



華電國際電力股份有限公司
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED *
Stock Code: 1071

2016 Interim Report



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* For identification purposes only

The board of directors (the “**Board**”) of Huadian Power International Corporation Limited (the “**Company**”) hereby announces the summary of the unaudited interim consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2016 (the “**Period**”) prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”. The Group’s interim financial report for the Period is unaudited, but it has been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The unamended review report addressed to the Board is set out on page 18. The audit committee of the Company has also reviewed the 2016 interim report and its relevant financial information.

BUSINESS REVIEW

During the Period, turnover of the Group amounted to approximately RMB29,374 million, representing a decrease of approximately 3.24% over the corresponding period in 2015; profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB2,469 million, representing a decrease of approximately 30.61% over the corresponding period in 2015; earnings per share was approximately RMB0.25; net asset value per share (excluding non-controlling interests) amounted to approximately RMB4.38.

INTERIM DIVIDEND

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

POWER GENERATION

During the Period, the power generated by the Group amounted to approximately 86.55 million MWh, representing an increase of approximately 6.17% over the corresponding period in 2015; on-grid power sold amounted to approximately 80.98 million MWh, representing an increase of approximately 6.11% over the corresponding period in 2015; the average utilization hours of generating units was 1,878 hours, of which the average utilization hours of coal-fired generating units was 2,099 hours and coal consumption for power supply was 300.00 g/KWh, which were significantly lower than the national average.

MAJOR ASSETS

The Group is one of the largest comprehensive energy companies in the People’s Republic of China (“**PRC**”), primarily engaging in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects. The Group’s power generating assets are located in 13 provinces, autonomous regions or municipalities around China, which are strategically built in advantageous geographical locations, mainly in the vicinity of electricity load centres or coal mining regions. As at the date of this report, the number of controlled power plants of the Group which have commenced operations totaled 57, with the total controlled installed capacity amounting to 46,108.7 MW, including 41,236.5 MW of the controlled installed capacity attributable to coal- or gas-fired generating units, and 4,872.2 MW of the controlled installed capacity attributable to renewable energy generating units such as hydropower, wind power, solar power power generating units.



MAJOR ASSETS (CONTINUED)

Details of the Group's major operational power generating assets as at the date of this report are as follows:

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Group	Generating units
1	Zouxian Plant	2,575	100%	1 x 635 MW + 1 x 600 MW + 4 x 335 MW
2	Shiliquan Plant	800	100%	2 x 330 MW + 1 x 140 MW
3	Laicheng Plant	1,200	100%	4 x 300 MW
4	Shuozhou Thermal Power Branch	700	100%	2 x 350 MW
5	Huadian Zouxian Power Generation Company Limited (" Zouxian Company ")	2,000	69%	2 x 1,000 MW
6	Huadian Laizhou Power Generation Company Limited (" Laizhou Company ")	2,000	75%	2 x 1,000 MW
7	Huadian Weifang Power Generation Company Limited (" Weifang Company ")	2,000	45%	2 x 670 MW + 2 x 330 MW
8	Huadian Qingdao Power Generation Company Limited (" Qingdao Company ")	1,220	55%	1 x 320 MW + 3 x 300 MW
9	Huadian Zibo Thermal Power Company Limited (" Zibo Company ")	950	100%	2 x 330 MW + 2 x 145 MW
10	Huadian Zhangqiu Power Generation Company Limited (" Zhangqiu Company ")	925	87.5%	1 x 335 MW + 1 x 300 MW + 2 x 145 MW
11	Huadian Tengzhou Xinyuan Thermal Power Company Limited (" Tengzhou Company ")	930	93.257%	2 x 315 MW + 2 x 150 MW
12	Huadian Longkou Power Generation Company Limited (" Longkou Company ")	880	84.31%	4 x 220 MW
13	Huadian Ningxia Lingwu Power Generation Company Limited (" Lingwu Company ")	3,320	65%	2 x 1,060 MW + 2 x 600 MW

MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Group	Generating units
14	Ningxia Zhongning Power Generation Company Limited (" Zhongning Company ")	660	50%	2 x 330 MW
15	Sichuan Guang'an Power Generation Company Limited (" Guang'an Company ")	2,400	80%	2 x 600 MW + 4 x 300 MW
16	Huadian Xinxiang Power Generation Company Limited (" Xinxiang Company ")	1,320	90%	2 x 660 MW
17	Huadian Luohe Power Generation Company Limited (" Luohe Company ")	660	75%	2 x 330 MW
18	Huadian Qudong Power Generation Company Limited (" Qudong Company ")	660	90%	2 x 330 MW
19	Anhui Huadian Suzhou Power Generation Company Limited (" Suzhou Company ")	1,260	97%	2 x 630 MW
20	Anhui Huadian Wuhu Power Generation Company Limited (" Wuhu Company ")	1,320	65%	2 x 660 MW
21	Anhui Huadian Lu'an Power Generation Company Limited (" Lu'an Company ")	1,320	95%	2 x 660 MW
22	Hangzhou Huadian Banshan Power Generation Company Limited (" Hangzhou Banshan Company ")	2,545	64%	3 x 415 MW + 3 x 390 MW + 1 x 130 MW
23	Hangzhou Huadian Xiasha Thermal Power Company Limited (" Xiasha Company ")	246	56%	1 x 88 MW + 2 x 79 MW
24	Hangzhou Huadian Jiangdong Thermal Power Company Limited (" Jiangdong Company ")	960.5	70%	2 x 480.25 MW
25	Huadian Zhejiang Longyou Thermal Power Company Limited (" Longyou Company ")	405	100%	2 x 127.6 MW + 1 x 130.3 MW + 1 x 19.5 MW
26	Hebei Huadian Shijiazhuang Thermal Power Company Limited (" Shijiazhuang Thermal Power Company ")	475	82%	2 x 200 MW + 3 x 25 MW
27	Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited (" Yuhua Company ")	600	100%	2 x 300 MW
28	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited (" Luhua Company ")	660	90%	2 x 330 MW

MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Group	Generating units
29	Hebei Huarui Energy Group Corporation Limited ("Huarui Company") (Note)	1,544.36	100%	–
30	Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) ("Pingshi Power Company")	725	100%	2 x 300 MW + 1 x 125 MW
31	Tianjin Huadian Fuyuan Thermal Power Company Limited ("Fuyuan Thermal Power Company")	400	100%	2 x 200 MW
32	Huadian Hubei Power Generation Company Limited ("Hubei Company")	5,120	82.56%	2 x 680 MW + 2 x 640 MW + 6 x 330 MW + 1 x 300 MW + 1 x 200 MW

Note: As at the date of this report, the interested installed capacity of Huarui Company held by the Group amounted to 1,544.36 MW. The installed capacity of wind power of Hebei Huadian Yuzhou Wind Power Company Limited, a wholly-owned subsidiary of Huarui Company, amounted to 99 MW.

MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Group	Generating units
1	Huadian Suzhou Biomass Energy Power Company Limited (" Suzhou Biomass Energy Company ")	25	78%	2 x 12.5 MW
2	Sichuan Huadian Luding Hydropower Company Limited (" Luding Hydropower Company ")	920	100%	4 x 230 MW
3	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited (" Za-gunao Hydroelectric Company ")	591	64%	3 x 65 MW + 3 x 56 MW + 3 x 46 MW + 3 x 30 MW
4	Lixian Xinghe Ganbao Power Company Limited (" Ganbao Company ")	34	100%	4 x 8.5 MW
5	Lixian Xinghe Power Company Limited (" Lixian Company ")	33	100%	3 x 11 MW
6	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited (" Shuiluohe Company ")	324	57%	3 x 70 MW + 3 x 38 MW
7	Hebei Huadian Complex Pumping-storage Hydropower Company Limited (" Hebei Hydropower Company ")	57	100%	1 x 16 MW + 2 x 15 MW + 1 x 11 MW
8	Huadian Inner Mongolia Kailu Wind Power Company Limited (" Kailu Wind Power Company ")	399	100%	262 x 1.5 MW + 2 x 3 MW
9	Huadian Kezuozhongqi Wind Power Company Limited (" Kezuozhongqi Wind Power Company ")	49.5	100%	33 x 1.5 MW
10	Huadian Power International Ningxia New Energy Power Company Limited (" Ningxia New Energy Company ")	1,262	100%	123 x 2 MW + 664 x 1.5 MW + 20 x 1 MW
11	Hebei Huadian Guyuan Wind Power Company Limited (" Guyuan Wind Power Company ")	270.5	100%	167 x 1.5 MW + 20 MW
12	Hebei Huadian Kangbao Wind Power Company Limited (" Kangbao Wind Power Company ")	129	100%	48 x 2 MW + 2 x 1.5 MW + 30 MW

MAJOR ASSETS (CONTINUED)

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

	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Group	Generating units
13	State Development Zhangjiakou Wind Power Company Limited (“ Zhangjiakou Wind Power Company ”)	100.5	100%	67 x 1.5 MW
14	Huadian Laizhou Wind Power Company Limited (“ Laizhou Wind Power Company ”)	40.5	55%	27 x 1.5 MW
15	Huadian Laizhou Wind Power Generation Company Limited (“ Laizhou Wind Company ”)	48	100%	24 x 2 MW
16	Huadian Laizhou Wind Energy Power Company Limited (“ Laizhou Wind Energy Company ”)	99.6	55%	48 x 2 MW + 2 x 1.8 MW
17	Huadian Changyi Wind Power Company Limited (“ Changyi Wind Power Company ”)	49.5	100%	33 x 1.5 MW
18	Huadian Zibo Wind Power Company Limited (“ Zibo Wind Power Company ”)	48	100%	24 x 2 MW
19	Huadian Longkou Wind Power Company Limited (“ Longkou Wind Power Company ”)	49.5	65%	23 x 1.5 MW + 6 x 2.5 MW
20	Huadian Zaozhuang New Energy Generation Company Limited (“ Zaozhuang New Energy Company ”)	50	100%	25 x 2 MW
21	Huadian Feicheng New Energy Generation Company Limited (“ Feicheng New Energy Company ”)	99.8	100%	48 x 2 MW + 2 x 1.9 MW
22	Huadian Laixi New Energy Generation Company Limited (“ Laixi New Energy Company ”)	49.8	100%	24 x 2 MW + 1 x 1.8 MW
23	Longkou Dongyi Wind Power Company Limited (“ Dongyi Wind Power Company ”)	30	100%	20 x 1.5 MW
24	Huadian Ningxia Ningdong Shangde Solar Power Company Limited (“ Shangde Solar Company ”)	10	60%	10 x 1 MW
25	Huadian Zhangjiakou Saibei New Energy Generation Company Limited (“ Zhangjiakou Saibei New Energy Company ”)	4	100%	4 x 1 MW

ADDITIONAL INSTALLED CAPACITY

From 1 January 2016 up to the date of this report, the capacity of the Group's newly-installed generating units amounted to 333.4 MW:

Name of company	Category	Capacity (MW)
Laizhou Wind Energy Company	Wind power	49.8
Zaozhuang New Energy Company	Wind power	50
Feicheng New Energy Company	Wind power	99.8
Laixi New Energy Company	Wind power	49.8
Dongyi Wind Power Company	Wind power	30
Kangbao Wind Power Company	Solar power	30
Guyuan Wind Power Company	Solar power	20
Zhangjiakou Saibei New Energy Company	Solar power	4
Total		333.4



PROJECTS APPROVED AND UNDER CONSTRUCTION

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

Projects approved and under construction		Planned installed capacity (MW)
1	Two 600 MW Generating Units Project of Chongqing Fengjie Plant	1,200
2	Expansion Project of Shiliquan Plant	1,320
3	Phase II Project of two 1,000 MW Coal-fired Generating Units of Laizhou Company	2,000
4	Two 660 MW Coal-fired Generating Units Project of Ningxia Huadian Yongli Power Generation Company Limited	1,320
5	Phase II Project of the first 1,000 MW Coal-fired Generating Unit of Wuhu Company	1,000
6	Two 600 MW Coal-fired Generating Units Project of Shantou Huadian Power Generation Company Limited	1,200
7	Two 350 MW Heat-Power Co-generating Units Project of Guangdong Huadian Shaoguan Thermal Power Company Limited	700
8	Two 660 MW Generating Units Project of Hubei Jiangling Power Generation Company Limited	1,320
9	900 MW Natural Gas Newly-added Generating Units Project of Tianjing Huadian Nanjiang Thermal Power Company Limited	900
10	Three 100 MW Distributed Energy Resources Project of Shenzhen Huadian Pingshan	300
11	Two 400 MW Natural Gas Thermal Co-generating Project of Shijiazhuang Thermal Power Company	800
12	Three 59 MW Distributed Energy Resources Project of Huadian Guangdong Shunde Energy Company Limited	177
13	Three 59 MW Natural Gas Generating Project of Huadian Foshan Energy Company Limited	177
14	492 MW Hydroelectric Project of Shuiluohu Company	492
15	149.5 MW Wind Power Project of Ningxia New Energy Company	149.5
16	48 MW Wind Power Project in Xujiazhuang, Yiyuan, Zibo	48
17	Phase II of the 49.8 MW Wind Power Project of Kunlun Wind Farm of Zibo Wind Power Company	49.8
18	Phase II of the 48 MW Wind Power Project of Changyi Wind Power Company	48
19	49.9 MW Wind Power Project of Humen Wind Farm of Feicheng New Energy Company	49.9
20	Phase II of the 49.8 MW Wind Power Project of Longkou Wind Power Company	49.8
21	Phase I of the 49.5 MW Wind Power Project in Xijingzi, Shangdu, Inner Mongolia	49.5
22	49.5 MW Wind Power Project of Gaojialiang Wind Farm in Wengniute City, Inner Mongolia	49.5
23	50 MW Wind Power Project of Xunyituguao Wind Farm in Xianyang City, Shaanxi	50
24	100 MW Wind Power Project of Huadian Xiaxian Wind Power Company Limited in Yaotaishan	100
25	98 MW Wind Power Project in Zezhou, Jincheng, Shanxi	98
26	99 MW Wind Power Project of Huadian Xuwen Wind Power Company Limited ("Xuwen Wind Power Company")	99
27	Wind Power Project of Dajin, Wuxue, Hubei	80
28	10 MW Solar Power Generation Project of Huadian Zhangqiu Xianggongzhuang	10
29	Phase I of the 10 MW Engineering Project of Huadian Tai'erzhuang Photovoltaic Power Station	10
30	20 MW Photovoltaic Power Station Project in Yuanbaoshan, Guyuan, Hebei	20
31	150 MW Solar Power Generation Project in Suixian, Hubei	150
32	100 MW Solar Power Generation Project in Zaoyangtaiping, Xiangyang, Hubei	100
Total		14,117

MANAGEMENT DISCUSSION AND ANALYSIS

(1) *Macroeconomic conditions and electricity demand*

According to the relevant information and statistics, in the first half of 2016, the gross domestic product of the PRC amounted to RMB34,063.7 billion, representing an increase of 6.7% over the corresponding period in 2015 based on comparable prices. Power consumption of the entire society in the PRC totaled 2,775.9 million MWh, representing an increase of 2.7% over the corresponding period in 2015, with a year-on-year increase of approximately 1.4 percentage point in growth rate. Specifically, consumption by the primary industry represented a year-on-year increase of 7.7%, consumption by the secondary industry represented a year-on-year increase of 0.5% and consumption by the tertiary industries represented a year-on-year increase of 9.2%, while the consumption by urban and rural residents for households represented a year-on-year increase of 7.7%.

(2) *Power generation*

During the Period, power generated by the Group amounted to approximately 86.55 million MWh, representing an increase of approximately 6.17% over the corresponding period in 2015; on-grid power sold amounted to approximately 80.98 million MWh, representing an increase of approximately 6.11% over the corresponding period in 2015; average utilization hours of the generating units was 1,878 hours, of which the average utilization hours of coal-fired generating units was 2,099 hours and coal consumption for power supply was 300.00 g/kWh, which were significantly lower than the national average.

(3) *Turnover and profit*

Turnover of the Group for the Period amounted to approximately RMB29,374 million, representing a decrease of approximately 3.24% over the corresponding period in 2015, mainly due to the acquisition of the Hubei Company, the increase in installed capacity of newly-added generating units, the decrease in the average utilization hours of generating units and the decrease in on-grid power price. Revenue generated from the sale of electricity amounted to approximately RMB26,750 million, representing a decrease of approximately 5.54% over the corresponding period in 2015. Revenue generated from the sale of heat amounted to approximately RMB1,905 million, representing an increase of approximately 4.73% over the corresponding period in 2015. Revenue generated from the sale of coal amounted to approximately RMB720 million, representing an increase of approximately 226.60% over the corresponding period in 2015.

The Group's operating profit for the Period amounted to approximately RMB6,532 million, representing a decrease of approximately 19.01% over the corresponding period in 2015. Profit for the Period attributable to equity shareholders of the Company amounted to approximately RMB2,469 million, representing a decrease of approximately 30.61% over the corresponding period in 2015. Earnings per share was approximately RMB0.25.

(4) *Major operating expenses*

Fuel cost is the major operating expense of the Group. Fuel cost of the Group for the Period amounted to approximately RMB11,169 million, representing a decrease of approximately 11.12% over the corresponding period in 2015, mainly due to the acquisition of the Hubei Company, the increase in installed capacity of newly-added generating units, the decrease in the average utilization hours of generating units and the decrease in the price of coal. Fuel cost accounted for approximately 48.90% of the operating expenses of the Group. The unit fuel cost of coal-fired generating units decreased by 18.73% on a year-on-year basis.

During the Period, cost of coal sold of the Group amounted to approximately RMB671 million, representing an increase of approximately 324.46% over the corresponding period in 2015, mainly due to the acquisition of the Hubei Company.

During the Period, depreciation and amortization expenses of the Group amounted to approximately RMB5,200 million, representing an increase of approximately 22.16% over the corresponding period in 2015, mainly due to the acquisition of the Hubei Company and newly-added generating units.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(4) *Major Operating Expenses (Continued)*

During the Period, repairs, maintenance and inspection costs of the Group amounted to approximately RMB1,749 million, representing an increase of approximately 10.27% over the corresponding period in 2015, mainly due to the acquisition of the Hubei Company and newly-added generating units.

During the Period, personnel costs of the Group amounted to approximately RMB2,349 million, representing an increase of approximately 17.10% over the corresponding period in 2015, mainly due to the acquisition of the Hubei Company and newly-added generating units.

During the Period, administration expenses of the Group amounted to approximately RMB964 million, representing a decrease of approximately 4.14% over the corresponding period in 2015, mainly due to the increase in the cost control of the Group in order to reduce expenditure.

During the Period, tax and levies on operation of the Group amounted to approximately RMB344 million, representing an increase of approximately 17.84% over the corresponding period in 2015, mainly due to the acquisition of the Hubei Company.

During the Period, other operating expenses of the Group amounted to approximately RMB397 million, representing a decrease of approximately 5.89% over the corresponding period in 2015, mainly due to a decrease in the power generated for other companies.

(5) *Other revenue and net income*

During the Period, other revenue and net income of the Group amounted to approximately RMB422 million, representing an increase of approximately 60.18% over the corresponding period in 2015, mainly due to an increase in government subsidy.

(6) *Finance costs*

During the Period, finance costs of the Group amounted to approximately RMB2,521 million, representing a decrease of approximately 14.23% over the corresponding period in 2015, mainly due to the decrease in the average cost of capital and reduction in borrowings from banks.

(7) *Share of profit of associates and a joint venture*

During the Period, the profits of associates and a joint venture attributable to the Group amounted to approximately RMB81 million, representing a decrease of approximately 68.50% over the corresponding period in 2015, mainly due to the decrease in the profits of entities invested by the Group.

(8) *Income tax*

Income tax of the Group during the Period amounted to approximately RMB1,136 million, representing a decrease of approximately 13.08% over the corresponding period in 2015, mainly due to a decrease in the Group's profit.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(9) *Pledge and mortgage of assets*

The Company and its subsidiaries, including Qingdao Company, Guang'an Company, Lingwu Company, Suzhou Company, Luding Hydropower Company, Wuhu Company, Hangzhou Banshan Company, Za-gunao Hydroelectric Company, Zhongning Company, Shuiluohe Company, Ningxia New Energy Company, Changyi Wind Power Company, Xiasha Company, Laizhou Wind Energy Company, Xuwen Wind Power Company, Zhangjiakou Saibei New Energy Company, Zhangjiakou Wind Power Company and the Hubei Company, have together pledged their income streams in respect of the sale of electricity or trade receivables for the sale of electricity as security for loans amounting to approximately RMB20,415 million.

The generating units, relevant equipments and land use rights of Pingshi Power Company were mortgaged to secure its loans amounting to approximately RMB1,222 million. In addition, the plants and equipment of Shuiluohe Company were mortgaged as security for its loans amounting to approximately RMB1,299 million. The mining rights of Shanxi Maohua Energy Investment Company were mortgaged as security for its long-term borrowings amounting to RMB420 million. The manufacturing facilities of Ningxia New Energy Company were mortgaged as security for its long-term borrowings amounting to RMB155 million.

(10) *Indebtedness*

As at 30 June 2016, total borrowings of the Group amounted to approximately RMB81,137 million, of which borrowings denominated in US dollar and the Euro amounted to approximately US\$65 million and EUR17 million, respectively. The liability to asset ratio of the Group was approximately 71.84%. In addition, the closing balance of super short-term debentures payable, short-term debentures payable, medium-term notes payable (including those due within one year) and debentures issued through non-public offerings to target subscribers of the Group amounted to approximately RMB16,048 million, RMB6,613 million, RMB4,074 million and RMB6,991 million, respectively.

(11) *Contingent Liabilities*

As at 30 June 2016, Guang'an Company, a subsidiary of the Group, had provided guarantees to banks for loans amounting to RMB44 million to Sichuan Huayingshan Longtan Coal Company Limited ("**Longtan Company**").

(12) *Cash and Cash Equivalents*

As at 30 June 2016, the Group had cash and cash equivalents of approximately RMB8,431 million.

Save as the information disclosed herein, information with respect to the Group's other matters as set out in paragraph 32 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") (The Stock Exchange of Hong Kong Limited is referred as the "**Hong Kong Stock Exchange**") has not changed materially from that included in the Company's 2015 annual report.



BUSINESS OUTLOOK

At present and in the not too distant future, the development and business environment which the Group is in is encountering profound and complex changes. Firstly, in the development environment, the guidance from the State for the orderly development of coal-fired power and the stringent control over the scale of additional coal-fired power have brought uncertainties to the development of coal-fired power projects of the Group. In terms of new energy development, the State has implemented policies including the “quota system” and indemnificatory acquisitions to encourage the rapid development of new energy, at the same time to implement the warning mechanism for wind power development, such that new demands are raised on the direction of the Group’s reservation of wind power resources. Secondly, in the business environment, in terms of the electricity market, there was an increase of 2.7% in the national power consumption in the society in the first half of the year over the corresponding period in the previous year. The growth in the use of electricity for industrial purpose was sluggish and the Group is expected to record a year-on-year decline in thermal power utilization hours this year. At the same time, as the progress of the power system reform accelerates, it is expected that the Group’s share in the electricity market will increase more than predicted this year. For the coal market, as coal is one of the priorities in the supply-side of the structural reform of State, the coal supply end of the industry experienced relatively big changes, at which characteristics of supply contraction, price rebound in areas and in phases have been shown. This is expected to exert certain impact on the Group’s business. For the capital market, the sustained release of the effects of the interest rate cuts and reserve requirement ratio cuts of the People’s Bank of China, has provided sound conditions for the Company to further reduce its financing costs.

The Group will accurately grasp the development trends of the macro economy and the energy industry with a strategic vision, a scientific and pragmatic attitude to actively respond to difficulties and challenges with a focus on achieving the “four commitments”: firstly, the commitment to structural reform. The Group will adhere to the development of scale which is subject to quality and effectiveness, and strive to promote the optimization and adjustment of the structure of equipment, power sources and regions. Secondly, the commitment to quality and efficiency enhancement. The Group will enhance the quality and efficiency of existing assets with the goal of improving market competitiveness and strengthen the management and control of costs. For incremental assets, the Group will optimize site selection and layout based on market demand, and implement boundary conditions into practice to ensure quality and efficiency from the source. Thirdly, the commitment to management innovation. The Group will make efforts to enhance adaptation of the structure, mode and process of management closely to the changing environment by following the market and focusing on management. Fourthly, the commitment to the strategy that only talents can make a strong enterprise. The Group will strengthen the building of leadership teams, upgrade personnel development and training as well as innovate staff incentive mechanisms to earnestly transform our edge in human resources into advantages in terms of production, management, development and market competition.



SIGNIFICANT EVENTS AND SUBSEQUENT EVENT

(1) *Change of directors*

In February 2016, Mr. Wei Jian has tendered his resignation from the position as an independent non-executive director of the Company as well as members of the remuneration and appraisal committee, the nomination committee and the audit committee under the Board due to work requirement, with effect from the conclusion of 2015 annual general meeting held on 31 May 2016 (the "AGM").

Mr. Wang Chuanshun has been appointed as an independent non-executive director of the Company at the AGM, with a term of office from the conclusion of the AGM to the date of expiry of the seventh session of the Board. Mr. Wang Chuanshun will then be eligible for re-election.

Mr. Geng Yuanzhu has tendered his resignation from the position as an executive director and as a vice general manager of the Company due to personal reasons, with effect from 17 August 2016.

On 30 August 2016, Mr. Chen Bin has tendered his resignation as an employee representative supervisor of the Company due to work re-allocation. In accordance with the laws, regulations and the Articles of Association of the Company, the employees of the Company democratically elected Ms. Yuan Yanan to replace Mr. Chen Bin as an employee representative supervisor of the seventh session of the supervisory committee of the Company for a term up to the expiry of the seventh session of the supervisory committee.

For details, please refer to the announcements of the Company dated 22 February 2016, 31 May 2016, 17 August 2016 and 30 August 2016.

(2) *Renewal of the Finance Lease Framework Agreement entered into with Huadian Financial Leasing Company Limited ("Huadian Financial Leasing")*

On 20 April 2016, the Company renewed the finance lease framework agreement with Huadian Financial Leasing, pursuant to which Huadian Financial Leasing has agreed to provide the Group with finance lease services subject to the terms and conditions provided therein. These services include direct leasing and leaseback services. In respect of each finance lease, the relevant members of the Group and Huadian Financial Leasing will enter into separate implementation contracts. The aggregate finance amount outstanding from time to time in respect of all finance leases will not exceed RMB1,250 million. Huadian Financial Leasing is a subsidiary of the Company's controlling shareholder, China Huadian and thus a connected person of the Company. The continuing transactions under the finance lease framework agreement constitute continuing connected transactions of the Company.

For details, please refer to the announcement of the Company dated 20 April 2016.



SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, each of the following persons, not being a director, supervisor, chief executive officer or members of the senior management of the Company, had an interest or short position as at 30 June 2016 in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 30 June 2016, or was a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company as at 30 June 2016:

Name of shareholder	Class of shares	Number of shares held	Equity interest as at 30 June 2016		
			Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue
China Huadian	A shares	4,534,199,224(L)	45.97%	55.66%	–
	H shares	85,862,000(L) (Note)	0.87%	–	5.00%
Shandong International Trust Co., Ltd	A shares	800,766,729(L)	8.12%	9.83%	–
JPMorgan Chase & Co.	H shares	171,726,212(L)	1.74%	–	10.00%
		7,893,070(S)	0.08%	–	0.45%
		63,060,737(P)	0.64%	–	3.67%
AllianceBernstein L.P.	H shares	136,434,570(L)	1.38%	–	7.94%
BlackRock, Inc.	H shares	116,996,963(L)	1.19%	–	6.81%
Morgan Stanley	H shares	88,326,619(L)	0.90%	–	5.14%
		20,270,918(S)	0.21%	–	1.18%

(L): Long position
(S): Short position
(P): Lending pool

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

Save as disclosed above and so far as the directors of the Company are aware, as at 30 June 2016, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

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

As at 30 June 2016, the interests or short positions of the directors, supervisors, chief executives or members of the senior management of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were 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 recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

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

Note: Accounted for approximately 0.0001% of the total issued A shares of the Company on 30 June 2016.

Save as disclosed above, as at 30 June 2016, none of the directors, supervisors, chief executives or members of the senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such director, supervisor, chief executive or members of senior management of the Company was taken or deemed to have under such provisions of the SFO) or was (ii) required to be entered in the register of interests required to be kept by the Company pursuant to section 352 of the SFO, or which was otherwise (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the directors of the Company).

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Saved as disclosed in this report, during the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued securities ("securities" having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Hong Kong Listing Rules).

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 30 June 2016, the Group's deposits placed with financial institutions or other parties did not include any designated or trust deposits, or any material time deposits which could not be collected by the Group upon maturity.

MATERIAL LITIGATION

As at 30 June 2016, certain members of the Group was a party to certain litigations arising from the Group's ordinary course of business or acquisition of assets. However, the management of the Group believes that any possible legal liability which incurred or may incur from the aforesaid cases will not have material adverse effect on the financial position and operating results of the Group.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements for the Period prepared under the International Accounting Standard 34 “Interim Financial Reporting” have been reviewed by the audit committee.

STAFF REMUNERATION POLICY OF THE GROUP

As at 30 June 2016, the total number of employees of the Group amounted to 26,912. The Group has always adhered to the relevant requirements of the PRC and taken into account its own economic situation to determine the level of compensation for all employees. The Group has upheld the philosophy of “performance-driven workforce, merit-based competition and result-oriented compensation” in retaining talent in order to establish an objective, fair, scientific and effective remuneration distribution mechanism and a company-wide performance appraisal system.

CORPORATE GOVERNANCE

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

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

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

The Group has initiated the preparation work in respect of the environmental, social and governance (“ESG”) indicator system in accordance with the requirement of the Hong Kong Listing Rules. According to the latest regulatory requirements of the ESG guide, the Group, having regard to its current situation, systematically rationalized the Group’s ESG indicator system, assigned relevant responsibilities to relevant departments, and established indicator reporting channels and collection tools, with reference to the practices of outstanding domestic and overseas enterprises.



CORPORATE GOVERNANCE (CONTINUED)

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

- The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited for Directors and Supervisors and the Code on Trading in Securities of Huadian Power International Corporation Limited* for Employees, which are on terms no less lenient than those set out in the Model Code.
- In addition to the audit committee, the remuneration and appraisal committee and the nomination committee, the Company has established the strategic committee and has stipulated the Working Procedures for the Strategic Committee.
- The audit committee comprises five members, including two non-executive directors and three independent non-executive directors.

By order of the Board
Huadian Power International Corporation Limited*
Li Qingkui
Chairman

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

Li Qingkui (Chairman, Non-executive Director), Chen Jianhua (Vice Chairman, Non-executive Director), Wang Yingli (Vice Chairman, Non-executive Director), Chen Bin (Executive Director), Gou Wei (Non-executive Director), Chu Yu (Non-executive Director), Zhang Ke (Non-executive Director), Ding Huiping (Independent Non-executive Director), Wang Dashu (Independent Non-executive Director), Zong Wenlong (Independent Non-executive Director) and Wang Chuanshun (Independent Non-executive Director).

Beijing, the PRC
30 August 2016

* For identification purposes only



Report on Review of Condensed Consolidated Financial Statements



TO THE BOARD OF DIRECTORS OF
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 48, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim financial reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 August 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016	2015
		RMB'000 (unaudited)	RMB'000 (unaudited)
Turnover	5	29,374,186	30,357,031
Operating expenses			
Fuel costs		(11,169,029)	(12,566,164)
Cost of coal sold		(671,307)	(158,155)
Depreciation and amortisation		(5,199,522)	(4,256,457)
Repairs, maintenance and inspection		(1,749,186)	(1,586,316)
Personnel costs		(2,349,452)	(2,006,289)
Administrative expenses		(963,791)	(1,005,456)
Tax and levies on operation		(343,634)	(291,610)
Other operating expenses		(396,564)	(421,388)
		(22,842,485)	(22,291,835)
Operating profit		6,531,701	8,065,196
Investment (loss)/income	6	(107,061)	23,816
Other revenue and net income		421,664	263,245
Interest income from bank deposits		58,183	36,352
Finance costs	7	(2,520,666)	(2,938,824)
Share of profits less losses of associates and a joint venture		80,629	255,967
Profit before taxation		4,464,450	5,705,752
Income tax	8	(1,136,270)	(1,307,202)
Profit for the period	9	3,328,180	4,398,550
Other comprehensive (expense)/income for the period (net of tax):	10	(22,449)	23,165
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Net fair value (loss)/gain on available-for-sale investments		(4,791)	8,515
Share of net fair value (loss)/gain on available-for-sale investments of associates		(17,658)	14,650
Total comprehensive income for the period		3,305,731	4,421,715

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016	2015
		RMB'000 (unaudited)	RMB'000 (unaudited)
Profit for the period attributable to:			
Equity shareholders of the Company		2,469,348	3,558,874
Non-controlling interests		858,832	839,676
		<u>3,328,180</u>	<u>4,398,550</u>
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		2,447,490	3,581,548
Non-controlling interests		858,241	840,167
		<u>3,305,731</u>	<u>4,421,715</u>
Basic earnings per share	11	<u>RMB0.250</u>	<u>RMB0.404</u>

The notes on pages 27 to 48 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Notes	At 30 June 2016	At 31 December 2015
		RMB'000 (unaudited)	RMB'000 (audited)
Non-current assets			
Property, plant and equipment	12	141,406,420	143,540,813
Construction in progress	13	21,311,481	19,502,837
Lease prepayments		2,452,252	2,484,226
Intangible assets		6,118,946	6,191,740
Goodwill		1,448,791	1,448,791
Interests in associates and a joint venture		9,442,509	9,861,889
Available-for-sale investments		392,529	398,917
Other non-current assets	14	2,304,706	2,277,321
Deferred tax assets		179,541	193,146
		185,057,175	185,899,680
Current assets			
Inventories		1,695,348	2,052,855
Trade debtors and bills receivable	15	7,493,757	9,379,928
Deposits, other receivables and prepayments	16	2,940,428	2,847,649
Tax recoverable		168,562	110,869
Restricted deposits	17	129,500	346,570
Lease prepayments		94,507	100,125
Cash and cash equivalents	18	8,431,440	9,238,080
		20,953,542	24,076,076



Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2015

	Notes	At 30 June 2016	At 31 December 2015
		RMB'000 (unaudited)	RMB'000 (audited)
Current liabilities			
Bank loans		15,510,739	16,973,797
Loans from shareholders		–	625,000
State loans		9,550	9,260
Other loans	19(a)	4,356,720	3,515,879
Short-term debentures payable	19(b)	22,661,046	15,756,069
Long-term debentures payables – current portion	19(c)	1,495,983	2,996,498
Amount due to the parent company		47,154	73,530
Obligations under finance leases	20	728,127	715,627
Trade creditors and bills payable	21	14,390,463	16,425,445
Other payables	22	7,119,113	9,129,501
Dividend payable		461,426	–
Tax payable		194,756	923,303
		<u>66,975,077</u>	<u>67,143,909</u>
Net current liabilities		<u>(46,021,535)</u>	<u>(43,067,833)</u>
Total assets less current liabilities		<u>139,035,640</u>	<u>142,831,847</u>
Non-current liabilities			
Bank loans		54,923,530	56,567,601
Loans from shareholders		1,478,666	1,328,666
State loans		72,508	73,722
Other loans	19(a)	4,785,040	5,860,889
Long-term debentures payable	19(c)	9,569,757	11,058,239
Obligations under finance leases	20	3,154,397	2,779,887
Long-term payables		346,990	385,962
Provisions		97,110	93,375
Deferred government grants		1,203,256	1,200,904
Deferred income		2,291,640	2,268,371
Deferred tax liabilities		3,077,626	3,127,400
Retirement benefit obligations		24,236	24,692
		<u>81,024,756</u>	<u>84,769,708</u>
Net assets		<u>58,010,884</u>	<u>58,062,139</u>

Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2015

Notes	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Capital and reserves		
Share capital	9,862,977	9,862,977
Reserves	33,322,578	33,836,212
Total equity attributable to equity shareholders of the Company	43,185,555	43,699,189
Non-controlling interests	14,825,329	14,362,950
Total equity	58,010,884	58,062,139

The notes on pages 27 to 48 form part of these condensed consolidated financial statements were approved and authorised for issue by the board of directors on 30 August 2016.

Chen Jianhua
Director

Chen Bin
Director



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to equity shareholders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Revaluation reserve	Fair value reserve	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
Balance at 1 January 2016 (audited)	9,862,977	14,878,477	2,555,606	68,089	44,726	24,253	16,265,061	43,699,189	14,362,950	58,062,139
Profit for the period	-	-	-	-	-	-	2,469,348	2,469,348	858,832	3,328,180
Other comprehensive expense (Note 10)	-	-	-	-	-	(21,858)	-	(21,858)	(591)	(22,449)
Total comprehensive income for the period	-	-	-	-	-	(21,858)	2,469,348	2,447,490	858,241	3,305,731
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	435,538	435,538
Appropriation of specific reserve	-	-	27,316	-	-	-	(27,316)	-	-	-
Utilisation of specific reserve	-	-	(7,359)	-	-	-	7,359	-	-	-
Dividends recognised as distribution (Note 23)	-	-	-	-	-	-	(2,958,893)	(2,958,893)	-	(2,958,893)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	(829,160)	(829,160)
Others	-	(642)	-	-	-	-	(1,589)	(2,231)	(2,240)	(4,471)
Balance at 30 June 2016 (unaudited)	9,862,977	14,877,835	2,575,563	68,089	44,726	2,395	15,753,970	43,185,555	14,825,329	58,010,884

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2016

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Revaluation reserve	Fair value reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2015 (audited)	8,807,290	8,889,067	1,883,798	68,089	44,726	26,812	11,985,398	31,705,180	11,231,282	42,936,462
Profit for the period	-	-	-	-	-	-	3,558,874	3,558,874	839,676	4,398,550
Other comprehensive income (Note 10)	-	-	-	-	-	22,674	-	22,674	491	23,165
Total comprehensive income for the period	-	-	-	-	-	22,674	3,558,874	3,581,548	840,167	4,421,715
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	23,541	23,541
Deemed acquisition of non-controlling interests	-	770	-	-	-	-	-	770	(770)	-
Appropriation of specific reserve	-	-	65,802	-	-	-	(65,802)	-	-	-
Utilisation of specific reserve	-	-	(13,121)	-	-	-	13,121	-	-	-
Dividends recognised as distribution (Note 23)	-	-	-	-	-	-	(2,377,968)	(2,377,968)	-	(2,377,968)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	(1,336,505)	(1,336,505)
Balance at 30 June 2015 (unaudited)	8,807,290	8,889,837	1,936,479	68,089	44,726	49,486	13,113,623	32,909,530	10,757,715	43,667,245

The notes on pages 27 to 48 form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016	2015
		RMB'000 (unaudited)	RMB'000 (unaudited)
Cash generated from operations		10,768,746	12,595,606
PRC enterprise income tax paid		(1,946,445)	(1,440,029)
Net cash generated from operating activities		8,822,301	11,155,577
Net cash used in investing activities	25	(6,373,376)	(6,940,314)
Net cash used in financing activities	25	(3,255,565)	(3,484,458)
(Decrease)/increase in cash and cash equivalents		(806,640)	730,805
Cash and cash equivalents at 1 January		9,238,080	5,204,959
Cash and cash equivalents at 30 June	18	8,431,440	5,935,764

The notes on pages 27 to 48 form part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

1. GENERAL

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

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

2. BASIS OF PREPARATION

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

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

As at 30 June 2016, the Group had net current liabilities of RMB46,022 million (31 December 2015: RMB43,068 million). In preparing these condensed consolidated financial statements, the directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As of 30 June 2016, the Group has unutilised banking facilities of RMB152.3 billion (31 December 2015: RMB172.2 billion) and an aggregate amount of debentures of RMB26.9 billion (31 December 2015: RMB10 billion) registered in the PRC interbank debenture market which has not been issued as at 30 June 2016. Under these circumstances, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared these condensed consolidated financial statements on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

Excepted as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) for the preparation of the Group’s condensed consolidated financial statements:

- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1 – Disclosure Initiative
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRSs – Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

4. SEGMENT INFORMATION

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

5. TURNOVER

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Sale of electricity	26,749,921	28,318,144
Sale of heat	1,904,630	1,818,545
Sale of coal	719,635	220,342
	29,374,186	30,357,031

6. INVESTMENT (LOSS)/INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Loss on deemed disposal of part of the interest in an associate (Note)	(144,024)	–
Dividend income from available-for-sale investments	30,250	20,898
Interest income from other long-term receivables	6,713	2,918
	(107,061)	23,816

Note:

During the current interim period, an associate of the Group, Ningxia Ningdong Railway Corporation Limited ("Ningdong Railway"), undertook a reverse takeover of a PRC listed shell company, Ningxia Western Venture Industrial Co., Ltd. ("NWVI", formerly known as Guang Xia (Yinchuan) Industry Co., Ltd.), after which Ningdong Railway becomes a wholly-owned subsidiary of NWVI. As a result, the Group's directly-held equity interest in Ningdong Railway of 8.49% is swapped by an equity interest in NWVI of 4.87%. The Group is of the view that it still has significant influence over NWVI and continues to account for the investment in NWVI as an associate. As such, a deemed disposal loss amounting to RMB144 million was recognized in profit or loss for the current interim period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

7. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Interest on loans and other financial liabilities	2,628,762	3,143,374
Less: interest capitalised	(233,126)	(298,001)
	2,395,636	2,845,373
Net foreign exchange loss/(gain)	17,878	(10,565)
Amortisation on unrecognised finance charges	94,118	82,680
Other finance costs	13,034	21,336
	2,520,666	2,938,824

The borrowing costs have been capitalised at an average rate of 5.04% per annum (six months ended 30 June 2015: 5.97% per annum) for construction in progress.

8. INCOME TAX

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Current tax		
Charge for the PRC enterprise income tax for the period	1,161,764	1,248,579
Under provision in respect of previous years	9,078	10,539
	1,170,842	1,259,118
Deferred tax		
Origination and reversal of temporary differences and tax losses	(34,572)	48,084
	1,136,270	1,307,202

The charge for PRC enterprise income tax is calculated at the statutory rate of 25% (six months ended 30 June 2015: 25%) on the estimated assessable profits of the Group for the six months ended 30 June 2016 determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Company which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (six months ended 30 June 2015: 7.5%, 12.5% or 15%).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

9. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Cost of inventories	13,386,252	14,105,388
Amortisation		
– lease prepayments	47,270	35,127
– intangible assets	85,380	91,452
Depreciation	5,066,872	4,129,878
(Reversal of) impairment losses		
– deposits, other receivables and prepayments	(569)	13,980
– inventories	–	(72)
– property, plant and equipment	–	51,469
Operating lease charges in respect of land and buildings	57,213	54,045
Government grants included in other revenue and net income	(238,942)	(69,239)
Research and development costs recognised as expense	2,610	501
Net loss/(gain) on disposal of property, plant and equipment	2,240	(5,582)
Net income from sale of materials	(101,136)	(173,397)

10. OTHER COMPREHENSIVE (EXPENSE)/INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Changes in fair value on available-for-sale investments	(6,388)	11,354
Net deferred tax credited/(charged) to other comprehensive income	1,597	(2,839)
	(4,791)	8,515
Share of net fair value (loss)/gain on available-for-sale investments of associates	(17,658)	14,650
Other comprehensive (expense)/income, net of income tax	(22,449)	23,165

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2016 of RMB2,469 million (six months ended 30 June 2015: RMB3,559 million) and the 9,862,976,653 ordinary shares in issue during the period (six months ended 30 June 2015: 8,807,289,800 shares).

(b) Diluted earnings per share

No diluted earnings per share were presented as there were no potential ordinary shares outstanding during the six months ended 30 June 2016 and 2015.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of property, plant and equipment with an aggregate cost of RMB3,250 million (six months ended 30 June 2015: RMB4,872 million), including RMB3,196 million (six months ended 30 June 2015: RMB4,788 million) through transfer from construction in progress.

During the current interim period, the Group disposed of certain plant and machine with an aggregate carrying amount of RMB176 million (six months ended 30 June 2015: RMB3 million) for cash proceeds of RMB131 million (six months ended 30 June 2015: RMB8 million), resulting in a loss on disposal of RMB2 million (six months ended 30 June 2015: gain on disposal of RMB5 million).

13. CONSTRUCTION IN PROGRESS

The acquisition and transfer of items of construction in progress during the six months ended 30 June 2016 and 2015 are as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Additions	5,004,197	3,632,684
Transfer to property, plant and equipment	(3,195,553)	(4,788,499)



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

14. OTHER NON-CURRENT ASSETS

	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets – other long-term receivables with fixed-rate and non-current feature	365,373	358,660
Deductible VAT and other tax	1,659,935	1,724,906
Deferred differences arising from sale and leaseback arrangements (Note)	377,259	261,590
Deposits for sales and leaseback arrangements and others	–	30,026
	2,402,567	2,375,182
Less: impairment loss	(97,861)	(97,861)
	2,304,706	2,277,321

Note:

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

15. TRADE DEBTORS AND BILLS RECEIVABLE

	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Trade debtors and bills receivable for sale of electricity	6,706,822	8,328,268
Trade debtors and bills receivable for sale of heat	503,844	357,856
Trade debtors and bills receivable for sale of coal	530,273	941,555
	7,740,939	9,627,679
Less: allowance for doubtful debts	(247,182)	(247,751)
	7,493,757	9,379,928

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

15. TRADE DEBTORS AND BILLS RECEIVABLE (CONTINUED)

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

	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	7,205,092	9,280,392
1 to 2 years	209,813	97,693
2 to 3 years	77,120	329
Over 3 years	1,732	1,514
	<u>7,493,757</u>	<u>9,379,928</u>

16. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets		
– Dividends receivable	749,125	690,316
– Deposits	100,476	81,439
– Other receivables	1,011,021	860,294
	<u>1,860,622</u>	<u>1,632,049</u>
Less: allowance for doubtful debts (Note)	(143,404)	(143,404)
	<u>1,717,218</u>	<u>1,488,645</u>
Deductible VAT	865,925	923,485
Prepayments	338,830	418,533
Others	18,455	16,986
	<u>2,940,428</u>	<u>2,847,649</u>

Note:

As at 30 June 2016, specific allowance for doubtful debts of the Group amounted to RMB143 million (31 December 2015: RMB143 million), including bad debt allowance on receivables on Certified Emission Reductions of RMB85 million (31 December 2015: RMB85 million).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

17. RESTRICTED DEPOSITS

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

18. CASH AND CASH EQUIVALENTS

	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and in hand	3,242,354	4,529,090
Cash at an other financial institution	5,189,086	4,708,990
	8,431,440	9,238,080

19. BORROWINGS

(a) Other loans

	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Due:		
Within 1 year		
– short term other loans	2,850,000	2,880,000
– current portion of long term other loans	1,506,720	635,879
	4,356,720	3,515,879
After 1 year but within 2 years	813,010	1,560,527
After 2 years but within 5 years	3,140,145	3,438,431
After 5 years	831,885	861,931
	4,785,040	5,860,889
	9,141,760	9,376,768

Other loans are borrowed from China Huadian Finance Corporation Limited (“China Huadian Finance”), an associate of the Company, a fellow subsidiary of the Company and other trust companies. Other loans bear interest rates ranging from 3.92% to 6.15% per annum as at 30 June 2016 (31 December 2015: 3.92% to 6.15% per annum), with maturities from 2016 to 2025 (31 December 2015: 2016 to 2025).

All of other loans are unsecured except for amounts totaling RMB245 million (31 December 2015: RMB258 million) in respect of certain subsidiaries, which are secured by the income stream in respect of the sale of electricity of these subsidiaries, and amounts totaling of RMB1,500 million (31 December 2015: RMB1,500 million) are secured by guarantee from China Huadian Corporation (“China Huadian”).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

19. BORROWINGS (CONTINUED)

(b) Short-term debentures payable

	At 30 June 2016	At 31 December 2015
	RMB'000	RMB'000
First tranche of short-term debentures for the year of 2015	–	2,069,410
Second tranche of short-term debentures for the year of 2015	2,054,405	2,018,801
Third tranche of short-term debentures for the year of 2015	1,540,805	1,514,101
Second tranche of super short-term debentures for the year of 2015	–	3,562,781
Third tranche of super short-term debentures for the year of 2015	–	3,558,270
Fourth tranche of super short-term debentures for the year of 2015	–	3,032,706
First tranche of super short-term debentures for the year of 2016	3,528,541	–
Second tranche of super short-term debentures for the year of 2016	3,013,294	–
Third tranche of super short-term debentures for the year of 2016	3,509,168	–
Fourth tranche of super short-term debentures for the year of 2016	3,002,616	–
Fifth tranche of super short-term debentures for the year of 2016	2,994,332	–
First tranche of short-term debentures for the year of 2016	3,017,885	–
	22,661,046	15,756,069



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

19. BORROWINGS (CONTINUED)

(b) Short-term debentures payable (Continued)

On 18 February 2016, the Company issued the first tranche of super short-term debentures of 2016 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500 million with a maturity period of 270 days and bears interest at 2.64% per annum. The tranche is unsecured.

On 3 March 2016, the Company issued the first tranche of short-term debentures of 2016 in the PRC interbank debenture market. The short-term debenture was issued at a total par value of RMB3,000 million with a maturity period of 365 days and bears interest at 2.63% per annum. The tranche is unsecured.

On 29 March 2016, the Company issued the second tranche of super short-term debentures of 2016 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,000 million with a maturity period of 270 days and bears interest at 2.48% per annum. The tranche is unsecured.

On 27 April 2016, the Company issued the third tranche of super short-term debentures of 2016 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,500 million with a maturity period of 270 days and bears interest at 2.75% per annum. The tranche is unsecured.

On 19 May 2016, the Company issued the fourth tranche of super short-term debentures of 2016 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,000 million with a maturity period of 270 days and bears interest at 2.76% per annum. The tranche is unsecured.

On 20 June 2016, the Company issued the fifth tranche of super short-term debentures of 2016 in the PRC interbank debenture market. The super short-term debenture was issued at a total par value of RMB3,000 million with a maturity period of 270 days and bears interest at 2.74% per annum. The tranche is unsecured.

During the current interim period, the Group repaid one tranche of short-term debentures and three tranches of super short-term debentures totally amounting to principal amount of RMB12,000 million (six months ended 30 June 2015: repaid two tranches of short-term debentures and two tranches of super short-term debentures totally amounting to principal amount of RMB10,000 million) at par value.

The effective interest rates of the debentures are ranging from 2.89% to 5.00% per annum (31 December 2015: from 3.42% to 5.45% per annum) after considering the effect of issue costs.

(c) Long-term debentures payable

During the current interim period, the Group repaid one tranche of non-public private placement bonds amounting to principal amount of RMB3,000 million (six months ended 30 June 2015: RMB5,000 million) at par value.

The effective interest rates of the long-term debentures are ranged from 4.51% to 6.29% (31 December 2015: from 4.51% to 6.29%) per annum after considering the effect of issue costs.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

20. OBLIGATIONS UNDER FINANCE LEASES

The Group had obligations under finance leases payable as follows:

	At 30 June 2016		At 31 December 2015	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	728,127	881,502	715,627	885,713
After 1 year but within 2 years	823,104	939,230	759,323	890,472
After 2 years but within 5 years	2,129,704	2,378,109	1,855,450	1,983,093
After 5 years	201,589	215,170	165,114	187,163
	3,154,397	3,532,509	2,779,887	3,060,728
	3,882,524	4,414,011	3,495,514	3,946,441
Less: total future interest expenses		(531,487)		(450,927)
Present value of finance lease obligations		3,882,524		3,495,514

During the current interim period, the Group entered into five new agreements with a leasing company (Note 26(a)) to sell certain of the Group's facilities to the leasing company and leaseback the facilities for 5 years to 10 years. The Group has an option to purchase these facilities at a nominal price of RMB1 at the end of the lease period. As at 30 June 2016, the carrying amounts of the facilities held under finance lease included in property, plant and equipment and concession assets of intangible assets amounted to RMB4,736 million and RMB240 million (31 December 2015: RMB4,276 million and RMB248 million), respectively.



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

21. TRADE CREDITORS AND BILLS PAYABLE

As at 30 June 2016, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	9,910,800	11,904,111
1 to 2 years	2,211,005	2,108,707
Over 2 years	2,268,658	2,412,627
	14,390,463	16,425,445

22. OTHER PAYABLES

	At 30 June 2016	At 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Financial liabilities		
– Quality guarantee deposits	1,702,021	1,756,361
– Consideration payables on acquisitions	873,087	873,087
– Interest payables	434,520	635,846
– Wages payable	544,189	201,619
– Payables for installed capacity quota	273,530	273,530
– Payables for sewage charges	114,526	81,373
– Dividend payables to non-controlling interests	809,457	1,543,662
– Current portion of long-term payables (Note (i))	104,100	52,050
– Others (Note (ii))	1,406,628	1,615,776
	6,262,058	7,033,304
Other tax payables	558,782	724,892
Receipts in advance	298,273	1,371,305
	7,119,113	9,129,501

Notes:

- (i) Current portion of long-term payables mainly represents the current portion of a long-term payable to local government for mining rights.
- (ii) Others mainly include payables on service fees, rental and other miscellaneous items.
- (iii) All of the other payables of the Group are expected to be settled or recognised as income within one year or are repayable on demand.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

23. DIVIDENDS

- (a) During the current interim period, a final dividend of RMB0.300 per share in respect of the year ended 31 December 2015 (six months ended 30 June 2015: RMB0.270 per share in respect of the year ended 31 December 2014) was declared to the equity shareholders of the Company. The aggregate amount of the final dividend declared approximately amounted to RMB2,958,893,000 (six months ended 30 June 2015: approximately RMB2,377,968,000).
- (b) The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

24. CAPITAL COMMITMENTS

The Group had capital commitments as at 30 June 2016 and 31 December 2015 as follows:

	At 30 June 2016	At 31 December 2015
	RMB'000	RMB'000
Contracted for but not provided in the condensed consolidated financial statements		
– Development of power plants	19,549,438	21,993,970
– Improvement projects and others	1,084,695	356,864
	<u>20,634,133</u>	<u>22,350,834</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

25. NOTES TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2016	2015
	RMB'000 (unaudited)	RMB'000 (unaudited)
Investing activities		
Payment for the purchase of property, plant and equipment, construction in progress and intangible assets	(7,119,876)	(5,405,362)
Proceeds from sale of property, plant and equipment	130,880	8,266
Deposit for acquisition of a subsidiary	–	(1,961,059)
Payment for additional investment in associates	–	(26,297)
Interest received	58,183	36,352
Withdrawal of restricted deposits	369,992	72,312
Placement of restricted deposits	(152,922)	(50,686)
Dividends received	288,883	375,770
Cash received from disposal of associates	500	4,310
Other investing activities	50,984	6,080
	(6,373,376)	(6,940,314)
Net cash used in investing activities		
Financing activities		
Debentures		
– Net proceeds from debentures	18,934,750	14,946,000
– Repayment of debentures	(15,000,000)	(15,000,000)
Loans		
– Proceeds from loans	13,900,981	20,821,054
– Repayment of loans	(17,752,905)	(21,203,666)
Obligation under finance leases		
– Proceeds obtained under sale and leaseback arrangement	675,000	378,688
– Lease payment under sale and leaseback arrangements	(294,088)	(389,488)
Bills financing		
– Proceeds from bank acceptance bills discounted	544,314	461,684
– Repayment of bank acceptance bills	(616,670)	(412,715)
Capital injection from non-controlling interests	338,189	23,541
Dividends paid to equity shareholders of the Company	(2,490,580)	(1,960,574)
Dividends paid to non-controlling interests	(1,467,769)	(1,116,619)
Other financing activities	(26,787)	(32,363)
	(3,255,565)	(3,484,458)
Net cash used in financing activities		

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

26. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders, fellow subsidiaries and associates

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

Name of related parties	Nature of relationship
China Huadian	Parent company of the Company
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Sichuan Power Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Materials Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Neimenggu Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Capital Holdings Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Electrical Construction Technical and Economic Consulting Centre	A fellow subsidiary of the Company
Huadian Shaanxi Energy Company Limited	A fellow subsidiary of the Company
Huadian Fuxin Energy Limited Company	A fellow subsidiary of the Company
Huadian New Energy Development Company Limited	A fellow subsidiary of the Company
China Fortune International Trust Company Limited	A fellow subsidiary of the Company
Hubei Huadian Wuchang Thermal Power Company Limited	A fellow subsidiary of the Company
Anhui Huadian Lu'an Power Generation Company Limited	A fellow subsidiary of the Company
China Huadian Clean Energy Company Limited	A fellow subsidiary of the Company
China Huadian Advanced Training Centre	A fellow subsidiary of the Company
China Huadian Finance	An associate of the Group
Sichuan Huayingshan Longtan Coal Company Limited ("Longtan Coal Company")	An associate of the Group
Huadian Coal Industry Group Company Limited	An associate of the Group
Beijing Huabin Investment Company Limited	A subsidiary of an associate of the Group
Beijing Huabin Property Management Company Limited	A subsidiary of an associate of the Group
Ningdong Railway	A subsidiary of an associate of the Group
Ningxia Yinxing Coal Company Limited	An associate of the Group
Datang Derong Tangdian Hydropower Development Company Limited	An associate of the Group
Shanxi Huasheng Tongpei Coal Sales Company Limited	An associate of the Group
Inner Mongolia Fucheng Mining Company Limited	An associate of the Group
Shuozhou Tong-coal Wantongyuan Coal Transportation and Sales Company Limited	An associate of the Group
CNNP CHD Hebei Nuclear Power Company Limited	An associate of the Group
Otog Front Banner Changcheng No. 3 Mining Company Limited	An associate of the Group

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

26. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the six months ended 30 June 2016 and 2015:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
<i>Sale of electricity to</i>		
A fellow subsidiary	50,000	–
<i>Purchase of electricity from</i>		
Fellow subsidiaries	744	44,321
<i>Sale of coal to</i>		
A fellow subsidiary	4,906	25,436
<i>Purchase of coal from</i>		
Associates	1,468,507	1,413,299
Fellow subsidiaries	50,436	142,051
<i>Purchase of construction service and equipment from</i>		
Fellow subsidiaries	461,219	442,077
<i>Loans obtained from</i>		
China Huadian	700,000	200,000
An associate	2,285,000	4,990,000
<i>Loans repaid to</i>		
China Huadian	1,175,000	550,000
An associate	2,497,600	4,922,051
A fellow subsidiary	1,000	1,000
<i>Loan provided to</i>		
An associate	–	96,411

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

26. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
<i>Bills receivable discounted to</i>		
An associate	534,499	478,105
<i>Derecognised bills receivable collected by</i>		
An associate	766,973	432,161
<i>Lease payment under sales and leaseback arrangement to</i>		
An associate	26,720	28,602
A fellow subsidiary	24,955	–
<i>Financing received under sales and leaseback arrangement from</i>		
A fellow subsidiary	675,000	–
<i>Interest expenses paid to</i>		
China Huadian	40,218	30,468
An associate	139,838	154,347
A fellow subsidiary	10,571	12,772
<i>Interest income from</i>		
Associates	38,853	30,454
<i>Repair and maintenance service income from</i>		
Fellow subsidiaries	–	391
<i>Rental and property management service expenses paid to</i>		
Associates	28,664	28,664
A fellow subsidiary	2,505	–
<i>Other services expenses paid to</i>		
China Huadian	27,254	26,875
Associates	25,475	57,597
Fellow subsidiaries	18,817	8,646
<i>Additional capital injection in</i>		
Associates	–	23,847

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

26. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	At 30 June 2016	At 31 December 2015
	RMB'000	RMB'000
<i>Construction in progress – construction and construction material prepayment</i>		
Fellow subsidiaries	1,465,111	752,321
<i>Trade debtors and bills receivable</i>		
Fellow subsidiaries	80,379	20,498
<i>Deposits, other receivables and prepayments</i>		
China Huadian	–	42
Associates	90,260	89,900
A fellow subsidiary	326	–
<i>Other long-term receivables</i>		
An associate	267,512	260,799
<i>Cash and cash equivalents and restricted deposits</i>		
Deposits with an associate	5,279,527	4,936,408
<i>Loans from shareholders</i>		
China Huadian	(1,450,000)	(1,925,000)
<i>Other loans</i>		
An associate	(6,260,313)	(6,472,913)
A fellow subsidiary	(387,000)	(388,000)
<i>Trade creditors and bills payable</i>		
Associates	(393,910)	(340,424)
Fellow subsidiaries	(896,850)	(996,770)
<i>Other payables</i>		
Associates	(15,785)	(3,535)
Fellow subsidiaries	(429,908)	(385,092)
<i>Receivable in advance</i>		
A fellow subsidiary	(105,389)	(291,177)
<i>Obligation under finance leases</i>		
An associate	(52,500)	(77,500)
A fellow subsidiary	(905,000)	(250,000)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

26. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

Notes:

- (i) At 30 June 2016, Sichuan Guang'an Power Generation Company Limited, a subsidiary of the Company, provided guarantees to banks for loans granted to Longtan Coal Company amounting to RMB44 million (31 December 2015: RMB70 million).
- (ii) At 30 June 2016, China Huadian provided guarantee to banks for loans granted to the Group amounting to RMB3,156 million (31 December 2015: RMB6,315 million).

(b) Transactions with key management personnel

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Salaries and other emoluments	472	408
Retirement benefits	181	213
Bonuses	1,352	1,284
	2,005	1,905

(c) Contributions to defined contribution retirement plans

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



Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

26. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

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

- sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the six months ended 30 June 2016, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 97% of its sale of electricity.

- depositing and borrowing

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

- other transactions

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

26. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Commitment with related parties

Commitment with related parties is as follows:

	At 30 June 2016	At 31 December 2015
	RMB'000	RMB'000
Capital commitment	4,656,852	2,014,726
Commitment on properties rental and management fees	85,992	114,656

27. CONTINGENT LIABILITIES

As at 30 June 2016, some subsidiaries of the Company were the defendant in certain lawsuits for events incurred before the acquisition date. At the end of reporting period, the lawsuits were in progress whose final outcomes cannot be determined at present. The directors of the Company considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

Apart from these litigations and guarantees disclosed in Note 26(a)(i), the Group has no other material contingent liabilities as at 30 June 2016 (31 December 2015: nil).

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2016

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	At 30 June 2016	At 31 December 2015		
Available-for-sale investments-listed equity securities in the condensed consolidated statement of financial position	7,886,010 shares of the Bank of Communications Co., Ltd. – RMB44 million	7,886,010 shares of the Bank of Communications Co., Ltd. – RMB51 million	Level 1	Quoted bid prices in an active market

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

Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	At 30 June 2016		At 31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate borrowings and debentures payable	13,016,838	13,392,862	16,508,610	16,799,322

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the Group entities.

29. LIQUIDITY RISK MANAGEMENT

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

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

At the end of reporting period, the Group had net current liabilities of RMB46,022 million (31 December 2015: RMB43,068 million). With regards to its future capital commitments and other financing requirements, the Group has unutilised banking facilities of RMB152.3 billion as at 30 June 2016 (31 December 2015: RMB172.2 billion) and an aggregate amount of debentures of RMB26.9 billion (31 December 2015: RMB10 billion) registered in the PRC interbank debenture market which has not been issued as at 30 June 2016.