</b>	<b>33,479,707</b>
<b>Capital and reserves</b>			
Share capital		7,371,084	7,371,084
Reserves		16,698,785	15,639,437
<b>Total equity attributable to equity shareholders of the Company</b>		<b>24,069,869</b>	<b>23,010,521</b>
<b>Non-controlling interests</b>		<b>10,545,094</b>	<b>10,469,186</b>
<b>Total equity</b>		<b>34,614,963</b>	<b>33,479,707</b>

The notes on pages 26 to 48 form part of these condensed consolidated financial statements and were approved and authorised for issue by the board of directors on 29 August 2014 and are signed on its behalf by:

Chen Jianhua  
Director

Geng Yuanzhu  
Director

# Condensed Consolidated Statement Of Changes In Equity

For The Six Months Ended 30 June 2013  
(Prepared Under International Financial Reporting Standards)  
(Expressed in Renminbi)

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



# Condensed Consolidated Statement Of Changes In Equity (Continued)

For The Six Months Ended 30 June 2014

(Prepared Under International Financial Reporting Standards)

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory	Discretionary	Revaluation reserve	Fair value reserve	Retained profits	Total		
			surplus reserve	surplus reserve						
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January</b>										
<b>2014 (audited)</b>	<b>7,371,084</b>	<b>5,957,900</b>	<b>1,616,562</b>	<b>68,089</b>	<b>44,726</b>	<b>77</b>	<b>7,952,083</b>	<b>23,010,521</b>	<b>10,469,186</b>	<b>33,479,707</b>
Profit for the period	—	—	—	—	—	—	2,764,566	2,764,566	755,296	3,519,862
Other comprehensive income (Note 9)	—	—	—	—	—	563	—	563	11	574
Total comprehensive income for the period	—	—	—	—	—	563	2,764,566	2,765,129	755,307	3,520,436
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	76,938	76,938
Appropriation of specific reserve	—	—	91,069	—	—	—	(91,069)	—	—	—
Utilisation of specific reserve	—	—	(13,117)	—	—	—	13,117	—	—	—
Dividends recognised as distribution (Note 22)	—	—	—	—	—	—	(1,658,494)	(1,658,494)	—	(1,658,494)
Dividends declared to non-controlling interests	—	—	—	—	—	—	—	—	(746,935)	(746,935)
Early repayments of certain interest-free loans from China Huadian Corporation ("China Huadian") (Note 18(a))	—	(51,293)	—	—	—	—	—	(51,293)	(9,459)	(60,752)
Others	—	4,006	—	—	—	—	—	4,006	57	4,063
<b>Balance at 30 June 2014 (unaudited)</b>	<b>7,371,084</b>	<b>5,910,613</b>	<b>1,694,514</b>	<b>68,089</b>	<b>44,726</b>	<b>640</b>	<b>8,980,203</b>	<b>24,069,869</b>	<b>10,545,094</b>	<b>34,614,963</b>

# Condensed Consolidated Statement Of Cash Flows

For The Six Months Ended 30 June 2014  
(Prepared Under International Financial Reporting Standards)  
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2014	2013
		RMB'000 (unaudited)	RMB'000 (unaudited)
Cash generated from operations		<b>9,288,153</b>	9,486,059
PRC enterprise income tax paid		<b>(842,139)</b>	(680,101)
Net cash generated from operating activities		<b>8,446,014</b>	8,805,958
Net cash used in investing activities	24	<b>(8,478,479)</b>	(5,252,716)
Net cash generated from/(used in) financing activities	24	<b>2,642,511</b>	(2,054,325)
Increase in cash and cash equivalents		<b>2,610,046</b>	1,498,917
Cash and cash equivalents at 1 January		<b>2,920,016</b>	3,060,074
Cash and cash equivalents at 30 June	17	<b>5,530,062</b>	4,558,991

# Notes To The Condensed Consolidated Financial Statements

For The Six Months Ended 30 June 2014

(Prepared Under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

## 1. GENERAL AND BASIS OF PREPARATION

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

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

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Excepted as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to International Financial Reporting Standards ("IFRSs").

- IFRS 10 (Amendments), IFRS 12 (Amendments), and IAS 27 (Amendments) - Investment Entities
- IAS 32 (Amendments) - Offsetting Financial Assets and Financial Liabilities
- IAS 39 (Amendments) - Novation of Derivatives and Continuation of Hedge Accounting
- IFRS Interpretations Committee ("IFRIC") 21 - Levies

The application of the above new Interpretation and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## 3. SEGMENT INFORMATION

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

# Notes To The Condensed Consolidated Financial Statements (Continued)

For The Six Months Ended 30 June 2014  
(Prepared Under International Financial Reporting Standards)  
(Expressed in Renminbi unless otherwise indicated)

## 4. TURNOVER

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Sale of electricity	31,225,230	28,953,254
Sale of heat	1,745,924	1,722,278
Sale of coal	545,582	744,245
	<b>33,516,736</b>	<b>31,419,777</b>

## 5. INVESTMENT INCOME

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Dividend income from available-for-sale financial assets	2,050	1,897

## 6. FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Interest on loans and other financial liabilities	3,457,170	3,383,913
Less: interest capitalised	(323,108)	(311,043)
	<b>3,134,062</b>	<b>3,072,870</b>
Net foreign exchange loss/(gain)	17,134	(32,794)
Other finance costs	15,914	7,127
	<b>3,167,110</b>	<b>3,047,203</b>

The borrowing costs have been capitalised at an average rate of 6.19% per annum (six months ended 30 June 2013: 6.24% per annum) for construction in progress.

# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 7. INCOME TAX

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current tax		
Charge for the PRC enterprise income tax for the period	<b>816,946</b>	626,440
Under/(over) provision in respect of previous years	<b>11,805</b>	(477)
	<b>828,751</b>	625,963
Deferred taxation		
Origination and reversal of temporary differences and tax losses	<b>93,384</b>	23,133
	<b>922,135</b>	649,096

The charge for PRC enterprise income tax is calculated at the statutory rate of 25% (six months ended 30 June 2013: 25%) on the estimated assessable profits of the Group for the six months ended 30 June 2014 determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Company which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (six months ended 30 June 2013: 7.5%, 12.5% or 15%).

## 8. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Cost of inventories	<b>18,822,893</b>	18,888,206
Amortisation		
— lease prepayments	<b>34,764</b>	32,593
— Intangible assets	<b>70,835</b>	65,726
Depreciation	<b>3,838,663</b>	3,559,004
Operating lease charges in respect of land and buildings	<b>58,075</b>	54,174
Government grants included in other revenue and net income	<b>(68,679)</b>	(49,032)
Research and development costs recognised as expense	<b>2,518</b>	1,581
Net (gain)/loss on disposal of property, plant and equipment	<b>(4,159)</b>	1,586
Net income from sale of materials	<b>(180,947)</b>	(130,092)

# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 9. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Available-for-sale equity securities:		
Changes in fair value recognised during the period	653	(6,862)
Net deferred tax (charged)/credited to other comprehensive income	(79)	1,715
Other comprehensive income/(expense), net of income tax	574	(5,147)

## 10. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2014 of RMB2,764,566,000 (six months ended 30 June 2013: RMB1,760,023,000) and 7,371,084,200 shares (30 June 2013: 7,371,084,200 shares).

### (b) Diluted earnings per share

No diluted earnings per share was presented as there were no potential ordinary shares outstanding during the six months ended 30 June 2014 and 2013.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with an aggregate cost of RMB7,240 million (six months ended 30 June 2013: RMB2,723 million), including RMB7,196 million (six months ended 30 June 2013: RMB980 million) and RMB12 million (six months ended 30 June 2013: RMB1,708 million), through transfer from construction in progress and through acquisition of a subsidiary, respectively. Items of property, plant and equipment with carrying amounts of approximately RMB133 million (six months ended 30 June 2013: nil) were transferred to construction in progress for capacity improvement during the current interim period. Items of property, plant and equipment with carrying amounts of approximately RMB9 million (six months ended 30 June 2013: approximately RMB26 million) were disposed of during the current interim period.

# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 12. CONSTRUCTION IN PROGRESS

The acquisition and transfer of items of construction in progress during the six months ended 30 June 2014 and 2013 are as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Addition through acquisition of a subsidiary	12,693	38,719
Additions	9,156,062	4,920,066
Transfer from property, plant and equipment	133,082	—
Transfer to property, plant and equipment	(7,195,850)	(980,475)
	<b>2,005,997</b>	<b>4,978,310</b>

## 13. OTHER NON-CURRENT ASSETS

	At 30 June	At 31 December
	2014	2013
	RMB'000	RMB'000
Deductible VAT and other tax	1,358,320	1,045,610
Deposits for sales and leaseback arrangements	107,670	105,530
Deferred differences arising from sale and leaseback arrangements (Note (i))	453,376	453,265
Deposits on acquisition of mining rights	—	196,000
Other long-term receivables	97,861	97,861
	<b>2,017,227</b>	<b>1,898,266</b>
Less: impairment loss	(97,861)	(97,861)
	<b>1,919,366</b>	<b>1,800,405</b>

Note:

- (i) Deferred differences arising from sale and leaseback arrangements represent the deficit of sale proceeds over the carrying amounts of the assets disposed under the sale and leaseback arrangements which resulted in finance leases. The differences are deferred and amortised as adjustments to the depreciation of the assets over their estimated useful lives.

# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 14. TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2014	At 31 December 2013
	RMB'000	RMB'000
Trade debtors and bills receivable for sale of electricity	7,171,855	7,302,703
Trade debtors and bills receivable for sale of heat	485,316	463,741
Trade debtors and bills receivable for sale of coal	453,940	670,439
	<b>8,111,111</b>	8,436,883
Less: allowance for doubtful debts	<b>(34,158)</b>	(34,158)
	<b>8,076,953</b>	8,402,725

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

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

	At 30 June 2014	At 31 December 2013
	RMB'000	RMB'000
Within 1 year	7,602,486	8,016,756
1 to 2 years	235,266	274,014
2 to 3 years	137,115	111,572
Over 3 years	102,086	383
	<b>8,076,953</b>	8,402,725

## 15. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

As at 30 June 2014, deposits, other receivables and prepayments of the Group with gross amounts of RMB2,372,460,000 (31 December 2013: RMB2,449,980,000) mainly represent prepayment for purchasing inventories and materials, deductible VAT recoverable, dividends receivable and other receivables.

As at 30 June 2014, specific allowance for doubtful debts of the Group amounted to RMB134,346,000 (31 December 2013: RMB134,408,000), including bad debt allowance on receivables on Certified Emission Reductions of RMB84,614,000 (31 December 2013: RMB84,614,000).

## 16. RESTRICTED DEPOSITS

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



# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 17. CASH AND CASH EQUIVALENTS

	At 30 June 2014	At 31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and in hand	<b>1,604,258</b>	423,702
Cash at other financial institutions	<b>3,925,804</b>	2,486,184
Deposits with other financial institutions with original maturity less than three months	—	10,130
	<b>5,530,062</b>	2,920,016

## 18. BORROWINGS

### (a) Loans from shareholders

During the current interim period, the Group early repaid certain interest-free loans from China Huadian amounting to RMB601,886,000. The differences between the repayment and the carrying amount of the loans are debited to equity.

### (b) Other loans

	At 30 June 2014	At 31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Due:		
Within 1 year		
— short term other loans	<b>3,472,000</b>	1,215,000
— current portion of long term other loans	<b>579,705</b>	1,051,205
	<b>4,051,705</b>	2,266,205
After 1 year but within 2 years	<b>1,197,345</b>	1,129,245
After 2 years but within 5 years	<b>2,358,710</b>	2,346,510
After 5 years	<b>2,665,668</b>	2,733,668
	<b>6,221,723</b>	6,209,423
	<b>10,273,428</b>	8,475,628

# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 18 BORROWINGS (CONTINUED)

### (b) Other loans (continued)

Other loans are borrowed from China Huadian Finance Corporation Limited ("China Huadian Finance"), an associate of the Company, fellow subsidiaries of the Company and other trust companies. Other loans bear interest rates ranging from 4.44 % to 7.21% per annum as at 30 June 2014 (31 December 2013: 4.44% to 7.21% per annum), with maturities from 2014 to 2025 (31 December 2013: 2014 to 2025).

All of other loans are unsecured except for amounts totalling RMB293,140,000 (31 December 2013: RMB304,940,000) in respect of certain subsidiaries, which are secured by the income stream in respect of the sale of electricity of these subsidiaries, and amounts totalling of RMB1,500,000,000 (31 December 2013: RMB1,500,000,000) are secured by guarantee from China Huadian.

### (c) Short-term debentures payable

On 10 March 2014, the Company issued the first tranche of super short-term debentures of 2014 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500,000,000 with a maturity period of 180 days and bears interest at 4.95% per annum. The tranche is unsecured.

On 15 April 2014, the Company issued the first tranche of short-term debentures of 2014 in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB2,000,000,000 with a maturity period of 365 days and bears interest at 4.90% per annum. The tranche is unsecured.

On 17 April 2014, the Company issued the second tranche of short-term debentures of 2014 in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB1,500,000,000 with a maturity period of 365 days and bears interest at 4.83% per annum. The tranche is unsecured.

On 4 June 2014, the Company issued the second tranche of super short-term debentures of 2014 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,000,000,000 with a maturity period of 270 days and bears interest at 4.60% per annum. The tranche is unsecured.

During the current interim period, the Group repaid one tranche of short-term debentures and three tranches of super short-term debentures totally amounting to principal amount of RMB11,000,000,000 (six month ended 30 June 2013: repaid one tranche of short-term debentures and two tranches of super short-term debentures totally amounting to principal amount of RMB8,000,000,000) at par value.

The effective interest rates of above debentures are ranging from 5.02% to 5.47% per annum (31 December 2013: from 4.45% to 5.47% per annum) after considering the effect of issue costs.

# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 18 BORROWINGS (CONTINUED)

### (d) Long-term debentures payable

On 11 April 2014, the Company issued the first tranche of medium-term notes of 2014. These notes were unsecured 5-year notes totalling RMB2,600,000,000 which were issued at par value of RMB100 each and bear interest at 5.90% per annum.

During the current interim period, the Group repaid one tranche of medium-term notes amounting to principal amount of RMB1,500,000,000 (six month ended 30 June 2013: nil) at par value.

The effective interest rates of above long-term debentures are ranged from 4.14% to 6.29% per annum (31 December 2013: from 4.14% to 5.34% per annum after considering the effect of issue costs).

## 19. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases payable as follows:

	At 30 June 2014		At 31 December 2013	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	564,878	735,831	362,372	376,437
After 1 year but within 2 years	523,674	679,550	277,246	305,459
After 2 years but within 5 years	1,901,086	2,161,292	646,771	821,805
After 5 years	159,317	169,145	204,393	335,573
	<b>2,584,077</b>	<b>3,009,987</b>	1,128,410	1,462,837
	<b>3,148,955</b>	<b>3,745,818</b>	1,490,782	1,839,274
Less: Total future interest expenses		(596,863)		(348,492)
Present value of finance lease obligations		<b>3,148,955</b>		<b>1,490,782</b>

During the current interim period, the Group entered into eight new agreements with independent leasing companies to sell certain of the Group's facilities to those leasing companies and leaseback the facilities for a 5-year period. The Group has an option to purchase these facilities at a nominal price of RMB1 at the end of the lease period. As at 30 June 2014, the carrying amounts of the facilities held under finance lease included in property, plant and equipment and intangible assets amounted to RMB3,821,674,000 and RMB273,616,000 (31 December 2013: RMB1,711,670,000 and RMB282,077,000), respectively.

# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 20. TRADE CREDITORS AND BILLS PAYABLE

As at 30 June 2014, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	At 30 June 2014	At 31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	<b>11,684,774</b>	9,219,493
1 to 2 years	<b>1,318,567</b>	1,585,383
Over 2 years	<b>1,458,990</b>	1,295,304
	<b>14,462,331</b>	12,100,180

## 21. OTHER PAYABLES

	At 30 June 2014	At 31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Financial liabilities		
— Quality guarantee deposits	<b>1,581,537</b>	1,412,770
— Consideration payables on acquisitions	<b>885,669</b>	885,669
— Interest payables	<b>453,083</b>	657,604
— Wages payable	<b>414,032</b>	125,073
— Payables for installed capacity quota	<b>273,530</b>	273,530
— Payables for sewage charges	<b>151,528</b>	92,277
— Dividend payables to non-controlling interests	<b>237,575</b>	12,906
— Current portion of long-term payables (Note (i))	<b>275,949</b>	268,050
— Others (Note (ii))	<b>1,136,419</b>	1,048,748
	<b>5,409,322</b>	4,776,627
Other tax payables	<b>507,176</b>	330,030
Receipts in advance	<b>240,828</b>	1,021,317
	<b>6,157,326</b>	6,127,974

Notes:

- (i) Current portion of long-term payables mainly represents the current portion of a long-term payable to a bank resulting from a financial guarantee provided by a subsidiary to an external party. The Company pledged its interest in the subsidiary to secure those long-term payables.
- (ii) Others mainly include payables on service fees, rental and other miscellaneous items.
- (iii) All of the other payables of the Group are expected to be settled or recognised as income within one year or are repayable on demand.

# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 22. DIVIDENDS

- (a) During the current interim period, a final dividend of RMB0.225 per share in respect of the year ended 31 December 2013 (six months ended 30 June 2013: RMB0.065 per share in respect of the year ended 31 December 2012) was declared to the equity shareholders of the Company. The aggregate amount of the final dividend declared amounted to RMB1,658,494,000 (six months ended 30 June 2013: RMB479,120,000).
- (b) The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: nil).

## 23. CAPITAL COMMITMENTS

The Group had capital commitments as at 30 June 2014 and 31 December 2013 as follows:

	At 30 June 2014	At 31 December 2013
	RMB'000	RMB'000
Contracted for but not provided in the condensed consolidated financial statements		
— Development of power plants	11,932,268	11,443,935
— Improvement projects and others	672,780	653,073
	<b>12,605,048</b>	12,097,008
Authorised but not contracted for		
— Development of power plants	29,934,151	27,826,508
— Improvement projects and others	2,416,926	2,758,839
	<b>32,351,077</b>	30,585,347
	<b>44,956,125</b>	42,682,355

# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 24. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2014	2013
	RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Investing activities</b>		
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	<b>(8,538,918)</b>	(5,825,039)
Cash received for the upfront connection and installation fees for heating networks	<b>45,362</b>	96,542
Proceeds from sale of property, plant and equipment	<b>4,689</b>	17,627
Net cash outflow for the acquisition of a subsidiary in current period (Note 26)	<b>(218,702)</b>	(424,810)
Payment for the acquisition of subsidiaries in prior period	—	(3,000)
Settlement for proposed investments	—	147,680
Payment for additional investment in associates	<b>(56,251)</b>	(228,192)
Interest received	<b>33,801</b>	26,800
Withdrawal of restricted deposits	<b>34,759</b>	32,612
Placement of restricted deposits	<b>(167,276)</b>	(28,167)
Cash received from disposal of associates in prior period	—	820,915
Dividends received	<b>307,420</b>	94,183
Other investing activities	<b>76,637</b>	20,133
Net cash used in investing activities	<b>(8,478,479)</b>	(5,252,716)
<b>Financing activities</b>		
Debtentures		
— Net proceeds from debtentures	<b>12,507,000</b>	11,459,500
— Repayment of debtentures	<b>(12,500,000)</b>	(8,000,000)
Loans		
— Proceeds from loans	<b>23,453,662</b>	15,710,002
— Repayment of loans	<b>(20,889,425)</b>	(21,813,826)
Obligation under finance leases		
— Proceeds obtained under sale and leaseback arrangements	<b>2,054,383</b>	200,000
— Lease payment under sale and leaseback arrangements	<b>(408,030)</b>	(134,335)
Bills financing		
— Proceeds from bank acceptance bills discounted	<b>758,013</b>	80,000
— Repayment of bank acceptance bills	<b>(445,502)</b>	—
Payment for the acquisition of non-controlling interests	—	(44,952)
Capital injection from non-controlling interests	<b>76,938</b>	540,610
Dividends paid to non-controlling interests	<b>(522,266)</b>	(79,214)
Dividends paid to equity shareholders of the Company	<b>(1,368,384)</b>	—
Other financing activities	<b>(73,878)</b>	27,890
Net cash generated from/(used in) financing activities	<b>2,642,511</b>	(2,054,325)

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## 25. MATERIAL RELATED PARTY TRANSACTIONS

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

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

Name of related parties	Nature of relationship
China Huadian Shandong International Trust Corporation ("SITC")	Parent company of the Company A shareholder with significant influence over the Company
China Huadian Engineering (Group) Corporation and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Company Limited	A fellow subsidiary of the Company
Guodian Nanjing Automation Company Limited	A fellow subsidiary of the Company
China Huadian Electrical Construction Technical and Economic Consulting Center	A fellow subsidiary of the Company
Huadian Energy Company Limited	A fellow subsidiary of the Company
China Huadian Group Capital Holdings Limited	A fellow subsidiary of the Company
CHD Power Plant Operation Company Limited	A fellow subsidiary of the Company
Huadian Tendering Company Limited	A fellow subsidiary of the Company
China Fortune International Trust Company Limited	A fellow subsidiary of the Company
Huadian New Energy Development Company Limited	A fellow subsidiary of the Company
Anhui Huadian Lu'an Power Generation Company Limited	A fellow subsidiary of the Company
Shanghai Huadian Power Development Generation Company Limited	A fellow subsidiary of the Company
Huadian Hubei Power Generation Company Limited	A fellow subsidiary of the Company
Huadian Sichuan Power Company Limited	A fellow subsidiary of the Company
Guizhou Wujiang Hydropower Development Company Limited	A fellow subsidiary of the Company
Sichuan Huayingshan Longtan Coal Company Limited ("Longtan Coal Company")	An associate of the Group
Huadian Coal Industry Group Company Limited	An associate of the Group
Beijing Anfu Real Estate Development Company Limited	An associate of the Group
Huadian Technology & Trade Company Limited	An associate of the Group
Ningxia Yinxing Coal Company Limited	An associate of the Group
Datang Derong Tangdian Hydropower Development Company Limited	An associate of the Group
China Huadian Finance	An associate of the Group
Hebei Tianwei-huarui Electric Company Limited	An associate of the Group
Shanxi Huasheng Tongpei Coal Sales Company Limited	An associate of the Group
Hebei Xibaipo Second Power Generation Company Limited	An associate of the Group
Linfen City Changfa Coal Coke Company Limited ("Linfen Changfa")	An associate of the Group
Ningxia Ningdong Railway Corporation Limited	An associate of the Group
Otog Front Banner Changcheng Mine Company Limited	An associate of the Group
Inner Mongolia Fucheng Mining Company Limited	An associate of the Group
Shuozhou Tong-coal Wantongyuan Coal Transportation and Sales Company Limited	An associate of the Group
Datang Xiangcheng Tangdian Hydropower Development Company Limited	An associate of the Group
Huadian Jinshajiang Upstream hydropower Development Company Limited	An associate of the Group

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## 25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the six months ended 30 June 2014 and 2013:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
<i>Sale of electricity to</i> Fellow subsidiaries	<b>97,894</b>	31,340
<i>Purchase of electricity from</i> An associate	—	26,391
<i>Sale of coal to</i> Fellow subsidiaries	<b>103,554</b>	—
<i>Purchase of coal from</i> Fellow subsidiaries	<b>170,344</b>	66,385
Associates	<b>1,562,057</b>	1,167,775
<i>Purchase of construction service and</i> <i>equipment from</i> Fellow subsidiaries	<b>746,239</b>	207,699
An associate	<b>15,128</b>	—
<i>Loans obtained from</i> China Huadian	<b>888,275</b>	16,035
An associate	<b>3,890,000</b>	890,000
<i>Loans repaid to</i> China Huadian and SITC	<b>2,291,818</b>	101,000
An associate	<b>1,870,300</b>	2,456,090
A fellow subsidiary	<b>1,000</b>	1,000



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## 25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
<i>Bills receivable discounted to</i> An associate	<b>711,986</b>	—
<i>Derecognised bills receivable collected by</i> An associate	<b>220,000</b>	—
<i>Lease payment under sales and</i> <i>leaseback arrangement to</i> An associate	<b>30,539</b>	32,156
<i>Interest expenses paid to</i> China Huadian and SITC	<b>59,167</b>	75,826
An associate	<b>145,927</b>	180,833
A fellow subsidiary	<b>14,271</b>	17,379
<i>Interest income from</i> Associates	<b>22,234</b>	18,225
<i>Repair and maintenance service income from</i> Fellow subsidiaries	—	1,415
<i>Rental and property management</i> <i>service expenses paid to</i> Associates	<b>28,664</b>	28,664
A fellow subsidiary	—	432
<i>Guarantee service expenses paid to</i> China Huadian	<b>4,550</b>	—
<i>Other services expenses paid to</i> Associates	<b>58,679</b>	40,866
Fellow subsidiaries	<b>3,738</b>	11,970
<i>Additional capital injection in</i> Associates	<b>56,251</b>	150,192

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## 25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	At 30 June 2014	At 31 December 2013
	RMB'000	RMB'000
<i>Construction in progress-construction and construction material prepayment</i> Fellow subsidiaries	<b>519,894</b>	364,777
<i>Trade debtors and bills receivable</i> A fellow subsidiary	<b>1,200</b>	—
<i>Deposits, other receivables and prepayments</i> China Huadian Associates	<b>62</b> <b>153,490</b>	— 152,823
<i>Cash and cash equivalents and restricted deposits</i> Deposits with an associate	<b>4,075,579</b>	2,496,314
<i>Loans from shareholders</i> China Huadian SITC	<b>(1,090,000)</b> —	(1,880,393) (613,150)
<i>Other loans</i> An associate A fellow subsidiary	<b>(6,264,855)</b> <b>(393,000)</b>	(4,245,155) (394,000)
<i>Trade creditors and bills payable</i> Fellow subsidiaries Associates	<b>(560,678)</b> <b>(212,262)</b>	(633,072) (45,921)
<i>Other payables</i> Associates Fellow subsidiaries	<b>(1,858)</b> <b>(329,898)</b>	(65) (345,665)
<i>Obligation under finance leases</i> An associate	<b>(152,500)</b>	(177,500)

# Notes To The Condensed Consolidated Financial Statements (Continued)

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(Prepared Under International Financial Reporting Standards)

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## 25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

Notes:

- (i) At 30 June 2014, Sichuan Guang'an Power Generation Company Limited, a subsidiary of the Group, provided guarantees to banks for loans granted to Longtan Coal Company amounting to RMB87,057,000 (31 December 2013: RMB87,237,000); Ningxia Zhongning Power Generation Company Limited, a subsidiary of the Group, provided guarantees to banks for loans granted to China Aluminum Ningxia Energy Group Company Limited (formerly known as Ningxia Power Company (Group) Limited, hereinafter referred to as "Ningxia Power Company") amounting to RMB18,779,070 (31 December 2013: RMB20,360,000). The Group disposed of its interest in Ningxia Power Company in 2012, and the releasing of the guarantee had been agreed by both parties. As at 30 June 2014, the financial guarantee to Ningxia Power Company has not been released.
- (ii) At 30 June 2014, China Huadian provided guarantee to banks for loans granted to the Group amounting to RMB3,186,521,000 (31 December 2013: RMB3,192,480,000).

### (b) Transactions with key management personnel

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Salaries and other emoluments	407	391
Retirement benefits	187	175
Bonuses	1,420	1,325
	<b>2,014</b>	<b>1,891</b>

### (c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. As at 30 June 2014 and 31 December 2013, there was no material outstanding contribution to post-employment benefit plans.

# Notes To The Condensed Consolidated Financial Statements (Continued)

For The Six Months Ended 30 June 2014  
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## 25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

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

- sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the six months ended 30 June 2014, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 95% of its sale of electricity.

- depositing and borrowing

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

- other transactions

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

# Notes To The Condensed Consolidated Financial Statements (Continued)

For The Six Months Ended 30 June 2014

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## 25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (e) Commitment with related parties

Commitment with related parties is as follows:

	At 30 June 2014	At 31 December 2013
	RMB'000	RMB'000
Capital commitment	50,232	137,043
Commitment on properties rental and management fees	28,664	57,328

## 26. ACQUISITION OF A SUBSIDIARY

### Acquisition of State Development Zhangjiakou Wind Power Company Limited ("Zhangjiakou Wind")

On 1 April 2014, the Group acquired 100% interests in Zhangjiakou Wind. Zhangjiakou Wind is principally engaged in the generation and sale of electricity and was acquired with the objective of improving the Group's power of generation and sale of electricity in Hebei Province.

#### Consideration transferred

The fair value of the total consideration transferred was RMB225,000,000, which was fully paid in cash by the Group.

#### Acquisition-related costs

Acquisition-related costs amounting to RMB304,000 have been excluded from the cost of acquisition and have been recognised directly as an expense in the period and included in the 'administrative expenses' line item in the condensed consolidated statement of profit or loss and other comprehensive income.

# Notes To The Condensed Consolidated Financial Statements (Continued)

For The Six Months Ended 30 June 2014  
(Prepared Under International Financial Reporting Standards)  
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## 26. ACQUISITION OF A SUBSIDIARY (CONTINUED)

### Acquisition of State Development Zhangjiakou Wind Power Company Limited ("Zhangjiakou Wind") (CONTINUED)

#### Assets and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	11,729
Construction in process	12,693
Intangible assets	754,178
Trade debtors and bills receivable	12,001
Deposits, other receivables and prepayments	296
Cash and cash equivalents	6,298
Trade creditors and bills payable	(2,320)
Other payables	(33,307)
Bank loans	(535,000)
Deferred tax liabilities	(4,630)
	<hr/>
	221,938
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#### Goodwill arising on acquisition

	RMB'000
Consideration transferred	225,000
Less: recognised amount of identifiable net assets acquired (100%)	(221,938)
	<hr/>
Goodwill on acquisition	3,062
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Goodwill arising in the acquisition of Zhangjiakou Wind represented the anticipated future operating synergies in the wind power operation from the combination.

The trade and bills receivables acquired with a fair value of RMB12,001,000 at the date of the acquisition had gross contractual amounts of RMB12,001,000.

#### Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	225,000
Less: cash and cash equivalent balances acquired	(6,298)
	<hr/>
	218,702
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# Notes To The Condensed Consolidated Financial Statements (Continued)

For The Six Months Ended 30 June 2014

(Prepared Under International Financial Reporting Standards)

(Expressed in Renminbi unless otherwise indicated)

## 26. ACQUISITION OF A SUBSIDIARY (CONTINUED)

### **Acquisition of State Development Zhangjiakou Wind Power Company Limited ("Zhangjiakou Wind") (CONTINUED)**

#### **Impact of acquisition on the results of the Group**

Included in the profit for the current interim period is RMB1,070,000 loss attributable to Zhangjiakou Wind. Turnover for the current interim period includes RMB16,825,000 attributable to Zhangjiakou Wind. Had the acquisition of Zhangjiakou Wind been effected at the beginning of the current interim period, the total amount of turnover of the Group for the six months ended 30 June 2014 would have been RMB33,531,453,000 and the amount of the profit for the period would have been RMB3,519,833,000.

The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the current interim period, nor is it intended to be a projection of future results.

In determining the 'pro-forma' turnover and profit of the Group had Zhangjiakou Wind been acquired at the beginning of the current interim period, the directors calculated depreciation and amortisation of property, plant and equipment and intangible assets based on the recognised amounts at the date of the acquisition.

## 27. CONTINGENT LIABILITIES

As at 30 June 2014, certain entity of the Group was one of the parties to certain lawsuits for events incurred before the acquisition date. At the end of reporting period, above lawsuits were in progress whose final outcomes cannot be determined at present, the directors of the Company considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

As at 30 June 2014, details of guarantees provided by the Group are set out in Note 25(a).

# Notes To The Condensed Consolidated Financial Statements (Continued)

For The Six Months Ended 30 June 2014  
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## 28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	At 30 June 2014	At 31 December 2013		
Listed equity securities classified as <i>Other investments-listed available-for-sale equity securities</i> in the condensed consolidated statement of financial position	<b>7,886,010 shares of the Bank of Communications Co., Ltd.- RMB30,598,000</b>	7,886,010 shares of the Bank of Communications Co., Ltd.- RMB30,282,000	Level 1	Quoted bid prices in an active market

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

### *Financial instruments carried at other than fair value*

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at cost or amortised cost in these condensed consolidated financial statements approximate their fair values.

## 29. LIQUIDITY RISK MANAGEMENT

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

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



# Notes To The Condensed Consolidated Financial Statements (Continued)

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## 29. LIQUIDITY RISK MANAGEMENT (CONTINUED)

At the end of reporting period, the Group had net current liabilities of RMB48,803,289,000 (31 December 2013: RMB45,137,688,000). With regards to its future capital commitments and other financing requirements, the Group has unutilised banking facilities of RMB94.6 billion as at 30 June 2014 (31 December 2013: RMB76.1 billion) and an aggregate amount of debentures of RMB3 billion (31 December 2013: RMB10 billion) registered in the PRC interbank debenture market which has not been issued as at 30 June 2014.

## 30. EVENT AFTER THE REPORTING PERIOD

On 18 July 2014, the Company completed a non-public offering to its parent company, China Huadian, of 1,150,000,000 A shares with a nominal value of RMB1.00 each at an issue price of RMB2.895 per share. Upon completion, the total number of shares of the Company increased from 7,371,084,200 shares to 8,521,084,200 shares.

On 30 July 2014, an aggregate of 286,205,600 new H shares of RMB1.00 each at an issue price of HK\$4.92 per share was issued by the Company. Upon completion, the total number of shares of the Company increased from 8,521,084,200 shares to 8,807,289,800 shares.