



華電福新能源股份有限公司

HUADIAN FUXIN ENERGY CORPORATION LIMITED

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

Stock Code: 00816



2016

INTERIM REPORT



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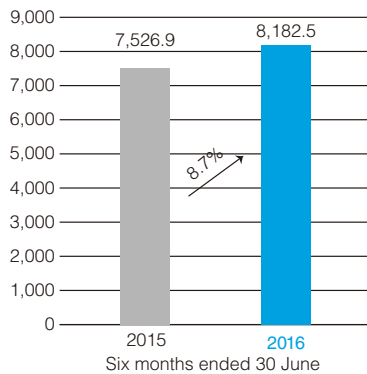
Interim Results

The Board of the Company hereby announces the unaudited operating results of the Group for the six months ended 30 June 2016, together with the operating results for the Corresponding Period of 2015 for comparison. For the six months ended 30 June 2016, the revenue of the Group amounted to RMB8,182.5 million, representing an increase of 8.7% over the Corresponding Period of 2015; profit before taxation amounted to RMB2,265.3 million, representing an increase of 48.9% over the Corresponding Period of 2015; profit attributable to equity owners of the Company amounted to RMB1,445.8 million, representing an increase of 23.5% over the Corresponding Period of 2015; earnings per share amounted to RMB16.51 cents, representing an increase of 20.9% over the Corresponding Period of 2015.

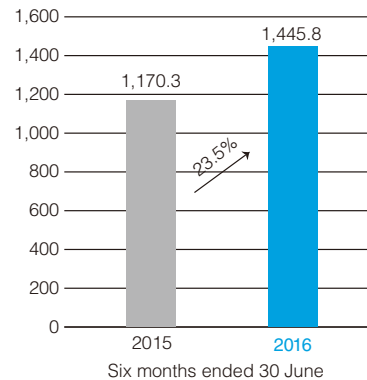


Key Operating and Financial Information

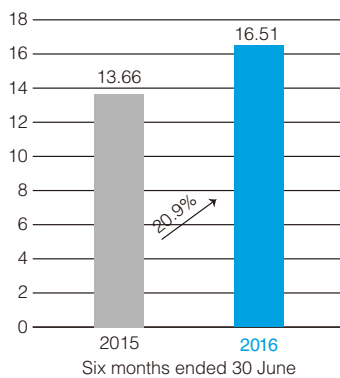
Revenue (RMB in millions)



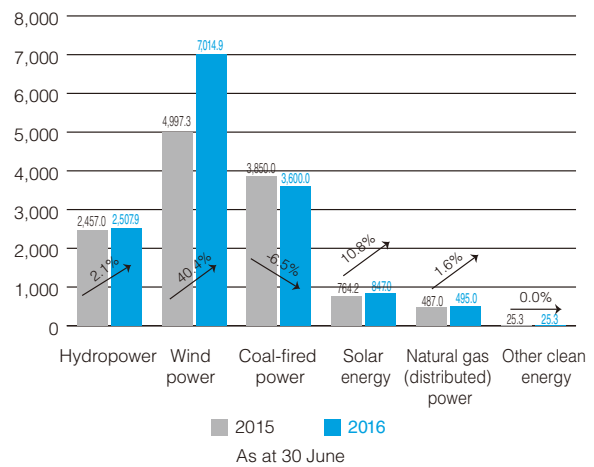
Profit attributable to equity owners of the Company (RMB in millions)



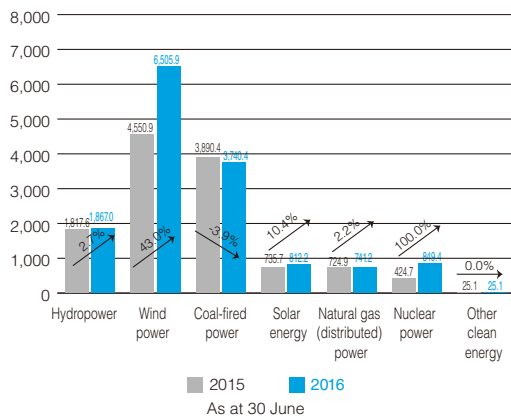
Basic and diluted earnings per share (RMB cents/share)



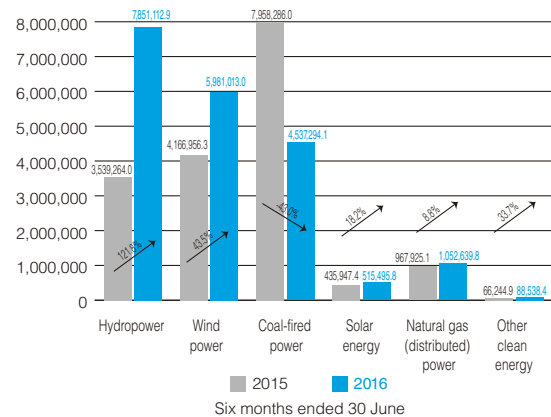
Consolidated installed capacity (MW)



Attributable consolidated installed capacity (MW)



Total electricity sales (MWh)



Key Operating and Financial Information

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (Restated)
Revenue	8,182,501	7,526,908
Profit before taxation	2,265,298	1,521,623
Income tax	(397,125)	(238,296)
Profit for the period	1,868,173	1,283,327
Attributable to:		
Equity owners of the Company	1,445,772	1,170,266
Non-controlling interests	422,401	113,061
Basic and diluted earnings per share (RMB cents)	16.51	13.66

	At 30 June 2016	At 31 December 2015
	RMB'000	RMB'000 (Restated)
Total non-current assets	90,005,727	89,787,015
Total current assets	10,025,464	8,242,054
Total assets	100,031,191	98,029,069
Total current liabilities	27,134,662	27,599,234
Total non-current liabilities	50,538,213	49,280,616
Total liabilities	77,672,875	76,879,850
Net assets	22,358,316	21,149,219
Total equity attributable to equity owners of the Company	19,448,258	18,476,483
Non-controlling interests	2,910,058	2,672,736
Total equity	22,358,316	21,149,219

Management Discussion and Analysis

In the first half of 2016, the overall electricity consumption in China reached 2.7759 trillion kWh, representing an increase of 2.7% over the Corresponding Period of 2015, with the growth rate increasing by 1.4% over the Corresponding Period last year. The overall power supply and demand was easing, the electricity consumption of the third industry and public maintained relatively fast growth, while the growth rate of electricity consumption of the energy-intensive industries decreased over the Corresponding Period of 2015; the non-fossil energy generation maintained rapid growth continuously, the decline of thermal power generation was further widened, the utilization hours of hydropower plants were at the highest level over the Corresponding Period of recent ten years, while the utilization hours of thermal power plants continued to drop. It is expected that the overall electricity consumption in 2016 will be better than in 2015 while still maintain in low growth.

Statistics show that Fujian's GDP increased by 8.3% in the first half of 2016 over the Corresponding Period of 2015, which is 1.6 percentage points higher than that of the country. The streamlined administration and decentralization, and the supply-side structural reformation became the "engine" for Fujian to ease the downturn pressure and optimize economic structure. Leading role of the policy strength of "Inclusion of Three Zones" policy is continued come into view, the new investment increased rapidly over the province, export growth turned negative to positive, and industrial comprehensive strength further improved. The stable growth of economy also promoted the recovery of power consumption. In the first half of this year, the overall power consumption in Fujian province increased by 4.17%, among which the industrial power consumption increased by 1.91%.

I. BUSINESS REVIEW

In the first half of 2016, the Group actively responded to the negligible economic growth and increasing sophisticated market environment, fully facilitate the development, quality and efficiency improvement. The Group's operation achieved growth despite of the backwards, quality enhancing of project development was accelerated, improvement of management was remarkable, and the results has been promising.

For the six months ended 30 June 2016, profits attributable to the equity owners of the Company was RMB1,445.8 million, representing an increase of 23.5% over the Corresponding Period of 2015; consolidated installed capacity was 14,490.1 MW, representing an increase of 15.2% over the Corresponding Period of 2015; gross power generation was 20,904,240.4 MWh, representing an increase of 13.8% over the Corresponding Period of 2015.

The respective consolidated installed capacity of the power generating assets of the Group as at 30 June 2016 and 2015 by type was:

Consolidated installed capacity (MW)

	As at 30 June 2016	As at 30 June 2015	Change ratio
Hydropower	2,507.9	2,457.0	2.1%
Wind power	7,014.9	4,997.3	40.4%
Coal-fired power	3,600.0	3,850.0	-6.5%
Solar energy	847.0	764.2	10.8%
Natural gas-fired power (distributed)	495.0	487.0	1.6%
Others	25.3	25.3	0.0%
Total	14,490.1	12,580.8	15.2%

Management Discussion and Analysis

I. BUSINESS REVIEW (continued)

The respective attributable consolidated installed capacity of the power generating assets of the Group as at 30 June 2016 and 2015 by type was:

Attributable consolidated installed capacity (MW)

	As at 30 June 2016	As at 30 June 2015	Change ratio
Hydropower	1,867.0	1,817.6	2.7%
Wind power	6,505.9	4,550.9	43.0%
Coal-fired power	3,740.4	3,890.4	-3.9%
Solar energy	812.2	735.7	10.4%
Natural gas-fired power (distributed)	741.2	724.9	2.2%
Nuclear power	849.4	424.7	100.0%
Others	25.1	25.1	0.0%
Total	14,541.2	12,169.3	19.5%

The respective gross power generation of the power generating assets of the Group for the six months ended 30 June 2016 and 2015 by type was:

Gross power generation (MWh)

	Six months ended 30 June 2016	Six months ended 30 June 2015	Change ratio
Hydropower	7,949,077.8	3,591,580.2	121.3%
Wind power	6,406,877.2	4,848,963.0	32.1%
Coal-fired power	4,814,162.7	8,389,017.6	-42.6%
Solar energy	555,544.8	467,499.9	18.8%
Natural gas-fired power (distributed)	1,089,955.6	998,230.9	9.2%
Others	88,622.3	66,244.9	33.8%
Total	20,904,240.4	18,361,536.5	13.8%

Management Discussion and Analysis

I. BUSINESS REVIEW *(continued)*

1. Hydropower business

As at 30 June 2016, the Group had a consolidated hydropower installed capacity of 2,507.9 MW and a capacity under construction of 100.0 MW.

In the first half of 2016, the water inflow of seven large reservoirs in Fujian area was satisfactory, which was 101% higher than that of the Corresponding Period of regular years and 165% higher than that of the Corresponding Period of 2015. For the six months ended 30 June 2016, the Group recorded gross hydropower generation of 7,949,077.8 MWh, representing an increase of 121.3% over the Corresponding Period of 2015; the average hydropower utilization hours were 3,172.0 hours, representing an increase of 1,705.4 hours over the Corresponding Period of 2015; the average on-grid tariff of hydropower was RMB295.2/MWh (tax exclusive), representing an increase of RMB14.3/MWh over the Corresponding Period of 2015.

2. Wind power business

As at 30 June 2016, the Group had a consolidated wind power installed capacity of 7,014.9 MW, representing an increase of 40.4% over the Corresponding Period of 2015. During the reporting period, the Group increased consolidated installed capacity from new wind power projects by 597.6 MW, and recorded gross wind power generation of 6,406,877.2 MWh, representing an increase of 32.1% over the Corresponding Period of 2015. The wind power capacity under construction was 688.5 MW, and the average on-grid tariff was RMB467.1/MWh (tax exclusive), representing a decrease of RMB22.5/MWh (tax exclusive) over the Corresponding Period of 2015. Our average wind power utilization hours was 936 hours, representing a decrease of 55 hours over the Corresponding Period of 2015. Moreover, the availability of wind turbines was 97.6%, merely at par with the Corresponding Period of 2015. In the first half of 2016, the condition of wind in various regions across the country shows an increase trend over the Corresponding Period of 2015, facing with the negative condition of the capacity growth of wind power connected to the grid and the weak consumption of power grid, the Company strengthened the comprehensive management of wind power, by adopting the model of “Daily Monitoring Analysis, Weekly Statistics and Monthly Benchmarking” for the benchmarking management of wind power generation, leveraged the strength of headquarter platform by resources consolidation, conducted the sole rectification of wind power equipment, continued to implement the wind power performance management.

In the first half of 2016, 2 new projects with an aggregate capacity of 97.5 MW were approved. At present, wind power projects included in the Thirteenth Five Approved Plans (including new and supplemental plans) of the NEA (National Energy Association) amounted to a capacity of approximately 955.0 MW, and cumulative wind power projects included in the first five batches of the approved plans (including new and supplemental plans) of the NEA, which are not yet in production, amount to a capacity of 2.6 GW.

Management Discussion and Analysis

I. BUSINESS REVIEW (continued)

3. Coal-fired power business

As at 30 June 2016, the Group had a consolidated installed coal-fired power capacity of 3,600.0 MW, representing a decrease of 250.0 MW as compared with 30 June 2015. In accordance with government's policy on energy saving and emission reduction of "Big Replaces Small", Shaowu power plant shut down the 250.0 MW generating units at the second half of 2015.

For the six months ended 30 June 2016, the Group recorded gross coal-fired power generation of 4,814,162.7 MWh, representing a decrease of 42.6% over the Corresponding Period of 2015, mainly because of the heavy rainfall in Fujian province during the first half of 2016, making the flood season earlier. Thus, the dispatched center controlled the generation capacity of coal-fired units in order to ensure the fully utilization of hydropower units and reduce the water curtailment. During the reporting period, the average coal-fired power utilization time was 1,337.3 hours; the coal consumption was 311.4g/kWh, representing a decrease of 1.2g/kWh over the Corresponding Period of 2015. The average on-grid tariff of coal-fired power was RMB320.0/MWh (tax exclusive), representing a decrease of RMB37.1/MWh (tax exclusive) over the Corresponding Period of 2015, mainly due to the decrease in on-grid tariff of coal-fired power in Fujian province of RMB30.4/MWh and 33.8/MWh respectively since 20 April 2015 and 1 January 2016; the standard coal cost was RMB477.4/ton (tax exclusive), representing a decline of RMB86.2/ton (tax exclusive) over the Corresponding Period of 2015.

4. Solar energy business

As at 30 June 2016, the Group recorded an increase of 47.3 MW in its consolidated installed capacity from the commenced operation in solar energy business. As at 30 June 2016, the Group had a consolidated installed capacity of solar energy projects in operation of 847.0 MW, representing an increase of 10.8% over the Corresponding Period of 2015. For the six months ended 30 June 2016, the Group's gross solar energy generation was 555,544.8 MWh, representing an increase of 18.8% over the Corresponding Period of 2015. The average on-grid tariff was RMB853.1/MWh (tax exclusive).

In the first half of 2016, the Group has obtained the approval of 1 new project with an aggregate capacity up to 50.0 MW. At present, the Group had an accumulated capacity of 684.4 MW of solar energy projects, which has completed record process in the national approved plans.

5. Natural gas-fired power business and others

As at 30 June 2016, the Group had a consolidated installed capacity of natural gas-fired power (distributed) projects of 495.0 MW, increased by 8.0 MW over the Corresponding Period of 2015; the consolidated installed capacity of the projects under construction amounted to 408.1 MW. For the six months ended 30 June 2016, the gross power generation of natural gas-fired power (distributed) projects was 1,089,955.6 MWh.

Management Discussion and Analysis

I. BUSINESS REVIEW *(continued)*

5. Natural gas-fired power business and others *(continued)*

In the first half of 2016, there was 2 new approved natural gas-fired power projects of the Group with a total capacity of 139.7 MW. At present, the Group had 14 natural gas-fired power projects approved by the NDRC with an accumulated capacity of 1,390.7 MW.

As at 30 June 2016, the Group held 39.0% equity interest of Fuqing nuclear power plant. The Unit I and II were put into commercial operation already, and the Unit III has started the commissioning and debugging procedure with power generation, which laid a foundation for the subsequent power grid connection and commercial operation of the unit.

As at 30 June 2016, we also had two biomass energy projects in operation, with a consolidated installed capacity of 25.3 MW.

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

1. Overview

For the six months ended 30 June 2016, the Group's profit before taxation for the period increased by 48.9% to RMB2,265.3 million as compared with RMB1,521.6 million in the Corresponding Period of 2015; among which profit attributable to the equity owners of the Company amounted to RMB1,445.8 million, representing an increase of 23.5% as compared with RMB1,170.3 million in the Corresponding Period of 2015.

2. Revenue

The Group's revenue increased by 8.7% to RMB8,182.5 million for the six months ended 30 June 2016 as compared with RMB7,526.9 million in the Corresponding Period of 2015.

The Group's revenue from sales of electricity increased by 11.2% to RMB7,692.9 million for the six months ended 30 June 2016 as compared with RMB6,918.0 million in the Corresponding Period of 2015, which was mainly due to an increase of approximately 16.9% over the Corresponding Period of 2015 in the Group's electricity sales. Among which the Group's business of wind power and solar energy segments reached a continuous stable growth with the electricity sales of wind power and solar energy increased approximately by 43.5% and 18.2% respectively over the Corresponding Period of 2015. Due to the abundant precipitation in Fujian, the electricity sales of the Group's hydropower segment increased significantly by 121.8% over the Corresponding Period of 2015.

Management Discussion and Analysis

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS (continued)

2. Revenue (continued)

The respective segment revenue of the Group for the six months ended 30 June 2016 and 2015 is as follows:

Table of Segments Revenue

	January to June of 2016	January to June of 2015	Change ratio
	<i>RMB in millions</i>	<i>RMB in millions</i>	
Hydropower	2,218.2	982.5	125.8%
Wind power	2,821.8	2,022.2	39.5%
Coal-fired power	1,506.6	2,913.1	-48.3%
Solar energy	438.9	391.9	12.0%
Natural gas-fired power (distributed)	823.1	718.0	14.6%
Others	370.1	442.4	-16.3%

3. Other net income

For the six months ended 30 June 2016, the Group's other net income increased by 73.8% to RMB69.0 million as compared with RMB39.7 million in the Corresponding Period of 2015, primarily due to government grants of RMB61.6 million received by the Group for the six months ended 30 June 2016 as compared with government grants of RMB18.7 million in the Corresponding Period of 2015.

4. Operating expenses

The Group's operating expenses decreased by 3.2% to RMB4,845.0 million for the six months ended 30 June 2016 as compared with RMB5,005.4 million in the Corresponding Period of 2015, which was mainly attributable to the decreases in fuel costs.

The Group's depreciation and amortization expenses increased by 27.1% to RMB1,964.6 million for the six months ended 30 June 2016 as compared with RMB1,546.0 million in the Corresponding Period of 2015. This increase was primarily due to the expanded consolidated installed capacity of the Group.

The Group's personnel costs increased by 13.1% to RMB573.6 million for the six months ended 30 June 2016 as compared with RMB507.2 million in the Corresponding Period of 2015, primarily due to additional staff required following the commencement of production of the Group's new generation units and additional staff recruited for business expansion.

Management Discussion and Analysis

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS (continued)

5. Operating profit

The Group's operating profit increased by 33.0% to RMB3,406.5 million for the six months ended 30 June 2016 as compared with RMB2,561.1 million in the Corresponding Period of 2015, primarily due to the increase in revenue from sales of electricity as a result of the substantial increase in electricity sales of hydropower and wind power segments as compared with that of the Corresponding Period of 2015. The respective segment operating profit of the Group for the six months ended 30 June 2016 and 2015 is as follows:

Table of Segments Operating Profit

	January to June of 2016	January to June of 2015	Change ratio
	RMB in millions	RMB in millions	
Hydropower	1,548.1	411.2	276.5%
Wind power	1,467.2	1,166.5	25.8%
Coal-fired power	144.8	778.1	-81.4%
Solar energy	238.9	222.3	7.5%
Natural gas-fired power (distributed)	124.9	59.2	111.0%
Other	32.0	(5.3)	703.8%

6. Finance income

The Group's finance income decreased by 49.8% to RMB36.6 million for the six months ended 30 June 2016 as compared with RMB72.9 million in the Corresponding Period of 2015, which was mainly due to the decrease of dividends received by the Group during the period over the Corresponding Period of 2015.

7. Finance expenses

The Group's finance expenses increased by 6.9% to RMB1,480.4 million for the six months ended 30 June 2016 as compared with RMB1,384.8 million in the Corresponding Period of 2015. This increase was primarily due to the additional interest expenses arisen from the new generation units.

Management Discussion and Analysis

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS (continued)

8. Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of the associates and joint ventures was RMB302.6 million for the six months ended 30 June 2016 as compared with that of RMB272.4 million in the Corresponding Period of 2015. The increase was primarily due to the commencement of production of the second generation unit from the associate invested by the Group in Fuqing nuclear power project in October 2015, leading to an increase in the investment income of the Group as compared with the Corresponding Period of 2015.

9. Income tax

The Group's income tax increased by 66.6% to RMB397.1 million for the six months ended 30 June 2016 as compared with RMB238.3 million in the Corresponding Period of 2015. This was mainly due to the increase in the profit before taxation of the Group's hydropower segment.

10. Profit for the period

The Group's profit for the period increased by 45.6% to RMB1,868.2 million for the six months ended 30 June 2016 as compared with RMB1,283.3 million in the Corresponding Period of 2015. Our profit as a percentage of our total revenue increased to 22.8% for the six months ended 30 June 2016 from 17.0% in the Corresponding Period of 2015, primarily due to an increase of 276.5% in operating profits in hydropower segment for the period caused by the substantial increase in electricity sales over the Corresponding Period of 2015 and the increase in electricity price since August 2015 and as the continuous stable growth of the installed capacity of the Group's wind power and solar energy segments, the operating profit from wind power segment and solar energy segment for the six months ended 30 June 2016 increased by 25.8% and 7.5% respectively as compared with that of the Corresponding Period of 2015.

11. Profit attributable to the equity owners of the Company

The profit attributable to the equity owners of the Company increased by 23.5% to RMB1,445.8 million for the six months ended 30 June 2016 as compared with RMB1,170.3 million in the Corresponding Period of 2015. This increase was primarily due to the increase in operating profit from hydropower and wind power segments, leading to the increase in the profit attributable to the equity owners of the Company.

12. Profit attributable to non-controlling interests

The Group's profit attributable to non-controlling interests increased by 273.5% to RMB422.4 million for the six months ended 30 June 2016 as compared with RMB113.1 million in the Corresponding Period of 2015. This increase was primarily due to the substantial increase in profit from hydropower segment and the interests of non-controlling shareholder were concentrated on hydropower segment.

Management Discussion and Analysis

II. FINANCIAL POSITION AND RESULTS OF OPERATIONS *(continued)*

13. Liquidity and sources of capital

The Group's cash and cash equivalents amounted to RMB2,537.9 million as at 30 June 2016, representing an increase of 24.9% as compared with the balance of RMB2,031.2 million as at 31 December 2015 primarily due to the higher operation profits of hydropower and wind power segments of the Group, leading to a relatively sufficient liquid funds.

As at 30 June 2016, the Group's borrowings increased by 4.2% to RMB63,014.2 million as compared with RMB60,475.3 million as at 31 December 2015, of which RMB14,209.2 million was short-term borrowings (including current portion of long-term borrowings and ultra-short-term financing instruments payable) and RMB48,805.0 million was long-term borrowings (including bonds payable).

14. Capital expenditure

The Group's capital expenditure decreased by 56.7% to RMB2,713.0 million for the six months ended 30 June 2016 as compared with RMB6,266.2 million in the Corresponding Period of 2015. Capital expenditure mainly comprises costs for purchase and construction of property, plant and equipment.

15. Net gearing ratio

As at 30 June 2016, the Group's net gearing ratio (net debt (i.e., total borrowings minus cash and cash equivalents) divided by total equity) was 270.5% representing a decrease of 5.8 percentage points as compared with 276.3% as at 31 December 2015 because the Group achieved net profit of RMB1,868.2 million in the first half of 2016 in the case of no significant change in net debt and the equity increased accordingly.

16. Material acquisitions and disposals

Nil.

17. Pledge of assets

Some of the Group's loans are secured by property, plant and equipment. As at 30 June 2016, total net carrying value of the pledged assets amounted to RMB16,773.9 million.

18. Contingent liabilities

As at 30 June 2016, the Group provided external guarantee over the balance of bank loans amounting to RMB24.8 million.

Management Discussion and Analysis

III. RISK FACTORS AND RISK MANAGEMENT

1. Industry risk

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

2. Competition risk

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

3. Risk related to power grids

In certain regions, power grids planning and construction lag behind wind power development layout. In view of the insufficient consumption capacity, it is inevitable that wind power will be abandoned in the short run. In addition, power grids with insufficient transmission capacity may not be able to deliver all the potential electricity that the wind farms could generate when operating under full load, which may decrease the gross power generation. In view of this, the Group flexibly adjusted construction strategies and rationally deployed new projects according to the power grid connection conditions. Meanwhile, the Group will continue improving technical innovation to reduce such impact.

Management Discussion and Analysis

III. RISK FACTORS AND RISK MANAGEMENT *(continued)*

4. Exchange rate risk

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

IV. OUTLOOK AND PROSPECTS

During the “13th Five-Year Plan” period, aimed at building a green and low-carbon, safe and efficient modernized energy system, the government will actively promote the energy revolution, deepen the reform of electric power system, further streamline the administration and decentralize the power, strengthen the electric power planning and government supervision, so as to further improve the policy environment of energy development. With a clearer trend of electricity price bidding, diversified electricity sales entities will open the window of electricity sales market to the social market, thereby the intensified market competition will bring both opportunities and challenges to traditional power generation companies.

In accordance with the national energy planning and each specialized industrial planning, on the basis of a comprehensive summary of the implementation of “12th Five-Year Plan” and relevant research achievements of development planning, and with a deep analysis of the economic and energy development situation at home and abroad, the Group has completed the preparation of our “13th Five-Year Plan”, defining the guiding thought in vigorously developing the wind and solar energy and hydropower industries, vigorously promoting the gas-related businesses while taking account of the actual circumstances, optimizing and improving the coal-fired power industry, seizing the opportunity to invest in emerging industries such as the nuclear power and biomass energy business. The Group will adhere to reform and innovation, optimize industrial layout, improve development quality, so as to achieve the coordination between the scale and efficiency. The Group will also stick to the clean, efficient, excellent, diversified and internationalized development pattern, and endeavor to become a first-class international listed clean energy company that is eco-friendly and sustainable.

1. Wind power and solar energy business

According to the distribution of wind resources and the construction situation of ultra-high voltage power outgoing transmission grid, the Group will vigorously develop the wind power project in central, east and south regions, while striving to realize a breakthrough in offshore wind area. While in Three-North regions with rich wind resource but serious wind curtailment, the Group will focus on the reserve of high-quality wind power resources and control the development rhythm; based on the different solar energy resources, subsidy policies and economic development in different regions across the country, the Group will formulate a differentiated and diversified development pattern of solar energy.

Management Discussion and Analysis

IV. OUTLOOK AND PROSPECTS *(continued)*

2. Hydropower business

During the “13th Five-Year Plan”, the Group will actively develop and reserve high-quality pumped and storage resources, focus on the expansion and high-efficiency of hydropower plant, and actively strive for the southwest hydropower development rights.

3. Natural gas-fired power business

The Group will deeply study the natural gas usage policy in China and relevant provinces, fully leverage the leading strength of Huadian in gas-fired power generation area. The Group will actively develop the large-scale gas-fired heat and power co-generation projects and distributed energy projects in regions with stable load, strong market undertaking capacity and guaranteed gas resources while taking account of the actual circumstances and combining the national projects layout of “West-to-East Gas Supply”.

4. Coal-fired power business

Taking Fujian as the key development area, the Group will focus on developing large-scale clean and highly efficient coal-fired power, timely promote the project construction, in line with local conditions construct the thermoelectricity-cogeneration units and the ancillary heat project with high added value.

Corporate Governance

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the reporting period, the Company was in compliance with all code provisions as set out in the Corporate Governance Code.

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

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

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

RESPONSIBILITY STATEMENT BY THE DIRECTORS IN RELATION TO THE FINANCIAL STATEMENTS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established the audit and risk management committee with written terms of reference in compliance with the Listing Rules. The primary responsibilities of the audit and risk management committee are: to make recommendations to engage or replace its external auditor; to oversee the internal audit system of the Company and its implementation, to ensure that the internal audit function of the Company is adequately resourced for operation in the Company, and to monitor the effectiveness of the internal audit function; to review and monitor the Company's policies and practices in respect of compliance with legal and regulatory requirements; to review the Company's financial control, risk management and internal control systems, and to provide recommendations and advice for the integrity and soundness of the relevant systems of the Company; to monitor the Company's internal control and risk management systems, and study the findings of any major investigations in relation to risk management and internal control matters and the management's response; to coordinate the communication between the internal audit and the external audit functions; to review the Company's financial information and respective disclosure, to examine the Company's accounting practices and policies; to review the Company's internal control systems, and to provide advice and recommendations on the soundness and completeness of such systems; to make comments and proposals on the appraisal and replacement of the head of the internal audit department of the Company. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

The audit and risk management committee consists of three Directors: Mr. Zhang Bai (independent non-executive Director), Mr. Zong Xiaolei (non-executive Director) and Mr. Tao Zhigang (independent non-executive Director). Mr. Zhang Bai (independent non-executive Director) serves as the chairman of the audit and risk management committee.

On 23 March 2016, the Company held the fourth meeting of the audit and risk management committee of the second session of the Board, at which the report from the external auditing firm in respect of the auditing of the Company's financial statements for the twelve months ended 31 December 2015 was deliberated, and the following resolutions were considered and approved:

- (1) the resolution in relation to the final accounts of the Company for 2015;
- (2) the resolution in relation to the annual report and results announcement of the Company for 2015;
- (3) the resolution in relation to the audited financial statements of the Company for 2015;
- (4) the resolution in relation to the profit distribution plan of the Company for 2015; and
- (5) the resolution in relation to the engagement of auditing firm for the financial report for 2016.

On 19 August 2016, the audit and risk management committee reviewed and confirmed the Group's interim results announcement for the six months ended 30 June 2016, the 2016 interim report and the unaudited interim financial statements for the six months ended 30 June 2016 prepared in compliance with the requirements of International Accounting Standard 34, Interim Financial Reporting.

Corporate Governance

NOMINATION COMMITTEE

The Company has established the nomination committee with written terms of reference in compliance with the requirements of the Listing Rules. The primary responsibilities of the nomination committee are: to review the size, structure and composition of the Board at least annually and make recommendations on any proposed changes to the Board, having regard to the operating status, asset scale and shareholding structure of the Company; to assess the independence of independent non-executive Directors; to study the criteria and procedures for selecting Directors and senior management of the Company and to make recommendations thereon to the Board; to widely search for qualified candidates for Directors and senior management; and to conduct review on candidates for Directors and senior management and to make recommendations to the Board on the appointment, reappointment or succession of Directors and senior management. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

The nomination committee consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Fang Zheng (executive Director) and Mr. Tao Zhigang (independent non-executive Director). Mr. Zhou Xiaoqian (independent non-executive Director) serves as the chairman of the nomination committee.

On 2 February 2016, the Company held the first meeting of the nomination committee of the second session of the Board and the following resolutions were considered and approved:

- (1) the resolution in relation to the change of the Directors of the second session of the Board; and
- (2) the resolution in relation to the appointment of the board secretary to the second session of the Board.

REMUNERATION AND ASSESSMENT COMMITTEE

The Company has established the remuneration and assessment committee with written terms of reference in compliance with the requirements of the Listing Rules. The primary responsibilities of the remuneration and assessment committee are: to determine remuneration plans or packages in accordance with the main scope, duties and importance of the management positions held by Directors and senior management as well as the remuneration level of comparable positions of comparable enterprises; to review the fulfillment of obligations by the Directors (non-independent Directors) and senior management of the Company and to conduct annual performance appraisal thereof; to monitor the implementation of the Company's remuneration system; and to ensure that no Directors or any of their associates determine their own remunerations. The remuneration plans or packages shall mainly include, but are not limited to, performance appraisal criteria and procedures, the main appraisal system, as well as the major proposals and system of incentives and punishment. Its terms of reference are available on both of the websites of the Hong Kong Stock Exchange and the Company.

The remuneration and assessment committee consists of three Directors: Mr. Zhou Xiaoqian (independent non-executive Director), Mr. Zhang Bai (independent non-executive Director) and Mr. Shu Fuping (executive Director). Mr. Zhou Xiaoqian (independent non-executive Director) serves as the chairman of the remuneration and assessment committee.

On 23 March 2016, the Company held the second meeting of the remuneration and assessment committee of the second session of the Board, at which the following resolutions were considered and approved:

- (1) the resolution in relation to the remunerations of the Directors and Supervisors of the Company for 2015; and
- (2) the resolution in relation to the remunerations of the senior management of the Company for 2015.

STRATEGIC COMMITTEE

The primary responsibilities of the strategic committee are: to review the long-term development strategic planning and approach of the Company and make suggestions thereon; review the material strategic investments and financing proposals which are subject to the approval of the Board pursuant to the requirements of the Articles of Association and make suggestions thereon; review the material capital operation and assets operation projects which are subject to the approval of the Board pursuant to the requirements of the Articles of Association and make suggestions thereon and follow up on the implementation of the aforesaid matters.

The strategic committee consists of three Directors: Mr. Fang Zheng (executive Director) and Mr. Zhou Xiaoqian (independent non-executive Director), with one temporary vacancy (pending nomination for election). Mr. Fang Zheng (executive Director) serves as the chairman of the strategic committee.

On 23 March 2016, the Company held the fourth meeting of the strategic committee of the second session of the Board, at which the following resolutions and reports were considered and approved:

- (1) the resolution in relation to the grant of the general mandate to issue domestic shares and H shares of the Company to the Board at the annual general meeting;
- (2) the resolution in relation to the banking credit extension to the Company for 2016;
- (3) the resolution in relation to the general mandate to issue the domestic and overseas debt financing instruments by the Company;
- (4) the financial budget report of the Company for 2016; and
- (5) the project development report of the Company for 2016.

Other Information

SHARE CAPITAL

As at 30 June 2016, the total share capital of the Company was RMB8,407,961,520, divided into 8,407,961,520 shares of RMB1.0 each (among which, 5,837,738,400 shares were domestic shares and 2,570,223,120 shares were H shares).

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2016.

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

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

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

On 30 June 2016, none of the Directors, Supervisors and senior management of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

On 30 June 2016, so far as known to the Directors, the following persons (other than the Directors, chief executives or Supervisors of the Company) held 5% or above shares or underlying shares of the Company, and according to the records in the register required to be kept by the Company pursuant to Section 336 of the SFO had interest or short positions which should be disclosed to the Company:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held (Share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
Huadian ⁽¹⁾	Domestic Shares	Beneficial owner/Interest of corporation controlled by the substantial shareholder	5,276,907,638 (Long position)	90.39	62.76

Other Information

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held (Share)	Percentage in the Relevant Class of Share Capital (%)	Percentage in the Total Share Capital (%)
Citigroup Inc.	H Shares	Interest of corporation controlled by the substantial shareholder	383,844 (Long position)	0.01	0.005
		Custodian-corporation/ Approved lending agent	197,949,654 (Long position)	7.70	2.35
		Person having a security interest in shares	9,216,000 (Long position)	0.36	0.11
BlackRock, Inc.	H Shares	Interest of corporation controlled by the substantial shareholder	182,218,931 (Long position)	7.09	2.17
GIC Private Limited	H Shares	Investment manager	180,874,000 (Long position)	7.04	2.15
Wellington Management Group LLP	H Shares	Interest of corporation controlled by the substantial shareholder	180,117,198 (Long position)	7.01	2.14
BlackRock Global Funds	H Shares	Beneficial owner	130,930,000 (Long position)	5.09	1.56

Note:

- (1) Huadian had an interest in the domestic shares of the Company, with 5,008,785,336 domestic shares (long position) being held in its capacity as beneficial owner. Huadian, through various subsidiaries, had an interest in the domestic shares of the Company, with 268,122,302 domestic shares (long position) being held in its capacity as interest of corporation controlled by the substantial shareholder.

CHANGE OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE BOARD COMMITTEE

As approved at the annual general meeting of the Company held on 28 June 2016, Mr. Shu Fuping was appointed as an executive Director of the Company, from 28 June 2016 until the expiration of the term of the second session of the Board.

As approved at the annual general meeting of the Company held on 28 June 2016, Mr. Yang Qingting was appointed as a non-executive Director of the Company, from 28 June 2016 until the expiration of the term of the second session of the Board.

On 27 January 2016, Mr. Jiang Bingsi resigned as an executive Director and a member of the remuneration and assessment committee. The resignation of Mr. Jiang Bingsi was effective from 28 June 2016.

On 17 June 2016, Mr. Zou Xuanyong resigned as the employee representative Supervisor of the Company, with effect from 17 June 2016.

Other Information

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had a total of 9,387 employees. The employee remuneration of the Group comprises basic salary and bonus payment, which is determined with reference to the operating results of the Group and results of performance assessment.

For the six months ended 30 June 2016, personnel costs of the Group amounted to RMB573.6 million, representing an increase of 13.1% over the Corresponding Period of 2015, for which the personnel costs of the Group was RMB507.2 million. The increase in the personnel costs was primarily due to additional staff required following the commencement of production of the Group's new generation units and additional staff recruited for business expansion.

MATERIAL LITIGATION

As at 30 June 2016, the Company was not involved in any material litigation or arbitration. So far as the Directors are aware of, no material litigation or claims are pending or threatened against the Company.



To the board of directors of
Huadian Fuxin Energy Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 25 to 65 which comprises the consolidated statement of financial position of Huadian Fuxin Energy Corporation Limited (the "Company") as of 30 June 2016 and the related consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, "*Interim financial reporting*", issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 the interim financial report 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 interim financial report as at 30 June 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "*Interim financial reporting*".

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

19 August 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000 <i>(Restated-note 27)</i>
Revenue	4	8,182,501	7,526,908
Other net income	5	69,023	39,653
Operating expenses			
Cost of fuel		(1,327,034)	(2,063,937)
Depreciation and amortization		(1,964,620)	(1,545,960)
Service concession construction costs		–	(56,830)
Personnel costs		(573,596)	(507,172)
Repairs and maintenance		(179,912)	(130,255)
Coal sales costs		(287,246)	(370,177)
Administration expenses		(210,069)	(169,760)
Other operating expenses		(302,524)	(161,343)
		(4,845,001)	(5,005,434)
Operating profit		3,406,523	2,561,127
Finance income		36,630	72,868
Finance expenses		(1,480,426)	(1,384,760)
Net finance expenses	6	(1,443,796)	(1,311,892)
Share of profits less losses of associates and joint ventures		302,571	272,388
Profit before taxation	7	2,265,298	1,521,623
Income tax	8	(397,125)	(238,296)
Profit for the period		1,868,173	1,283,327

The notes on pages 33 to 65 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000 <i>(Restated-note 27)</i>
Attributable to:			
Equity shareholders of the Company and the holders of perpetual medium-term notes		1,445,772	1,170,266
Non-controlling interests		422,401	113,061
Profit for the period		1,868,173	1,283,327
Basic and diluted earnings per share (RMB cents)	9	16.51	13.66
Profit for the period		1,868,173	1,283,327
Other comprehensive income for the period (after tax):			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		(1,269)	(1,869)
Available-for-sale equity securities: net movement in the fair value reserve		(68,238)	-
Other comprehensive income for the period		(69,507)	(1,869)
Total comprehensive income for the period		1,798,666	1,281,458
Attributable to:			
Equity shareholders of the Company and the holders of perpetual medium-term notes		1,376,265	1,168,397
Non-controlling interests		422,401	113,061
Total comprehensive income for the period		1,798,666	1,281,458

The notes on pages 33 to 65 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2016 – unaudited
(Expressed in RMB)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 <i>(Restated-note 27)</i>
Non-current assets			
Property, plant and equipment	11	76,691,341	76,020,247
Lease prepayments		1,323,971	1,236,857
Intangible assets	12	1,100,751	1,119,696
Interests in associates and joint ventures		6,656,311	6,742,434
Other non-current assets	13	3,903,460	4,308,562
Deferred tax assets		329,893	359,219
Total non-current assets		90,005,727	89,787,015
Current assets			
Inventories		263,913	398,033
Trade debtors and bills receivable	14	5,432,894	3,605,852
Prepayments and other current assets	15	1,591,535	1,758,677
Tax recoverable		10,261	26,207
Restricted deposits		188,975	422,088
Cash and cash equivalents	16	2,537,886	2,031,197
Total current assets		10,025,464	8,242,054
Current liabilities			
Borrowings	17(b)	14,209,240	12,903,227
Obligations under finance leases	18	53,378	52,855
Trade creditors and bills payable	19	1,415,052	2,527,790
Other payables	20	11,151,097	11,888,630
Deferred income		16,998	30,830
Tax payable		288,897	195,902
Total current liabilities		27,134,662	27,599,234
Net current liabilities		(17,109,198)	(19,357,180)
Total assets less current liabilities		72,896,529	70,429,835

The notes on pages 33 to 65 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2016 – unaudited
(Expressed in RMB)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 <i>(Restated-note 27)</i>
Non-current liabilities			
Borrowings	17(a)	48,804,962	47,572,092
Obligations under finance leases	18	425,964	454,063
Deferred income		451,508	412,249
Deferred tax liabilities		855,779	842,212
Total non-current liabilities		50,538,213	49,280,616
NET ASSETS			
		22,358,316	21,149,219
CAPITAL AND RESERVES			
Share capital	21	8,407,962	8,407,962
Reserves		9,046,296	8,074,521
Perpetual medium-term notes	22	1,994,000	1,994,000
Total equity attributable to equity shareholders of the Company and the holders of perpetual medium-term notes		19,448,258	18,476,483
Non-controlling interests		2,910,058	2,672,736
TOTAL EQUITY		22,358,316	21,149,219

Approved and authorised for issue by the board of directors on 19 August 2016.

FANG Zheng
Chairman

SHU Fuping
Director

The notes on pages 33 to 65 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 – unaudited
(Expressed in RMB)

Attributable to the equity shareholders of the Company and the holders of perpetual medium-term notes

	Share capital RMB'000 Note 21(b)	Capital reserve RMB'000	Reserve fund RMB'000	Exchange reserve RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Equity attributable to the holders of perpetual medium-term notes RMB'000 Note 22	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	8,407,962	1,799,846	203,212	-	-	4,601,704	-	15,012,724	2,645,521	17,658,245
Business combination under common control (note 27)	-	-	-	-	-	4,857	-	4,857	-	4,857
Restated balance at 1 January 2015	8,407,962	1,799,846	203,212	-	-	4,606,561	-	15,017,581	2,645,521	17,663,102
Changes in equity for the six months ended 30 June 2015 (restated):										
Profit for the period	-	-	-	-	-	1,148,224	22,042	1,170,266	113,061	1,283,327
Other comprehensive income	-	-	-	(1,869)	-	-	-	(1,869)	-	(1,869)
Total comprehensive income	-	-	-	(1,869)	-	1,148,224	22,042	1,168,397	113,061	1,281,458
Issuance of perpetual medium-term notes, net of issuing expenses	-	-	-	-	-	-	1,994,000	1,994,000	-	1,994,000
Capital contributions	-	-	-	-	-	-	-	-	69,513	69,513
Dividends by subsidiaries to non-controlling equity owners	-	-	-	-	-	-	-	-	(76,564)	(76,564)
Dividends approved in respect of the previous year	-	-	-	-	-	(365,746)	-	(365,746)	-	(365,746)
Acquisition of non-controlling interests	-	(13,813)	-	-	-	-	-	(13,813)	(79,819)	(93,632)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	450	450
Distribution for perpetual medium-term notes (note 22)	-	-	-	-	-	-	(22,042)	(22,042)	-	(22,042)
Transfer to reserve fund	-	-	55,167	-	-	(55,167)	-	-	-	-
Restated balance at 30 June 2015	<u>8,407,962</u>	<u>1,786,033</u>	<u>258,379</u>	<u>(1,869)</u>	<u>-</u>	<u>5,333,872</u>	<u>1,994,000</u>	<u>17,778,377</u>	<u>2,672,162</u>	<u>20,450,539</u>

The notes on pages 33 to 65 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 – unaudited
(Expressed in RMB)

Attributable to the equity shareholders of the Company and the holders of perpetual medium-term notes

	Share capital RMB'000 Note 21(b)	Capital reserve RMB'000	Reserve fund RMB'000	Exchange reserve RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Equity attributable to the holders of perpetual medium-term notes RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Restated balance at 1 July 2015	8,407,962	1,786,033	258,379	(1,869)	-	5,333,872	1,994,000	17,778,377	2,672,162	20,450,539
Changes in equity for the six months ended 31 December 2015 (restated):										
Profit for the period	-	-	-	-	-	674,266	58,777	733,043	203,130	936,173
Other comprehensive income	-	-	-	21,573	6,938	-	-	28,511	-	28,511
Total comprehensive income	-	-	-	21,573	6,938	674,266	58,777	761,554	203,130	964,684
Capital contributions	-	-	-	-	-	-	-	-	21,361	21,361
Dividends by subsidiaries to non-controlling equity owners	-	-	-	-	-	-	-	-	(134,586)	(134,586)
Acquisition of non-controlling interests	-	(4,671)	-	-	-	-	-	(4,671)	(89,331)	(94,002)
Distribution for perpetual medium-term notes	-	-	-	-	-	-	(58,777)	(58,777)	-	(58,777)
Transfer to reserve fund	-	-	151,747	-	-	(151,747)	-	-	-	-
Restated balance at 31 December 2015	<u>8,407,962</u>	<u>1,781,362</u>	<u>410,126</u>	<u>19,704</u>	<u>6,938</u>	<u>5,856,391</u>	<u>1,994,000</u>	<u>18,476,483</u>	<u>2,672,736</u>	<u>21,149,219</u>

The notes on pages 33 to 65 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 – unaudited
(Expressed in RMB)

Attributable to the equity shareholders of the Company and the holders of perpetual medium-term notes

	Share capital RMB'000 Note 21(b)	Capital reserve RMB'000	Reserve fund RMB'000	Exchange reserve RMB'000	Fair value reserve RMB'000	Retained earnings RMB'000	Equity attributable to the holders of perpetual medium-term notes RMB'000 Note 22	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Restated balance at 1 January 2016	8,407,962	1,781,362	410,126	19,704	6,938	5,856,391	1,994,000	18,476,483	2,672,736	21,149,219
Changes in equity for the six months ended 30 June 2016:										
Profit for the period	-	-	-	-	-	1,388,272	57,500	1,445,772	422,401	1,868,173
Other comprehensive income	-	-	-	(1,269)	(68,238)	-	-	(69,507)	-	(69,507)
Total comprehensive income	-	-	-	(1,269)	(68,238)	1,388,272	57,500	1,376,265	422,401	1,798,666
Capital contributions	-	-	-	-	-	-	-	-	5,000	5,000
Dividends by subsidiaries to non-controlling equity owners	-	-	-	-	-	-	-	-	(152,129)	(152,129)
Dividends approved in respect of the previous year	-	-	-	-	-	(338,841)	-	(338,841)	-	(338,841)
Acquisition of non-controlling interests	-	651	-	-	-	-	-	651	(37,950)	(37,299)
Business combination under common control (note 27)	-	5,644	-	-	-	(14,444)	-	(8,800)	-	(8,800)
Distribution for perpetual medium-term notes (note 22)	-	-	-	-	-	-	(57,500)	(57,500)	-	(57,500)
Transfer to reserve fund	-	-	93,282	-	-	(93,282)	-	-	-	-
Balance at 30 June 2016	<u>8,407,962</u>	<u>1,787,657</u>	<u>503,408</u>	<u>18,435</u>	<u>(61,300)</u>	<u>6,798,096</u>	<u>1,994,000</u>	<u>19,448,258</u>	<u>2,910,058</u>	<u>22,358,316</u>

The notes on pages 33 to 65 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2016 – unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000 <i>(Restated-note 27)</i>
Operating activities			
Cash generated from operations		4,401,277	4,330,339
Income tax paid		(245,195)	(387,991)
Net cash generated from operating activities		4,156,082	3,942,348
Investing activities			
Payment for the purchase of property, plant and equipment, lease prepayments, and intangible assets		(4,669,496)	(6,087,487)
Other cash flows generated from/(used in) investing activities		551,230	(1,465,101)
Net cash used in investing activities		(4,118,266)	(7,552,588)
Financing activities			
Net proceeds from issuance of perpetual medium-term notes		–	1,994,000
Proceeds from borrowings		11,813,207	10,332,511
Repayment of borrowings		(9,446,419)	(6,900,964)
Interest paid		(1,573,317)	(1,674,123)
Other cash flows used in financing activities		(322,123)	(316,006)
Net cash generated from financing activities		471,348	3,435,418
Net increase/(decrease) in cash and cash equivalents		509,164	(174,822)
Cash and cash equivalents at 1 January	16	2,031,197	3,295,120
Effect of foreign exchanges rates changes		(2,475)	5,423
Cash and cash equivalents at 30 June	16	2,537,886	3,125,721

The notes on pages 33 to 65 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Huadian Fuxin Energy Corporation Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 19 August 2011 as a joint stock company with limited liability. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“HKSE”) on 28 June 2012. The Company and its subsidiaries (together the “Group”) are mainly engaged in the generation and sale of hydropower, wind power, coal-fired power, solar power, natural gas-fired power and other clean energy power in the PRC.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKSE, including compliance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (IASB). It was authorised for issuance on 19 August 2016.

The interim financial report has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 30 June 2016 amounting to RMB17,109,198,000. The directors of the Company are of the opinion that, based on a review of the forecasted cash flows, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements for the next twelve months from the reporting period end date.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (IFRSs).

The interim financial report is unaudited, but has been reviewed by KPMG 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. KPMG’s independent review report to the Board of Directors is included on page 24.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as being previously reported information does not constitute the Company’s annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements and has been restated for a business combination under common control as disclosed in note 27. The annual financial statements for the year ended 31 December 2015 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 March 2016.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 1, Presentation of financial statements: Disclosure initiative

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000 (Restated)
Sales of electricity	7,692,905	6,917,957
Service concession construction revenue	–	56,830
Sales of coal	292,236	376,945
Others	197,360	175,176
	<u>8,182,501</u>	<u>7,526,908</u>

5 OTHER NET INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000 (Restated)
Government grants	61,570	18,679
Net gain on disposal of property, plant and equipment	7,191	7,152
Others	262	13,822
	<u>69,023</u>	<u>39,653</u>

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

6 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (Restated)
Interest income on financial assets	18,448	34,667
Dividend income from other investments	18,182	30,167
Net foreign exchange gains	—	8,034
	<u>36,630</u>	<u>72,868</u>
Finance income	36,630	72,868
Interest on bank and other borrowings	1,571,993	1,583,754
Finance charges on obligations under finance leases	11,770	21,452
Less: Interest expenses capitalized into property, plant and equipment	(122,867)	(227,302)
	<u>1,460,896</u>	<u>1,377,904</u>
Bank charges and others	4,743	6,856
Net foreign exchange losses	14,787	—
	<u>1,480,426</u>	<u>1,384,760</u>
Finance expenses	1,480,426	1,384,760
Net finance expenses recognised in profit or loss	<u>(1,443,796)</u>	<u>(1,311,892)</u>

The borrowing costs have been capitalized at rates ranging from 4.14% to 6.20% per annum for the six months ended 30 June 2016 (six months ended 30 June 2015: 5.23% to 6.88%).

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (Restated)
Salaries, wages and other benefits	499,456	442,052
Contributions to defined contribution retirement plans	74,140	65,120
	573,596	507,172

(b) Other items

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (Restated)
Amortization		
– Lease prepayments	12,190	9,959
– Intangible assets	22,871	17,841
Depreciation		
– Property, plant and equipment	1,929,559	1,518,160
Impairment losses		
– Prepayments and other current assets	20,000	–
– Property, plant and equipment	1,000	–
Operating lease charges		
– Hire of machinery	3,494	3,246
– Hire of properties	29,007	30,254

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

- (a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000 (Restated)
Current tax		
Provision for the period	348,653	209,179
Under provision in respect of prior years	4,255	13,463
	<u>352,908</u>	<u>222,642</u>
Deferred tax		
Origination and reversal of temporary differences	44,217	15,654
Total income tax	<u>397,125</u>	<u>238,296</u>

The provision for the PRC corporate income tax of the Group is calculated based on a statutory rate of 25% of the assessable profit of the Group, except for certain subsidiaries of the Group which are tax exempted or taxed at preferential rates, as determined in accordance with the relevant PRC income tax rules and regulations for the six months ended 30 June 2016 and 2015.

Huadian Fuxin International Investment Company Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong profits tax which is calculated at 16.5% of its assessable profit for the period. The subsidiary had no assessable profit for the six months ended 30 June 2016 and 2015.

Elecdy Barchin, S.A. – Sociedad Unipersonal, a subsidiary of the Group incorporated in Spain, is subject to Spain profits tax which is calculated at 28% of its estimated assessable profit for the period.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (Restated)
Profit before taxation	<u>2,265,298</u>	<u>1,521,623</u>
Applicable tax rate	25%	25%
Notional tax on profit before taxation	566,325	380,406
Tax effect of non-deductible expenses	2,445	8,904
Tax effect of non-taxable income	(83,248)	(81,019)
Tax effect of PRC tax concessions (note (i))	(147,716)	(130,862)
Tax effect of unused tax losses not recognised	66,855	63,537
Tax effect of utilization of unrecognised tax losses in prior years	(11,791)	(6,194)
Tax credits for purchase of environmental protection equipments	–	(9,939)
Under provision in respect of prior years	<u>4,255</u>	<u>13,463</u>
Actual tax expenses	<u><u>397,125</u></u>	<u><u>238,296</u></u>

Note:

- (i) Pursuant to Cai Shui [2011] No. 58, the Group's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2011 to 2020.

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

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

9 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2016 of RMB1,388,272,000 (six months ended 30 June 2015: RMB1,148,224,000 (restated)) and the weighted average of 8,407,962,000 ordinary shares (six months ended 30 June 2015: 8,407,962,000) in issue during the six months ended 30 June 2016, calculated as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000 (Restated)
Profit attributable to equity shareholders of the Company and the holders of perpetual medium-term notes	1,445,772	1,170,266
Less: Distribution to the holders of perpetual medium-term notes (note 22)	57,500	22,042
Profit attributable to ordinary equity shareholders of the Company	<u>1,388,272</u>	<u>1,148,224</u>

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

10 SEGMENT REPORTING

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

- Hydropower: this segment constructs, manages and operates hydropower plants and generates electric power for sale to power grid companies.
- Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to power grid companies.
- Coal-fired power: this segment constructs, manages and operates coal-fired power plants and generates electric power for sale to power grid companies.
- Solar power: this segment constructs, manages and operates solar power plants and generates electric power for sale to power grid companies.
- Natural gas-fired power: this segment constructs, manages and operates natural gas-fired power plants and generates electric power for sale to power grid companies.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

10 SEGMENT REPORTING (continued)

- Other business: this segment mainly manages and operates other clean energy power and heat plants and generates electric power for sale to power grid companies or heat for sale to the customers. This segment also operates coal trading business.

With the development of natural gas-fired power business, the Group presents the information of natural gas-fired power business as an individual segment from the year ended 31 December 2015. In this interim financial report, the comparative information of natural gas-fired power business for the six months ended 30 June 2015 has also been presented separately.

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and joint ventures, investments in financial assets, tax recoverable, deferred tax assets and other corporate assets. Segment liabilities include trade creditors and bills payable, other payables and borrowings, obligations under finance leases and deferred income managed directly by the segments. Segment liabilities do not include tax payable, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments. Segment revenue and expenses do not include the Group's share of profits less losses of associates and joint ventures, net finance expenses, service concession construction revenue and cost, and unallocated head office and corporate revenue and expenses.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

10 SEGMENT REPORTING (continued)

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

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2016 and 2015 is set out below:

For the six months ended 30 June 2016

	Hydropower RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Solar power RMB'000	Natural gas-fired power RMB'000	Other business RMB'000	Total RMB'000
Revenue from external customers							
– Sales of electricity	2,214,154	2,809,924	1,438,815	438,775	735,464	55,773	7,692,905
– Sales of heat and others	4,044	11,910	67,830	134	87,610	314,366	485,894
Reportable segment revenue	2,218,198	2,821,834	1,506,645	438,909	823,074	370,139	8,178,799
Reportable segment profit (operating profit)	1,548,057	1,467,169	144,779	238,925	124,890	32,025	3,555,845
Depreciation and amortization	(257,189)	(1,138,783)	(328,418)	(141,200)	(83,285)	(13,309)	(1,962,184)
Impairment losses of							
– Property, plant and equipment	–	(1,000)	–	–	–	–	(1,000)
– Prepayments and other current assets	–	–	(20,000)	–	–	–	(20,000)
Interest income	2,915	6,254	6,454	623	814	620	17,680
Interest expenses	(62,858)	(807,990)	(180,546)	(108,406)	(69,698)	(12,541)	(1,242,039)
Addition to non-current segment assets during the period	131,363	1,147,649	1,053,897	158,454	211,155	6,744	2,709,262
As at 30 June 2016							
Reportable segment assets	10,879,852	54,297,869	12,705,751	8,071,892	4,544,878	1,069,052	91,569,294
Reportable segment liabilities	3,420,476	44,536,666	9,212,443	6,244,645	3,490,581	907,688	67,812,499

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

10 SEGMENT REPORTING (continued)

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

For the six months ended 30 June 2015 (restated)

	Hydropower RMB'000	Wind power RMB'000	Coal-fired power RMB'000	Solar power RMB'000	Natural gas-fired power RMB'000	Other business RMB'000	Total RMB'000
Revenue from external customers							
– Sales of electricity	978,461	2,009,052	2,817,788	391,769	678,422	42,465	6,917,957
– Sales of heat and others	4,053	13,190	95,267	110	39,532	399,969	552,121
Reportable segment revenue	982,514	2,022,242	2,913,055	391,879	717,954	442,434	7,470,078
Reportable segment profit (operating profit)	411,156	1,166,505	778,092	222,334	59,171	(5,303)	2,631,955
Depreciation and amortization	(233,565)	(768,194)	(324,024)	(133,490)	(72,816)	(12,019)	(1,544,108)
Interest income	3,829	24,430	4,536	1,507	1,337	487	36,126
Interest expenses	(95,890)	(725,090)	(222,659)	(116,441)	(39,119)	(6,301)	(1,205,500)
Addition to non-current segment assets during the period	145,923	5,212,134	223,954	383,989	294,355	7,132	6,267,487
As at 31 December 2015 (restated)							
Reportable segment assets	10,673,160	53,950,794	12,600,062	7,621,272	4,405,440	1,216,824	90,467,552
Reportable segment liabilities	3,852,980	44,477,853	9,208,696	5,957,123	3,390,873	1,172,985	68,060,510

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

10 SEGMENT REPORTING (continued)

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (Restated)
Revenue		
Reportable segment revenue	8,178,799	7,470,078
Service concession construction revenue	–	56,830
Unallocated head office and corporate revenue	3,702	–
	<u>8,182,501</u>	<u>7,526,908</u>
Consolidated revenue	<u>8,182,501</u>	<u>7,526,908</u>
Profit		
Reportable segment profit	3,555,845	2,631,955
Unallocated head office and corporate revenue	3,702	–
Unallocated head office and corporate expenses	(153,024)	(70,828)
Share of profits less losses of associates and joint ventures	302,571	272,388
Net finance expenses	(1,443,796)	(1,311,892)
	<u>2,265,298</u>	<u>1,521,623</u>
Consolidated profit before taxation	<u>2,265,298</u>	<u>1,521,623</u>

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

10 SEGMENT REPORTING (continued)

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 (Restated)
Assets		
Reportable segment assets	91,569,294	90,467,552
Inter-segment receivables	<u>(2,665,349)</u>	<u>(2,997,773)</u>
	88,903,945	87,469,779
Interests in associates and joint ventures	6,656,311	6,742,434
Other non-current assets	891,581	959,819
Deferred tax assets	329,893	359,219
Tax recoverable	10,261	26,207
Unallocated head office and corporate assets	<u>3,239,200</u>	<u>2,471,611</u>
Consolidated total assets	<u>100,031,191</u>	<u>98,029,069</u>
Liabilities		
Reportable segment liabilities	67,812,499	68,060,510
Inter-segment payables	<u>(2,665,349)</u>	<u>(2,997,773)</u>
	65,147,150	65,062,737
Tax payable	288,897	195,902
Deferred tax liabilities	855,779	842,212
Unallocated head office and corporate liabilities	<u>11,381,049</u>	<u>10,778,999</u>
Consolidated total liabilities	<u>77,672,875</u>	<u>76,879,850</u>

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with a cost of RMB2,705,669,000 (six months ended 30 June 2015: RMB6,190,620,000 (restated)). Items of property, plant and equipment with a net book value of approximately RMB29,182,000 were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB377,000), resulting in a gain on disposal of RMB7,191,000 (six months ended 30 June 2015: a gain of RMB7,152,000).

12 INTANGIBLE ASSETS

The net book value of intangible assets mainly represent service concession assets of approximately RMB559,728,000 (31 December 2015: approximately RMB576,057,000), goodwill of approximately RMB496,647,000 (31 December 2015: approximately RMB496,647,000), software and other assets of approximately RMB44,376,000 (31 December 2015: approximately RMB46,992,000).

13 OTHER NON-CURRENT ASSETS

	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Deductible Value Added Tax ("VAT") (note (i))	2,684,272	2,948,145
Unquoted equity investments in non-listed companies, at cost (note (ii))	624,955	624,955
Available-for-sale equity securities, listed in Hong Kong (note (iii))	266,626	334,864
Deferred differences arising from sales and leaseback resulting in a finance lease	190,046	205,068
Loan to an associate (note (iv))	28,179	28,179
Others	109,382	167,351
	3,903,460	4,308,562

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

13 OTHER NON-CURRENT ASSETS (continued)

Note:

- (i) Deductible VAT mainly represents the input VAT relating to acquisition of property, plant and equipment and inventories, which is deductible from output VAT. The input VAT expected to be recovered within one year is recorded in prepayments and other current assets (see note 15).
- (ii) The unquoted equity investments in non-listed companies are limited liability companies established in the PRC and whose quoted market prices are not available.
- (iii) The available-for-sale equity securities were acquired in December 2015, carried at fair value. As at 30 June 2016, the fair value of the securities is remeasured based on quoted market price with a decrease of fair value amounting to RMB68,238,000, which is recognised in "fair value reserve" in the consolidated statement of profit or loss and other comprehensive income.
- (iv) Loan to an associate is unsecured, bearing interest at a rate of 6.60% per annum, and repayable in 2018.

14 TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 (Restated)
Amounts due from third parties	5,460,252	3,640,341
Amounts due from an associate	6,731	–
Amounts due from a fellow subsidiary	400	–
Less: Allowance for doubtful accounts	<u>(34,489)</u>	<u>(34,489)</u>
	<u>5,432,894</u>	<u>3,605,852</u>

(a) Ageing analysis

The ageing analysis of trade debtors and bills receivable of the Group based on the due date is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 (Restated)
Current	5,467,383	3,640,341
Less: Allowance for doubtful accounts	<u>(34,489)</u>	<u>(34,489)</u>
	<u>5,432,894</u>	<u>3,605,852</u>

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

14 TRADE DEBTORS AND BILLS RECEIVABLE (continued)

(a) Ageing analysis (continued)

The Group's trade debtors are mainly electricity sales receivable from local grid companies for whom there was no recent history of default. Generally the debtors are due within 15 to 30 days from the date of invoice, except for the tariff premium of renewable energy, representing approximately 22% to 90% of total electricity sales, collected by certain renewable energy projects, such as wind power projects and solar power projects. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

(b) Impairment of trade debtors and bills receivable

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly.

The Group's trade debtors and bills receivable of RMB34,489,000 as at 30 June 2016 (31 December 2015: RMB34,489,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 (Restated)
Neither past due nor impaired	5,432,894	3,605,852

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(Expressed in RMB)

14 TRADE DEBTORS AND BILLS RECEIVABLE (continued)

(c) Trade debtors and bills receivable that are not impaired (continued)

Pursuant to Cai Jian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (《可再生能源電價附加補助資金管理暫行辦法》) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardized procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 30 June 2016, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course and these trade and bills receivable from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

Trade debtors and bills receivable that were neither past due nor impaired mainly represented the electricity sales receivables from local grid companies for whom there was no recent history of default. All trade debtors and bills receivable are expected to be recovered within one year.

15 PREPAYMENTS AND OTHER CURRENT ASSETS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 (Restated)
Certificated Emission Reduction ("CERs") receivable	166,784	166,784
Staff advance and other deposits	58,842	44,779
Amounts due from related parties		
– Due from fellow subsidiaries	16,770	48,869
– Due from associates	39,874	38,702
Loans to a third party	50,000	50,000
Deductible VAT (note 13(i))	1,081,382	1,257,791
Prepayments for the coal and spare parts supply	34,871	69,408
Other prepayments and debtors	344,988	264,320
	1,793,511	1,940,653
Less: Allowance for doubtful debts	(201,976)	(181,976)
	1,591,535	1,758,677

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

15 PREPAYMENTS AND OTHER CURRENT ASSETS (continued)

All of the prepayments and other current assets are expected to be recovered or recognized as expenses within one year.

Impairment losses in respect of prepayments and other current assets are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against prepayments and other current assets directly.

The Group's prepayments and other current assets of RMB201,976,000 as at 30 June 2016 (31 December 2015: RMB181,976,000) were individually determined to be impaired. The individually impaired receivables related to the counterparties that were in financial difficulties and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

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

16 CASH AND CASH EQUIVALENTS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 (Restated)
Cash on hand	307	260
Cash at bank	330,690	353,893
Deposits with a fellow subsidiary (note (i))	2,206,889	1,677,044
	2,537,886	2,031,197

Note:

- (i) Deposits with a fellow subsidiary mainly represent the deposits in China Huadian Finance Corporation Limited ("Huadian Finance"), a registered financial institution in the PRC.

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17 BORROWINGS

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank loans and loans from financial institutions		
– Secured	22,982,928	23,322,985
– Unsecured (note (i))	25,175,900	23,100,169
Loans from China Huadian Corporation (“Huadian”)		
– Unsecured	3,246,447	3,246,447
Loans from fellow subsidiaries		
– Secured	688,168	218,716
– Unsecured	247,000	200,000
Other borrowings (note (e)(i))		
– Unsecured	1,994,106	1,993,244
	54,334,549	52,081,561
Less: Current portion of long-term borrowings		
– Bank loans and loans from financial institutions	5,473,587	4,503,469
– Loans from fellow subsidiaries	56,000	6,000
	48,804,962	47,572,092

Note:

All of the long-term interest-bearing borrowings are carried at amortised cost.

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Guarantor		
– Huadian	1,816,300	1,897,500
– Non-controlling interests shareholders	210,078	174,000
	2,026,378	2,071,500

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17 BORROWINGS (continued)

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank loans and loans from financial institutions		
– Secured	80,000	80,000
– Unsecured	2,396,722	3,436,425
Loans from a fellow subsidiary		
– Unsecured	200,000	380,000
Other borrowings (note (e)(ii))		
– Unsecured	6,002,931	4,497,333
	8,679,653	8,393,758
Add: Current portion of long-term borrowings		
– Bank loans and loans from financial institutions	5,473,587	4,503,469
– Loans from fellow subsidiaries	56,000	6,000
	14,209,240	12,903,227

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Long-term		
Bank loans and loans from financial institutions	1.02%–7.05%	2.12%–7.05%
Loans from Huadian	4.15%–6.46%	4.15%–6.46%
Loans from fellow subsidiaries	4.28%–4.90%	4.28%–5.15%
Other borrowings	5.13%–5.38%	5.13%–5.38%
Short-term		
Bank loans and loans from financial institutions	1.64%–4.66%	1.64%–5.35%
Loans from a fellow subsidiary	3.92%	3.92%–5.35%
Other borrowings	2.42%–3.30%	3.11%–3.29%

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17 BORROWINGS (continued)

(d) The borrowings are repayable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year or on demand	14,209,240	12,903,227
After 1 year but within 2 years	6,709,508	6,254,744
After 2 years but within 5 years	18,585,617	18,674,332
After 5 years	23,509,837	22,643,016
	<u>48,804,962</u>	<u>47,572,092</u>
	<u>63,014,202</u>	<u>60,475,319</u>

(e) Significant terms of other borrowings:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Long-term		
Corporate bonds (note (i))	1,994,106	1,993,244
Short-term		
Financing instruments (note (ii))	6,002,931	4,497,333

Notes:

- (i) On 25 March 2013, the Company issued a five-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.00% per annum and a ten-year unsecured corporate bond of RMB1,000,000,000 at par with a coupon rate of 5.30% per annum. The effective interest rates of above bonds are 5.13% and 5.38%, respectively.
- (ii) On 15 March 2016, the Company issued a 180-day unsecured ultra-short-term financing instruments of RMB1,000,000,000 at par with a coupon rate of 2.42% per annum. On 11 May 2016, the Company issued a 270-day unsecured ultra-short-term financing instruments of RMB2,000,000,000 at par with a coupon rate of 2.90% per annum. On 18 May 2016, the Company issued another 270-day unsecured ultra-short-term financing instruments of RMB1,500,000,000 at par with a coupon rate of 2.80% per annum in the PRC inter-bank debenture market. The effective interest rates of the financing instruments are 2.42%, 3.04% and 2.80%, respectively.

On 13 May 2016, an unsecured ultra-short-term financing instrument of RMB2,000,000,000 issued on 17 August 2015 was repaid. On 23 May 2016, an unsecured ultra-short-term financing instrument of RMB1,000,000,000 issued on 25 November 2015 was repaid.

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18 OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases repayable as follows:

	At 30 June 2016		At 31 December 2015	
	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>
Within 1 year	53,378	75,018	52,855	75,829
After 1 year but within 2 years	55,168	73,887	54,193	74,519
After 2 years but within 5 years	176,454	214,045	171,298	215,939
After 5 years	194,342	225,555	228,572	265,269
	<u>425,964</u>	<u>513,487</u>	<u>454,063</u>	<u>555,727</u>
	<u>479,342</u>	<u>588,505</u>	<u>506,918</u>	<u>631,556</u>
Less: Total future interest expenses		<u>109,163</u>		<u>124,638</u>
Present value of finance lease obligations		<u>479,342</u>		<u>506,918</u>

At inception, the lease periods of the finance lease obligation are approximately 5 to 13 years.

19 TRADE CREDITORS AND BILLS PAYABLE

	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Trade creditors to third parties	419,414	363,098
Bills payable to third parties	704,545	1,870,575
Amounts due to related parties	156,225	67,537
Bills payable to related parties	134,868	226,580
	<u>1,415,052</u>	<u>2,527,790</u>

Notes to the Unaudited Interim Financial Report

(Expressed in RMB)

19 TRADE CREDITORS AND BILLS PAYABLE (continued)

The ageing analysis for the trade creditors and bills payable, based on due date, is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Due within 3 months or on demand	777,562	1,078,816
Due after 3 months but within 6 months	549,633	988,847
Due after 6 months but within 1 year	87,857	460,127
	1,415,052	2,527,790

All of the trade creditors and bills payable are expected to be settled within one year or are repayable on demand.

20 OTHER PAYABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000 (Restated)
Payables for acquisition of property, plant and equipment and intangible assets	7,097,082	7,693,154
Provision for Mianhuatan resettlement compensation (note (i))	40,000	40,000
Retention payable (note (ii))	1,096,675	1,114,099
Dividends payable	412,617	140,284
Payable for acquisition of subsidiaries	41,434	21,923
Payables for staff related costs	67,170	64,537
Payables for other taxes	295,375	199,977
Interest payable	219,389	220,797
Amounts due to fellow subsidiaries (note (iii))	719,294	1,187,532
Amounts due to associates (note (iii))	744,428	847,251
Amounts due to Huadian (note (iii))	12,000	12,000
Other accruals and payables	405,633	347,076
	11,151,097	11,888,630

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(Expressed in RMB)

20 OTHER PAYABLES (continued)

Note:

- (i) Mianhuatan Hydropower, one of the Company's subsidiaries, owns and operates a hydropower plant (the "Mianhuatan Project") in Longyan, Fujian. The relevant local government authority disputed the amount of resettlement compensation required and requested Mianhuatan Hydropower to increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. In response to this request, Mianhuatan Hydropower engaged the original independent design institute for this hydropower project, Shanghai Investigation, Design & Research Institute (the "Shanghai Institute"), to assess the need to pay any additional resettlement compensation. To support the local government's relocation and resettlement efforts, Mianhuatan Hydropower agreed in principal and prepaid to the local government additional compensation of RMB15 million, RMB15 million, and RMB360 million in 2009, 2010 and 2011, respectively, totaling RMB390 million in advance payments. In addition, the management of Mianhuatan Hydropower has recognised an additional provision of RMB40 million for this dispute as at 31 December 2011. The advance payments of RMB390 million and the provision of RMB40 million have been capitalised in the property, plant and equipment in the financial information. After reviewing the assessment report from the Shanghai Institute, Fujian Development and Reform Commission (the "Fujian DRC") and National Development and Reform Commission of the PRC (the "NDRC") will determine the adjusted resettlement compensation for which Mianhuatan Hydropower will be responsible.
- (ii) Retention payable represents amounts due to equipment suppliers and construction contractors which will be settled upon the expiry of the warranty period.
- (iii) These amounts are all unsecured, interest-free and have no fixed terms of repayment.

Except for the retention payable, all of the other payables are expected to be settled within one year or are repayable on demand.

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21 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

The board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the period of RMB0.0403 per share (six months ended 30 June 2015: RMB0.0435 per share)	338,841	365,746

(b) Share capital

	At 30 June	At 31 December
	2016	2015
	RMB'000	RMB'000
Ordinary shares, issued and fully paid		
5,837,738,400 domestic state-owned ordinary shares of RMB1.00 each	5,837,738	5,837,738
2,570,223,120 H shares of RMB1.00 each	2,570,224	2,570,224
	8,407,962	8,407,962

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

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22 PERPETUAL MEDIUM-TERM NOTES

On 21 April 2015, the Company issued the first tranche of 2015 perpetual medium-term notes with total amount of RMB2,000,000,000. The perpetual medium-term notes are issued at par value with initial distribution rate of 5.75%. The perpetual medium-term notes were recorded as equity.

During the six months ended 30 June 2016, the profit attributable to holders of perpetual medium-term notes, based on the applicable distribution rate, was RMB57,500,000 (six months ended 30 June 2015: RMB22,042,000).

23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

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23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

At 30 June 2016 and 31 December 2015, the financial instruments of the Group carried at fair value were available-for-sale equity securities. These instruments fall into Level 1 of the fair value hierarchy described above.

	Fair value measurements as at 30 June 2016 categorised into			
	Fair value at 30 June 2016 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Available-for-sale equity securities:				
– Listed	266,626	266,626	–	–

	Fair value measurements as at 31 December 2015 categorised into			
	Fair value at 31 December 2015 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Available-for-sale equity securities:				
– Listed	334,864	334,864	–	–

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2016 and 31 December 2015.

As at 30 June 2016, the investments in unquoted equity securities (see note 13) are measured at cost which fair value cannot be measured reliably as these investments in non-listed companies do not have quoted market price in an active market. The Group has no intention to dispose these investments.

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24 CAPITAL COMMITMENTS

Capital commitments outstanding at the period/year end not provided for in the interim financial report were as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Contracted for	7,277,182	5,169,626
Authorized but not contracted for	<u>19,213,035</u>	<u>17,953,832</u>
	<u>26,490,217</u>	<u>23,123,458</u>

25 CONTINGENT LIABILITIES

(a) Financial guarantees issued

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Financial guarantees to banks for:		
– An associate	<u>24,774</u>	<u>25,374</u>

As at 30 June 2016, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees.

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

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

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

As set out in note 20(i), Mianhuatan Hydropower has been requested by the relevant local government authority to further increase the compensation to cover the rising costs associated with the relocation and resettlement of additional residents, the construction of roads and bridges, environmental protection and the preservation of historical relics. The final resettlement compensation has yet to be determined by the Fujian DRC and the NDRC. Mianhuatan Hydropower has prepaid aggregated amount of RMB390 million during the years ended 31 December 2009, 2010 and 2011 in relation to this dispute and has recognised a provision of RMB40 million during the year ended 31 December 2011 based on the assessment of the circumstances.

Huadian has undertaken to indemnify the Group against its losses, claims, charges and expenses arising from the relocation and resettlement of local residents in relation to Mianhuatan Project if the additional compensation the NDRC requires the Group to pay is to exceed the RMB40 million.

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26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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

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

	Six months ended 30 June	
	2016	2015
	RMB'000	<i>RMB'000</i>
		(Restated)
<i>Purchase of coal shipping service from</i>		
Fellow subsidiaries	17,228	53,558
An associate	4,647	4,296
<i>Purchase of power generation quota from</i>		
A fellow subsidiary	40,343	–
<i>Purchase of construction service and</i>		
<i>construction materials from</i>		
Fellow subsidiaries	342,968	368,876
An associate	184,450	858,634
<i>Office rental and property management</i>		
<i>service provided by</i>		
Fellow subsidiaries	13,548	13,353
<i>Sale of electricity to</i>		
An associate	24,143	40,276
<i>Sales of coal and material to</i>		
A fellow subsidiary	33,047	–
<i>Purchases of coal from</i>		
Fellow subsidiaries	249,470	453,561

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26 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with related parties *(continued)*

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (Restated)
<i>Loan guarantees revoked by</i>		
Huadian	81,200	84,500
<i>Loans received from/(repayment to)</i>		
Fellow subsidiaries	336,452	(451,511)
<i>Change in net deposits balance</i>		
Huadian Finance	529,845	(362,238)
<i>Interest expenses to</i>		
Huadian	100,366	79,682
Fellow subsidiaries	20,897	65,385
<i>Interest income from</i>		
Huadian Finance	7,413	5,768
Associates	5,288	873
<i>Purchase of unquoted equity investment from</i>		
Huadian	–	1,115,857
<i>Increase investment in</i>		
A fellow subsidiary	–	120,215
<i>Acquisition of branch from</i>		
Huadian	8,800	–

(b) Outstanding balances with related parties

Details of the outstanding balances with related parties are set out in notes 13, 14, 15, 17, 19, 20 and 25(a).

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26 MATERIAL RELATED PARTY TRANSACTIONS (continued)

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

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

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

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

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

For the six months ended 30 June 2016, revenue from the sales of electricity made to the provincial power grid companies which are government-related entities accounted for 96.61% of total revenue from the sales of electricity (six months ended 30 June 2015: 98.74% (restated)). As at 30 June 2016, the trade debtors and bills receivable due from these power grid companies accounted for 91.21% of total trade and bills receivable (31 December 2015: 89.68% (restated)).

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

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

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26 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) Key management personnel remuneration

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

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Salaries and other emoluments	1,424	1,306
Discretionary bonus	1,696	1,599
Retirement scheme contributions	353	362
	3,473	3,267

(e) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and Huadian for its staff. As at 30 June 2016 and 31 December 2015, there was no material outstanding contribution to post-employment benefit plans.

(f) Commitment with related parties

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
	Capital commitment	1,008,336
Commitment for office rental and property management fee	33,260	44,347

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27 BUSINESS COMBINATION UNDER COMMON CONTROL

On 30 April 2016, Yunnan Huadian Fuxin Lijiang Wind Power Company Limited, the Company's subsidiary, acquired Ninglang wind power branch ("Ninglang Wind Power") of Yunnan Nujiang Hydropower Company Limited ("Nujiang Hydropower") from Nujiang Hydropower, a subsidiary of Huadian, at a cash consideration of RMB8,800,000.

As the Company and Ninglang Wind Power are under common control of Huadian, the acquisition was determined as a business combination under common control. Assets and liabilities of Ninglang Wind Power were recognised at the carrying amounts recognised previously in Huadian's consolidated financial statements. The consolidated financial statements of the Group have been restated as if the combination had occurred at the beginning of the periods presented.

The consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	<i>At the acquisition date</i> RMB'000
Consideration, fully paid in 2016	8,800
Recognised amounts of assets acquired and liabilities assumed:	
Property, plant and equipment	383,997
Trade debtors and bills receivable	31,360
Prepayments and other current assets	7,489
Cash and cash equivalents	39,721
Trade creditors and bills payables	(363)
Other payables	(447,760)
Total identifiable net assets	14,444

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27 BUSINESS COMBINATION UNDER COMMON CONTROL (continued)

Details of the restatement of the Group's consolidated financial statements due to the business combination under common control:

	The Group (as previously reported) RMB'000	Ninglang Wind Power RMB'000	The Group (as restated) RMB'000
Consolidated statement of profit or loss and other comprehensive income items for the six months ended 30 June 2015:			
Operating profit	2,540,302	20,825	2,561,127
Profit for the period	1,282,338	989	1,283,327
Profit attributable to:			
– Equity shareholders of the Company and the holders of perpetual medium-term notes	1,169,277	989	1,170,266
– Non-controlling interests	113,061	–	113,061
Basic and diluted earnings per share (RMB cents)	13.64	0.02	13.66
Other comprehensive income for the period	(1,869)	–	(1,869)
Total comprehensive income for the period	1,280,469	989	1,281,458
Attributable to:			
– Equity shareholders of the Company and the holders of perpetual medium-term notes	1,167,408	989	1,168,397
– Non-controlling interests	113,061	–	113,061
Consolidated financial position as at 31 December 2015:			
Non-current assets	89,356,188	430,827	89,787,015
Current assets	8,189,109	52,945	8,242,054
Current liabilities	(27,122,100)	(477,134)	(27,599,234)
Non-current liabilities	(49,280,616)	–	(49,280,616)
Total equity attributable to shareholders of the Company and the holders of perpetual medium-term notes	18,469,845	6,638	18,476,483
Non-controlling interests	2,672,736	–	2,672,736

Definition and Glossary of Technical Terms

“Articles of Association”	the articles of association of the Company
“attributable consolidated installed capacity”	calculated by multiplying our equity interest (whether or not such interest is a controlling interest) in the power generating projects by their installed capacity, usually denominated in MW
“availability factor”	the amount of time that a power generator is able to produce electricity over a certain period, divided by the amount of time in such period
“average utilization hours”	the gross power generation in a specified period divided by the average installed capacity in such period
“biomass”	plant material, vegetation or agricultural waste used as a fuel or energy source
“Board”	the board of Directors of the Company
“Company”, “we” or “us”	Huadian Fuxin Energy Corporation Limited
“consolidated installed capacity”	the aggregate amount of installed capacity of our operating power generating projects that we fully consolidate in our consolidated financial statements. For wind power projects, consolidated installed capacity refers to the aggregate amount of installed capacity of our grid-connected wind power projects
“Corporate Governance Code”	the Corporate Governance Code in Appendix 14 to the Main Board Listing Rules on the Stock Exchange of Hong Kong Limited
“Corresponding Period of 2015”	Six months ended 30 June 2015
“Directors”	the director(s) of the Company
“electricity sales”	the actual amount of electricity sold by a power plant in a particular period which equals gross power generation less consolidated auxiliary electricity
“Fuqing Nuclear”	Fujian Fuqing Nuclear Power Company Limited
“gross generation”	for a specified period, the total amount of electricity produced by a power generating project during that period
“Group”	Huadian Fuxin Energy Corporation Limited and its subsidiaries
“GW”	gigawatt, a unit of power, 1 GW = 1,000 MW
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

Definition and Glossary of Technical Terms

“Huadian”	China Huadian Corporation
“Huadian Finance”	China Huadian Finance Co., Ltd. (中國華電集團財務有限公司), a subsidiary of Huadian
“kWh”	kilowatt-hour, a unit of energy. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a power generator producing one thousand watts for one hour
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MW”	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power project is generally expressed in MW
“MWh”	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh
“NDRC”	National Development and Reform Commission of the People’s Republic of China
“on-grid tariff”	the selling price of electricity for which a power generating project could sell the electricity it generates to the power grid companies, usually denominated in RMB per kWh (such on-grid tariff includes value-added tax)
“PRC” or “China”	the People’s Republic of China
“Reporting Period”	the period from 1 January 2016 to 30 June 2016
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

Definition and Glossary of Technical Terms

“Supervisors”	the supervisor(s) of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Inclusion of Three Zones”	Fuzhou becomes the key development zone of the inclusion of a State-Level new zone, a Pilot Free Trade Zone and a core zone of the 21st Century Maritime Silk Road
“Three-North regions”	being Northeast China, North China and Northwest China regions
“12th Five-Year Plan”	“12th Five-Year Plan” with the full name being the Outline of the 12th Five-Year Plan for National Economic and Social Development of the People’s Republic of China, and the term of the “12th Five-Year Plan” starts in 2011 and ends in 2015
“13th Five-Year Plan”	“13th Five-Year Plan” with the full name being the Outline of the 13th Five-Year Plan for National Economic and Social Development of the People’s Republic of China, and the term of the “13th Five-Year Plan” starts in 2016 and ends in 2020

Corporate Information

LEGAL NAME OF THE COMPANY

華電福新能源股份有限公司

ENGLISH NAME OF THE COMPANY

Huadian Fuxin Energy Corporation Limited

REGISTERED OFFICE

25th Floor, Yifa Plaza
No. 111 Wusi Road
Gulou District
Fuzhou
Fujian Province, the PRC

HEAD OFFICE IN THE PRC

7th Floor, Building B
Huadian Plaza
No. 2 Xuanwumennei Road
Xicheng District
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

MEMBERS OF THE BOARD

Executive Directors

Mr. Fang Zheng (*Chairman of the Board*)
Mr. Shu Fuping
Mr. Li Lixin

Non-executive Directors

Mr. Yang Qingting
Mr. Tao Yunpeng
Mr. Zong Xiaolei

Independent Non-executive Directors

Mr. Zhou Xiaoqian
Mr. Zhang Bai
Mr. Tao Zhigang

COMMITTEES OF THE BOARD

Audit and Risk Management Committee

Mr. Zhang Bai (*Independent Non-executive Director*) (*Chairman*)
Mr. Tao Zhigang (*Independent Non-executive Director*)
Mr. Zong Xiaolei (*Non-executive Director*)

Nomination Committee

Mr. Zhou Xiaoqian (*Independent Non-executive Director*) (*Chairman*)
Mr. Fang Zheng (*Executive Director and Chairman of the Board*)
Mr. Tao Zhigang (*Independent Non-executive Director*)

Remuneration and Assessment Committee

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

Strategic Committee

Mr. Fang Zheng (*Executive Director and Chairman of the Board*) (*Chairman*)
Mr. Zhou Xiaoqian (*Independent Non-executive Director*)

SUPERVISORS

Mr. Li Changxu
Mr. Wang Kun
Mr. Hou Jiawei
Ms. Hu Xiaohong
Mr. Yan Zhongjun
Mr. Chen Wenxin
Ms. Ding Ruiling

Corporate Information

BOARD SECRETARY

Mr. Rong Qing

COMPANY SECRETARY

Ms. Mok Ming Wai

LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Fang Zheng

AUTHORIZED REPRESENTATIVES

Mr. Fang Zheng

Ms. Mok Ming Wai

AUDITOR

KPMG

8th Floor, Prince's Building

10 Chater Road, Central

Hong Kong

LEGAL ADVISORS

[As to Hong Kong law](#)

Herbert Smith Freehills

23rd Floor, Gloucester Tower

15 Queen's Road Central

Central, Hong Kong

[As to PRC law](#)

Jia Yuan Law Offices

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158 Fuxingmennei Avenue

Beijing, the PRC

PRINCIPAL BANKS

China Development Bank Corporation (Headquarters)
No. 29 Fuchengmenwai Avenue, Xicheng District
Beijing, the PRC

Agricultural Bank of China Limited (Headquarters)
No. 28 Fuxingmennei Avenue, Xicheng District
Beijing, the PRC

China Construction Bank Corporation (Fuzhou Chengbei Branch)
No. 18 Guping Road
Gulou District, Fuzhou
Fujian Province, the PRC

China Merchants Bank Corporation Limited (Beijing Branch)
Building A, No. 156 Fuxingmennei Avenue, Xicheng District
Beijing, the PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
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COMPANY'S WEBSITE

www.hdfx.com.cn

STOCK CODE

00816