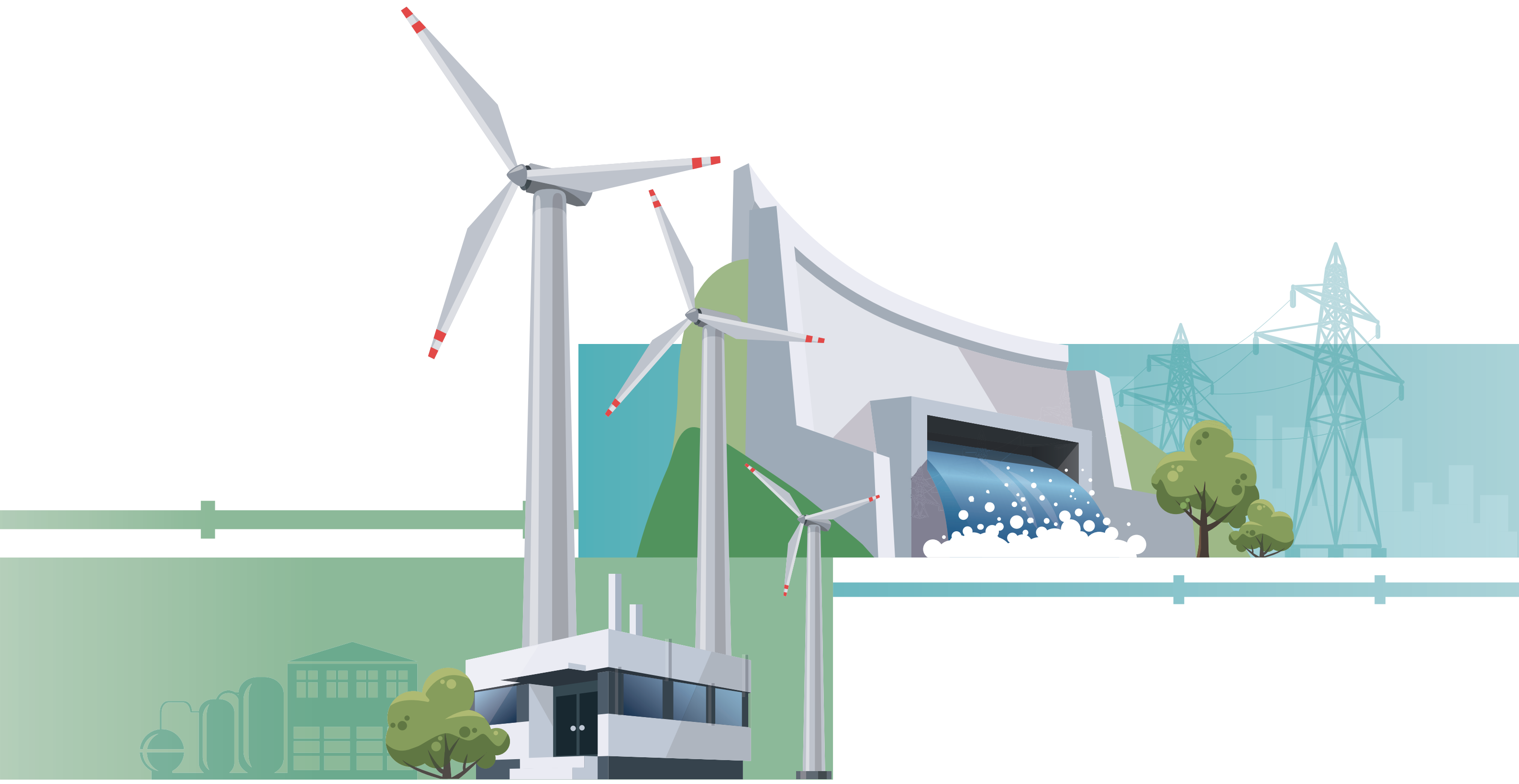
China Power International Development Limited
中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code : 2380)

2020 INTERIM REPORT

CLEAN ENERGY
GREEN ENTERPRISE



INFORMATION FOR OUR SHAREHOLDERS AND INVESTORS

LISTING INFORMATION

Shares of China Power are:

- listed on the Hong Kong Stock Exchange (Stock Code: 2380); and
- eligible for Southbound trading through Shanghai–Hong Kong Stock Connect and Shenzhen–Hong Kong Stock Connect.

INTERIM REPORT

The interim report 2020 will be sent to the shareholders of the Company who have selected to receive the printed version of corporate communication by 24 September 2020.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6301, 63/F, Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel.: (852) 2802 3861
Fax: (852) 2802 3922
Website: www.chinapower.hk

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel.: (852) 2862 8628
Fax: (852) 2865 0990

SHAREHOLDERS AND INVESTORS ENQUIRIES

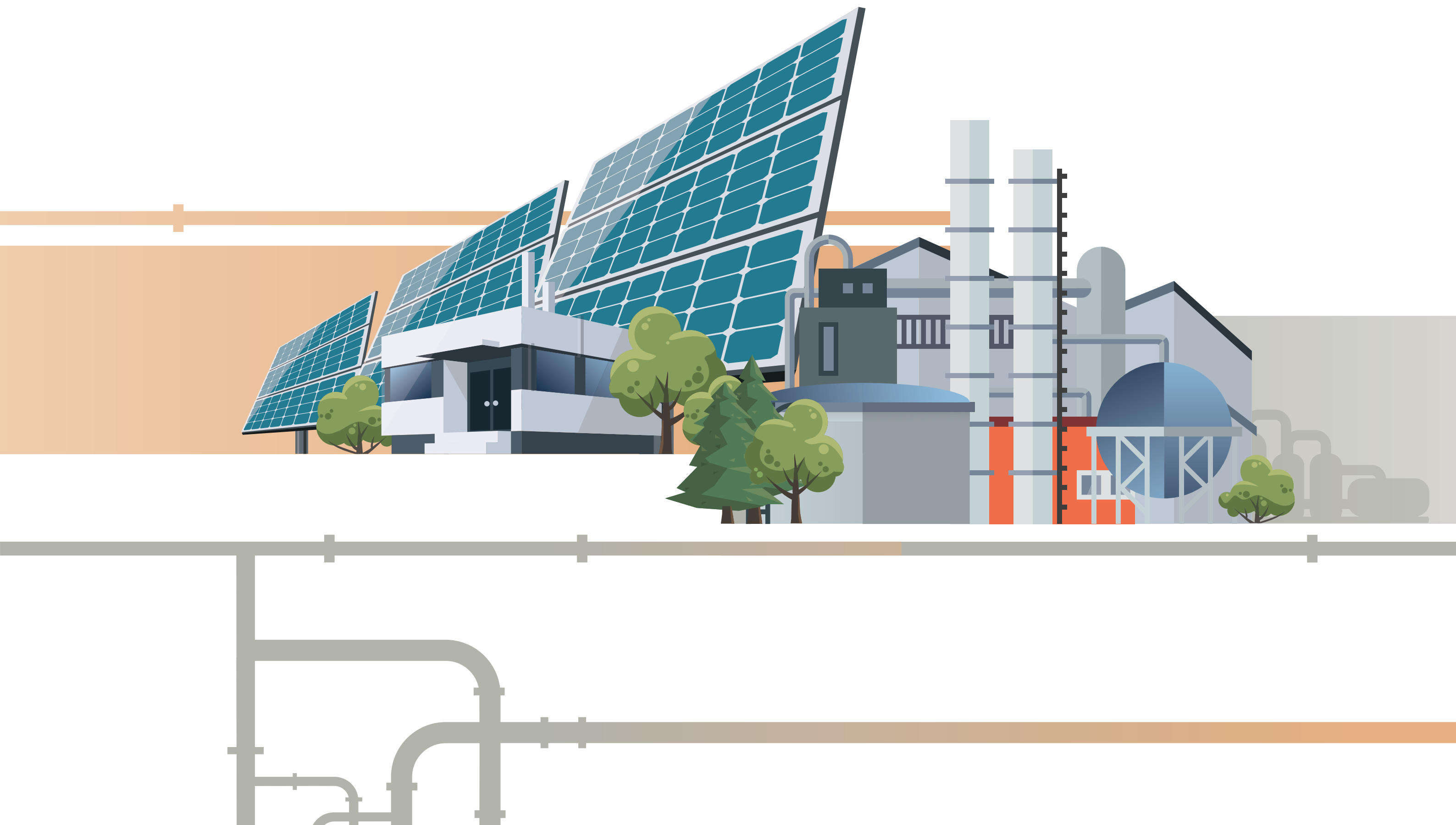
Hotlines

- For Shareholders: (852) 2862 8688
- For Investors: (852) 2802 3861

Emails

- For Shareholders: chinapower.ecom@computershare.com.hk
- For Investors: ir@chinapower.hk

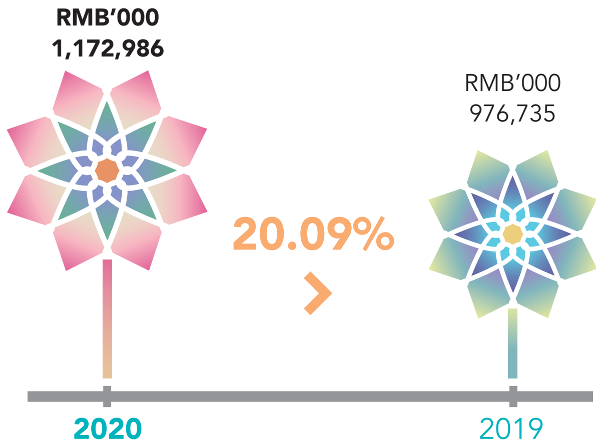
Contents



Interim Financial Highlights

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

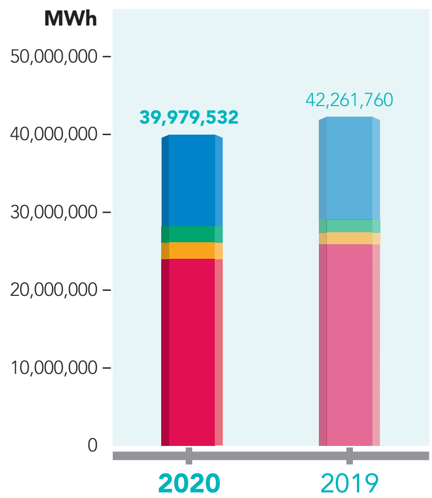
for the six months ended 30 June



TOTAL ELECTRICITY SOLD

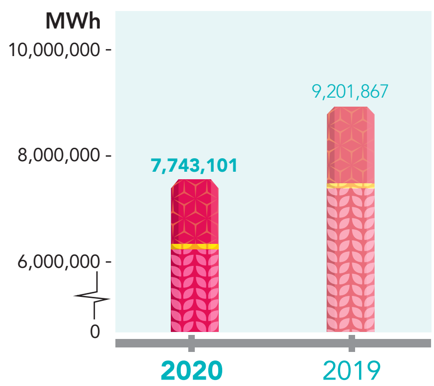
for the six months ended 30 June

Wholly-owned or controlled power plants



	2020 MWh	2019 MWh	Change
Hydropower	**11,780,203**	13,204,537	-10.79%
Wind power	**2,078,356**	1,627,093	27.73%
Photovoltaic power	**2,132,468**	1,533,232	39.08%
Coal-fired power	**23,988,505**	25,896,898	-7.37%

Major associates or joint ventures power plants

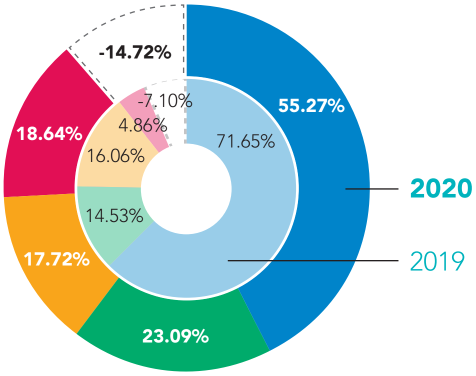


	2020 MWh	2019 MWh	Change
Associates			
Coal-fired power	**6,163,161**	7,527,411	-18.12%
Photovoltaic power	**49,831**	49,466	0.74%
Joint venture			
Coal-fired power	**1,530,109**	1,624,990	-5.84%

Interim Financial Highlights

NET PROFIT

for the six months ended 30 June



Net profit/(loss)	2020 RMB'000	2019 RMB'000
Hydropower	**1,058,780**	1,297,861
Wind power	**442,400**	263,154
Photovoltaic power	**339,395**	290,844
Coal-fired power	**357,121**	88,024
Unallocated	**(281,990)**	(128,504)

The percentage shown in the chart above represents the proportion of each business segment to the total net profit.

OTHER KEY FINANCIAL INDICATORS

	Unaudited Six months ended 30 June		
	2020 RMB'000	2019 RMB'000	Change %
Revenue	**13,055,829**	13,843,958	-5.69
	RMB	RMB	%
Basic earnings per share	**0.12**	0.10	20.00
	Unaudited 30 June 2020 RMB'000	Audited 31 December 2019 RMB'000	Change %
Equity attributable to owners of the Company	**30,000,293**	30,320,075	-1.05
Total assets	**146,120,512**	140,289,698	4.16
Cash and cash equivalents	**2,049,235**	1,238,290	65.49
Total debts	**83,458,613**	78,568,268	6.22

Management's Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in various major power grid regions of China.

At the beginning of 2020, affected by the sudden outbreak of the COVID-19 pandemic, energy consumption fell precipitously, and energy supply growth also plunged dramatically. However, under the timely introduction of a series of policies to contain the spread of the virus, most factories and enterprises have steadily resumed operations from suspension of work and production in the first quarter to gradually overcame the adverse effects of the pandemic in the second quarter of this year. Since the resumption of work and production by enterprises in various regions, power demand has also gradually improved and maintained its growth momentum.

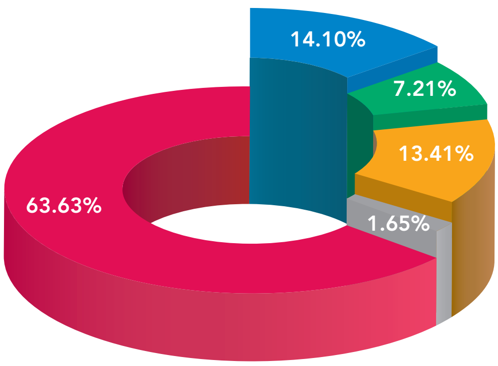
In the first half of 2020, the total national electricity consumption in China dropped by 1.3% as compared with the corresponding period last year. The national power generation recorded a year-on-year decrease of 1.4%, among which, hydropower and coal-fired power decreased by 7.3% and 1.6% respectively; while wind power and photovoltaic power were less affected by the pandemic and increased by 10.9% and 20.0% respectively as compared with the corresponding period last year.

In the first half of 2020, the profit attributable to owners of the Company amounted to RMB1,172,986,000, increased by 20.09% as compared to the corresponding period last year. Basic earnings per share was approximately RMB0.12 (2019: RMB0.10). Net asset per share (excluding non-controlling interests) was approximately RMB3.06 as at 30 June 2020. With the emerging benefits of the Group's investment in new energy during recent years, the proportion of profits contributed by the new energy projects has continued to grow; while in respect of the traditional coal-fired power, the effectiveness of measures adopted to address the operating loss of individual power plants continued to manifest; in particular, the coal-fired power plants in Henan region have either reduced losses significantly or achieved a turnaround from loss to profit.

During the period under review, the development and performance of the Group's principal businesses were as follows:

Attributable Installed Capacity

The details of attributable installed capacity of the Group as at 30 June 2020 are set out as follows:



	2020 MW
Hydropower	3,134.1
Wind power	1,602.2
Photovoltaic power	2,981.6
Natural gas power*	367.6
Coal-fired power	14,147.9
Total	22,233.4

The percentage shown in the chart above represents the proportion of each business segment to the total attributable installed capacity.

* The attributable installed capacity of the Group's existing natural gas power was wholly held by Shanghai Power.

Management's Discussion and Analysis

The Group remained committed to establishing itself as a clean and low-carbon integrated energy enterprise. As at 30 June 2020, the attributable installed capacity of the Group's power plants reached 22,233.4MW, representing a year-on-year increase of 1,591.0MW. Among it, the attributable installed capacity of clean energy including hydropower, wind power, photovoltaic power and natural gas power was 8,085.5MW in total, accounting for approximately 36.37% of the total attributable installed capacity and representing an increase of 1.89 percentage points as compared with the corresponding period last year.

The Group's new power generating units that commenced commercial operation during the period from 1 July 2019 to 30 June 2020 are presented by type as follows:

Type of Power Plant	Installed Capacity MW	Interest %	Attributable Installed Capacity MW
Hydropower	35	63	22.1
Wind power	389.6	~51–100	298
Photovoltaic power	765.6	~32.1–100	623.9
Coal-fired power	660	51	336.6
Total	**1,850.2**		**1,280.6**

Note: Apart from the above new power generating units, as compared to the corresponding period last year, the Group recorded a net increase in attributable installed capacity of 1,591.0MW after taking into account the followings: (i) the acquisition of attributable installed capacity of 40MW from a new project company; (ii) the decrease in attributable installed capacity of 157MW due to the sale or shutdown of power plants; and (iii) the changes in the total installed capacity of associates, joint ventures and Shanghai Power.

Project Development

The Group has been implementing a transformational development strategy towards the direction of clean, integrated, intelligent and transnational development. During the period, the development of the Group's major clean energy projects included:

CP Chaoyang's 500MW photovoltaic grid parity project in Liaoning Province, the PRC, of which 407MW was put into operation, laid a foundation for the development of grid parity projects of the Group.

CP Zhihui, a subsidiary of the Company engaging in the development of integrated intelligent energy projects in Beijing, the PRC, has completed three projects, namely:

(i) The "Photovoltaic Power Storage and Charging" project for Huitong Times Square (惠通時代廣場), which is a smart micro-grid system for the building and the first project in Beijing that integrates photovoltaic power, energy storage and charging station construction.

(ii) The integrated energy project in the USTB Industrial Park (北科產業園) which provides integrated energy services such as electricity, heating and cooling for the locality by adding internal combustion engines, rooftop photovoltaics, and smart photovoltaic carports, thereby achieving multi-energy synergic complementation.

(iii) The "zero carbon" energy supply project of Baozhigu International Conference Center Beijing (北京寶之谷國際會議中心) was officially put into operation. With the complementary support and adjustment among power sources, power grids, power loading and energy storage, the project has enhanced the ability to maintain a dynamic balance of the power system in a more economical, more efficient and safer manner.

Management's Discussion and Analysis

In order to achieve the goal of becoming a worldwide leading clean energy enterprise in the long run, during the period under review, the Company entered into an Entrusted Management Agreement with CPI Holding and SPIC Overseas, pursuant to which the Company will provide planning, operation and management services to their clean energy power plants in Mainland China and power plants abroad. As negotiated, the Company also obtained the right of first refusal to acquire the Entrusted Companies, which created opportunities for expansion into overseas markets. Through the entrusted management, the Company can better understand the asset quality, financial status and profitability of the Entrusted Companies, which, in the view of the Board, will be of important strategic significance for our future business development. For details, please refer to the Company's announcement dated 31 March 2020.

In June 2020, Guangxi Company, a subsidiary of the Company, established a joint venture in Guangxi Zhuang Autonomous Region of the PRC. The formation of the joint venture enables each of the joint venture partners to leverage their capital and investment capabilities, to share technical experience and to explore market development opportunities through concerted and strategic efforts to a greater extent. The joint venture will serve as a platform for investments in the ASEAN region with a focus on investment and development of clean energy, which is conducive to the Company's development and exploration of clean energy projects in the ASEAN region and will provide beneficial experience and reference for the Company's overseas project development in the future. For details, please refer to the Company's announcement dated 2 July 2020.

Projects under Construction

As at 30 June 2020, the attributable installed capacity of projects under construction was 4,621.3MW, among which, the attributable installed capacity of coal-fired power and clean energy segments were 2,344.3MW and 2,277.0MW respectively. The clean energy segments accounted for 49.27% in aggregate. Although the construction of Chaoyang Power Station was slightly delayed due to the pandemic, 407MW out of 500MW of the project has been put into production during the period.

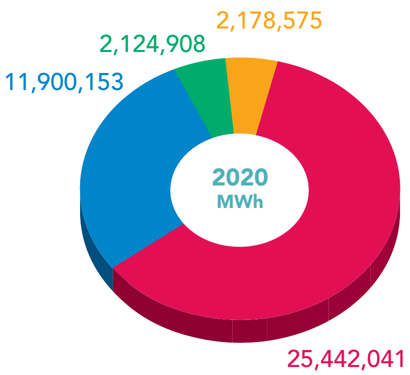
New Development Projects

Currently, the total installed capacity of new projects of the Group at a preliminary development stage (including projects with applications submitted to the PRC government for approval) is approximately 3,400MW, which are mainly clean energy projects (including natural gas power projects) primarily located in areas with development potential, including Shandong, Hubei, Hunan and Guangxi.

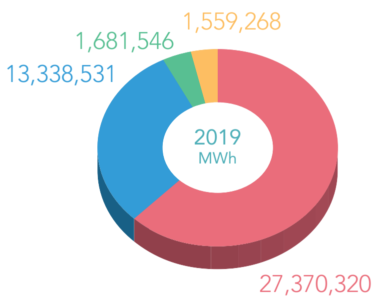
Power Generation and Electricity Sold

For the first half of 2020, the details of power generation and electricity sold by the Group are set out as follows:

Power generation



Total: 41,645,677MWh

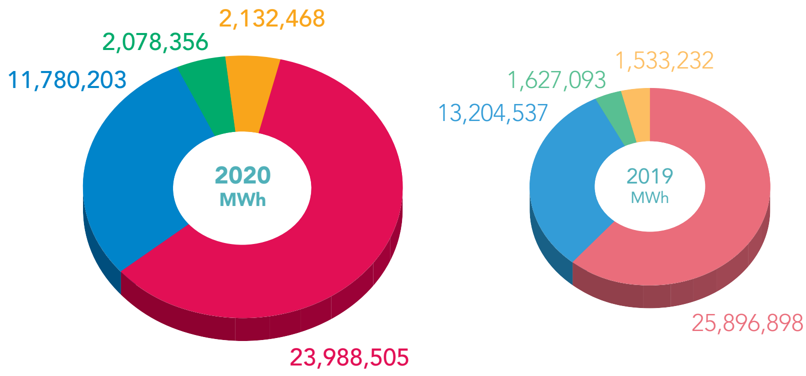


Total: 43,949,665MWh

	Change
Hydropower	-10.78%
Wind power	26.37%
Photovoltaic power	39.72%
Coal-fired power	-7.05%
Total	-5.24%

Management's Discussion and Analysis

Electricity sold



Total: 39,979,532MWh Total: 42,261,760MWh

	Change
Hydropower	**-10.79%**
Wind power	**27.73%**
Photovoltaic power	**39.08%**
Coal-fired power	**-7.37%**
Total	**-5.40%**

In the first half of 2020, the total electricity sold by the Group amounted to 39,979,532MWh, representing a decrease of 5.40% as compared with the corresponding period last year. The changes in electricity sold by each power segment as compared with the corresponding period last year are as follows:

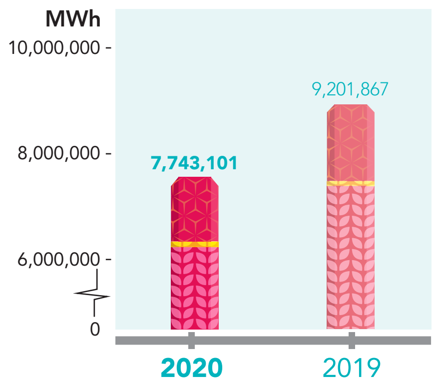
- Hydropower — a decrease of 10.79% in electricity sold due to the inadequate rainfall in the river basins where most of the Group's hydropower plants are located during the period.

- Wind power and photovoltaic power — benefiting from the commencement of commercial operation of new power generating units of the Group during the period, as well as the strengthening clean energy dispatchment and consumption under the national promotion of green development, the electricity sales of wind power and photovoltaic power recorded a year-on-year increase of 27.73% and 39.08%, respectively.

- Coal-fired power — affected by the COVID-19 pandemic during the period, the national demand for electricity declined, in particular traditional coal-fired power, resulting in a decrease of 7.37% in the electricity sold.

For the first half of 2020, the Group also performed satisfactorily in gaining incentive electricity from local governments. In recognition of the fulfilment of certain specific targets required by the local governments in respect of environmental protection, heat supply capacity and productivity of certain power generating units, the accumulated amount of various incentive electricity available for production obtained by the Group during the period increased as compared with the corresponding period last year.

For the first half of 2020, the details of electricity sold by the Group's main associates and joint venture are set out as follows:



	2020 MWh	2019 MWh	Change
Associates			
Coal-fired power	**6,163,161**	7,527,411	-18.12%
Photovoltaic power	**49,831**	49,466	0.74%
Joint venture			
Coal-fired power	**1,530,109**	1,624,990	-5.84%

Management's Discussion and Analysis

Heat Sold

In order to strongly support the existing environmental policies promulgated by the PRC government, the Group has carried out in-depth exploration of the heat supply potentials in various regions, strengthened the development of heat market base and promoted the construction of centralized heating pipe networks, thereby achieving positive results in terms of energy efficiency upgrade and development of heat supply market. However, one of the joint ventures suspended its production for heat supply last year, resulting in a decrease in heat sold as compared with the corresponding period last year. For the first half of 2020, the total heat sold by the Group (including an associate and a joint venture) was 10,540,134GJ, representing a decrease of 642,652GJ or 5.75% as compared with the corresponding period last year.

In an effort to boost heat supply capacity, a total of six generating units of three subsidiaries of the Group have been carrying out technical upgrade for the heating system, which are expected to be completed successively starting in 2021.

Direct Power Supply

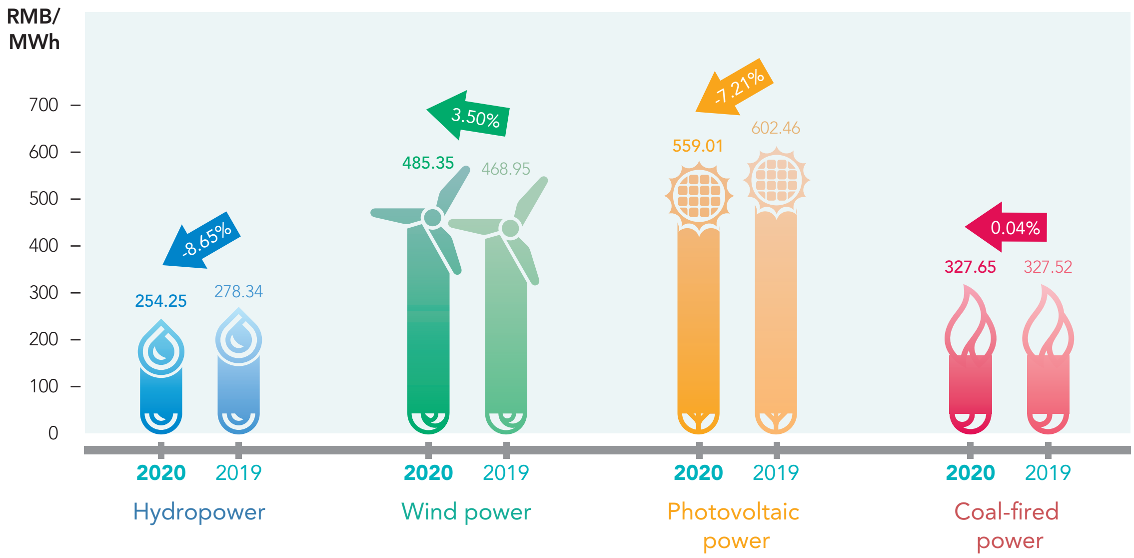
The Group has actively participated in the market-oriented reform of national power industry, analyzed the opportunities therein and participated in direct power supply transactions (including competitive bidding for on-grid electricity sales) with a view to securing market share. Subsidiaries in different provinces have also established their electricity sales center to serve and attract a larger number of trading partners. However, as the direct power supply users are mainly commercial and industrial users, the suspension of work and production during the first quarter of this year posed an impact on the demand for electricity and directly affected the sales of direct power, resulting in a decline in the proportion of direct power supply as compared with the corresponding period last year.

For the first half of 2020, a number of coal-fired power plants and clean energy power plants of the Group participated in direct power supply transactions, and the electricity sold through direct power supply transactions amounted to 11,365,536MWh and 3,372,422MWh respectively, together accounting for approximately 36.86% (2019: 41.96%) of the Group's total electricity sold.

In the first half of 2020, for those coal-fired power and hydropower plants of the Group which participated in direct power supply transactions, their average post-tax tariffs were at a discount of approximately 10.39% and 1.58% respectively compared with the respective average post-tax on-grid tariffs approved by the PRC government (including ultra-low emission tariff). The direct power supply tariff discount for coal-fired power increased as compared with the corresponding period last year, mainly due to the intensified electricity market competition in Anhui Province and Shanxi Province which has caused more tariff discounts.

Average On-Grid Tariff

For the first half of 2020, the Group's average on-grid tariffs of each power segment as compared with the corresponding period last year were as follows:



As compared with the first half of 2019, the changes in the average on-grid tariff of each power segment were mainly due to the following factors:

- Hydropower — the reduction of on-grid tariff of hydropower in Hunan Province since 1 July 2019 as promulgated by the Development and Reform Commission of Hunan Province.

- Wind power — the higher average tariff during the period as a result of the Group's newly operating wind power plants which charged a relatively higher average on-grid tariff than that of the existing wind power plants, and the reduction in value-added tax rate from 1 April 2019.

- Photovoltaic power — the impact of subsidies reduction policy for photovoltaic power tariff and the commencement of operation of the photovoltaic grid parity projects by the Group, which resulted in a lower average tariff.

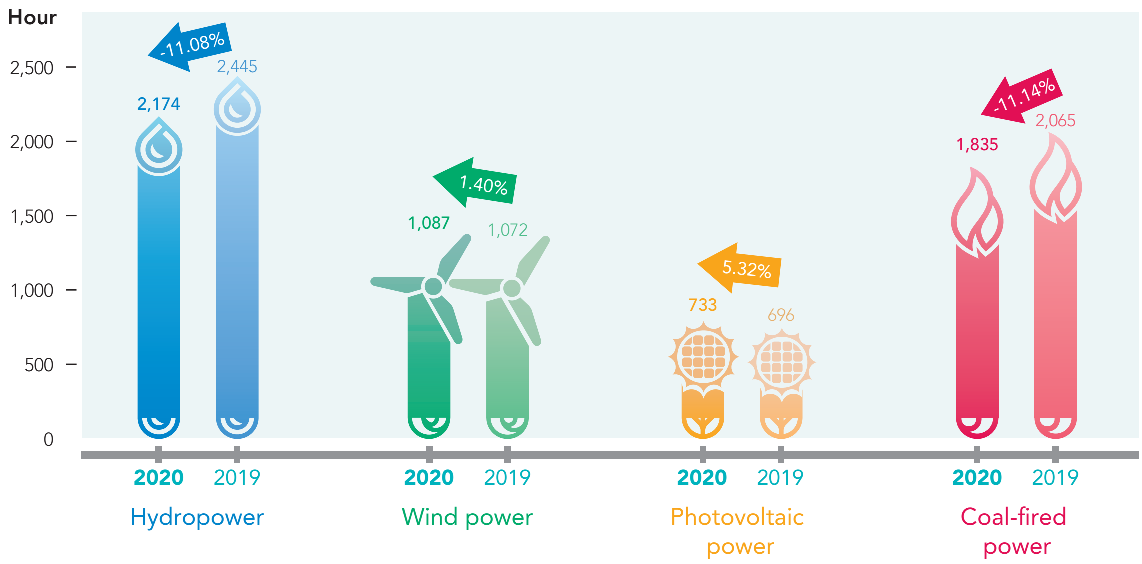
- Coal-fired power — the reduction in the value-added tax rate from 1 April 2019 and the decline in the proportion of market trading electricity.

The Group will continue to closely monitor and strengthen researches on market power trading policies and green energy tariff policies in order to actively seek more favorable terms regarding market power trading for the Group.

Management's Discussion and Analysis

Average Utilization Hours of Power Generating Units

For the first half of 2020, the Group's average utilization hours of power generating units of each power segment as compared with the corresponding period last year were as follows:



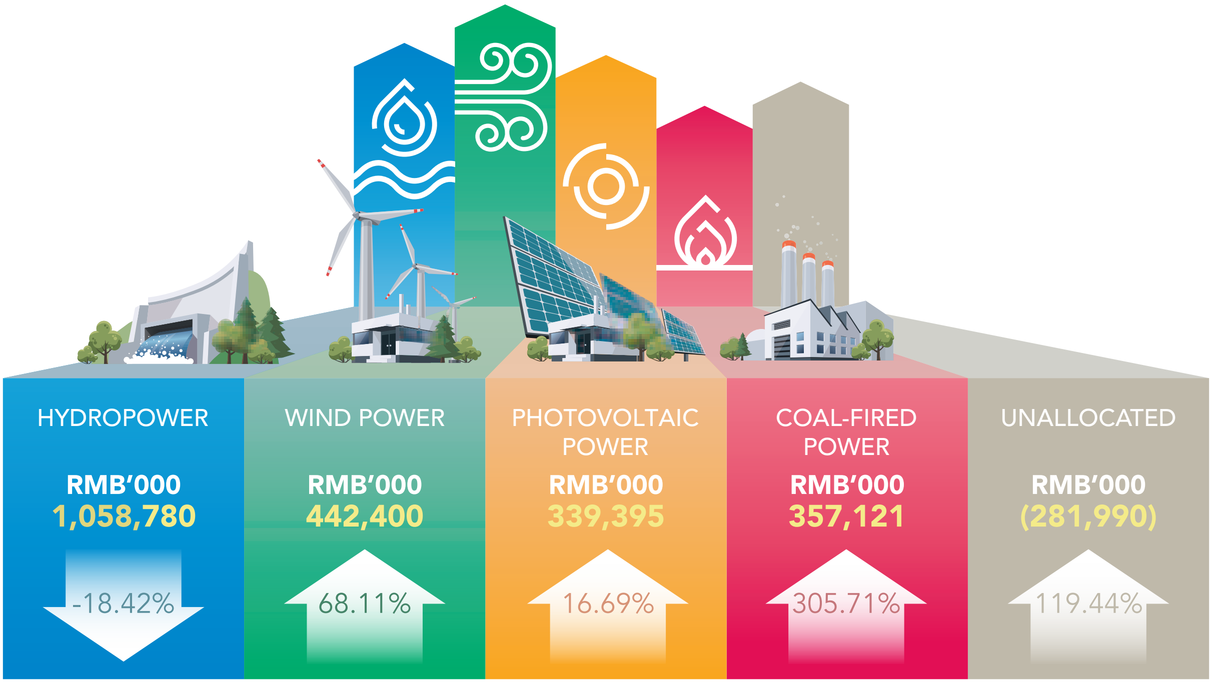
As compared with the first half of 2019, the changes in the average utilization hours of power generating units of each power segment were mainly due to the following factors:

- Hydropower — the decrease in power generation as a result of inadequate rainfall in the river basins where most of the Group's hydropower plants are located during the period.
- Wind power — the higher average utilization hours of the newly operating generating units.
- Photovoltaic power — the results achieved from effective facility operation and management.
- Coal-fired power — the decrease in electricity consumption due to the COVID-19 pandemic and the increase in the consumption of clean energy which squeezed the demand for coal-fired power.

OPERATING RESULTS OF THE FIRST HALF OF 2020

For the first half of 2020, the net profit of the Group amounted to RMB1,915,706,000, representing an increase of RMB104,327,000 or 5.76% as compared with the corresponding period last year.

In the first half of 2020, the net profit (loss) of each business segment and their respective changes over the corresponding period last year were as follows:

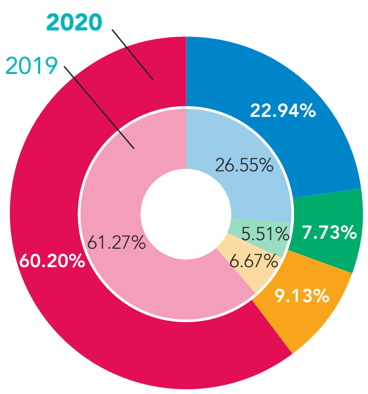


As compared with the first half of 2019, the changes in net profit were mainly due to the following factors:

Revenue

The revenue of the Group was mainly derived from the sales of electricity to regional and provincial power grid companies and provision of power generation, while the Group recognized its revenue when its performance obligations have been satisfied. For the first half of 2020, the Group recorded a revenue of RMB13,055,829,000, representing a decrease of 5.69% as compared with RMB13,843,958,000 of the corresponding period last year.

For the first half of 2020, the details of revenue of each business segment are set out as follows:



	2020 RMB'000	2019 RMB'000	Change
Hydropower	**2,995,129**	3,675,395	-18.51%
Wind power	**1,008,735**	763,026	32.20%
Photovoltaic power	**1,192,065**	923,711	29.05%
Coal-fired power	**7,859,900**	8,481,826	-7.33%
Total	**13,055,829**	13,843,958	-5.69%

The percentage shown in the chart above represents the proportion of each business segment to the total revenue.

Management's Discussion and Analysis

- Revenue from wind power and photovoltaic power increased by RMB514,063,000 in aggregate due to the commencement of commercial operation of various new power generating units and the strengthening clean energy consumption under the national promotion of green development.

- Revenue from hydropower decreased by RMB680,266,000 as a result of the decrease in electricity sales and average on-grid tariff of hydropower as compared with the corresponding period last year.

- Revenue from coal-fired power decreased by RMB621,926,000, which was attributable to the decrease in electricity sales of coal-fired power.

Operating Costs

Operating costs of the Group mainly consist of fuel costs for coal-fired power generation, repairs and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, consumables and other operating expenses.

For the first half of 2020, the operating costs of the Group amounted to RMB9,689,978,000, representing a drop of 6.82% as compared with RMB10,399,704,000 of the corresponding period last year. The decrease in operating costs was mainly due to the net effect of the decline in fuel costs and the increase in depreciation and staff costs.

Total Fuel Costs

The total fuel costs decreased by RMB746,913,000 as a result of the year-on-year decline in coal price and reduced fuel consumption due to the decline in sales of coal-fired power.

Unit Fuel Cost

The average unit fuel cost of the Group's coal-fired power business was RMB197.20/MWh, representing a decrease of 6.77% from that of RMB211.51/MWh of the corresponding period last year.

Depreciation and Staff Costs

Depreciation of property, plant and equipment and the right-of-use assets and staff costs increased by RMB225,082,000 in aggregate as a result of business expansion and addition of power generating units.

Other Gains and Losses and Other Operating Expenses

The net gains of other gains and losses increased by RMB227,192,000, mainly due to the increase in profits on sale of heat, trading of coal, coal by-products, spare parts and others, the gain on disposal of subsidiaries, and the reduction in the impairment loss of assets classified as held for sale as compared with the corresponding period last year.

Other operating expenses reduced by RMB165,511,000, mainly due to the decrease in administrative and selling related expenses, and power and heat generation costs as compared with the corresponding period last year.

Operating Profit

For the first half of 2020, the Group's operating profit was RMB3,786,804,000, representing an increase of 1.94% as compared with the operating profit of RMB3,714,586,000 of the corresponding period last year.

Finance Costs

For the first half of 2020, the finance costs of the Group amounted to RMB1,684,299,000, representing an increase of RMB140,393,000 or 9.09% as compared with the corresponding period last year. The increase in interest expense was mainly due to the rise of debts level.

Share of Results of Associates

For the first half of 2020, the share of results of associates was profits of RMB147,951,000, representing an increase of RMB22,616,000 or 18.04% as compared with the share of profits of RMB125,335,000 of the corresponding period last year. The increase in profits was mainly due to the increase in net profits of the associates engaging in coal-fired power related business as a result of the reduced coal price as compared with the corresponding period last year.

Share of Results of Joint Ventures

For the first half of 2020, the share of results of joint ventures was profits of RMB13,438,000, representing an increase in profits of RMB15,121,000 as compared with the share of losses of RMB1,683,000 of the corresponding period last year. The increase in profits was mainly due to the increase in net profit as a result of the reduced unit fuel cost of Xintang Power Plant (the principal joint venture of the Group engaging in coal-fired power generation and heat supply).

Income Tax Expense

For the first half of 2020, income tax expense of the Group was RMB464,708,000, representing a decrease of RMB87,099,000 as compared with RMB551,807,000 of the corresponding period last year. The decrease was mainly attributable to the decrease in profits of some hydropower plants and the income tax incentives received by Wu Ling Power during the second half of last year.

Interim Dividend

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2020.

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

As at 30 June 2020, the carrying amount of equity instruments at FVTOCI was RMB3,088,305,000, accounting for 2.11% of total assets, including listed equity securities of RMB2,688,362,000 and unlisted equity investments of RMB399,943,000.

Listed equity securities represent the equity interests in Shanghai Power held by the Group. As at 30 June 2020, the Group held 13.88% of the issued share capital of Shanghai Power, the A shares of which are listed on Shanghai Stock Exchange. Fair value of such equity interests decreased by 8.07% as compared with RMB2,924,502,000 as at 31 December 2019.

Unlisted equity investments represent the Group's investment in equity of some unlisted companies principally engaged in financial services, coal production, water supply and electricity trading services respectively. As at 30 June 2020, the aggregate fair value of unlisted equity investments owned by the Group was RMB417,422,000 (including an unlisted equity investment in the PRC as part of a disposal group classified as held for sale), representing a decrease of 8.42% from RMB455,785,000 as at 31 December 2019.

The fair value loss on equity instruments at FVTOCI for the six months ended 30 June 2020 of RMB221,841,000 (net of tax) (2019: gain of RMB150,353,000) was recognized in the interim condensed consolidated statement of comprehensive income.

MATERIAL ACQUISITIONS AND DISPOSALS

In June 2020, Guangxi Company (a wholly-owned subsidiary of the Company) entered into a Joint Venture Agreement with Jilin Electric, CEC and Sinohydro B11 to form a Joint Venture in Guangxi Zhuang Autonomous Region of the PRC. Guangxi Company made contribution by way of both Asset Injection and cash. Guangxi Company used its equity interests in Lingchuan Wind Power, Lingshan Wind Power and Jinzishan Wind Power (all being subsidiaries of Guangxi Company) as its contribution. Upon completing the transfer of equity interests in these three subsidiaries, they ceased to be subsidiaries of the Company. For details, please refer to the announcement of the Company dated 2 July 2020.

Save as disclosed above, the Group did not have any other material acquisition or disposal during the period under review.

EVENT AFTER THE REPORTING PERIOD

On 29 July 2020, Changzhou Hydropower entered into an Equity Transfer Agreement with Guangxi Overseas, pursuant to which Changzhou Hydropower has agreed to sell, and Guangxi Overseas has agreed to acquire the 45% of equity interest of Lingshan Wind Power at a consideration of RMB93,618,000. The Group did not recognize any gain or loss from the equity transfer as the consideration approximated the carrying amount of Lingshan Wind Power as at the transaction date. The carrying amount of Lingshan Wind Power has already been adjusted to its fair value following the transaction described in the section headed "Material Acquisitions And Disposals" above. For details, please refer to the announcement of the Company dated 29 July 2020.

LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

As at 30 June 2020, cash and cash equivalents of the Group were RMB2,049,235,000 (31 December 2019: RMB1,238,290,000). Current assets amounted to RMB9,378,571,000 (31 December 2019: RMB8,352,076,000), current liabilities amounted to RMB36,543,845,000 (31 December 2019: RMB32,436,962,000) and current ratio was 0.26 (31 December 2019: 0.26).

In April 2019, the Company renewed the Financial Services Framework Agreement with SPIC Financial for a term of three years, pursuant to which SPIC Financial has agreed to provide the Group with deposit services, settlement services, loan services and other financial services approved by the CBIRC on a non-exclusive basis. The Annual Cap in respect of the maximum daily balance of deposit (including accrued interests) placed by the Group with SPIC Financial shall not exceed RMB4.2 billion during the term of this Framework Agreement. For the six months ended 30 June 2020, the maximum daily balance of deposit (including accrued interests) placed by the Group with SPIC Financial was approximately RMB4.04 billion.

During the period under review, the Group recorded a net increase in cash and cash equivalents (including cash and cash equivalents as part of a disposal group classified as held for sale) of RMB818,928,000 (2019: RMB464,810,000). For the six months ended 30 June 2020:

- Net cash generated from operating activities amounted to RMB3,589,510,000 (2019: RMB3,173,432,000).

- Net cash used in investing activities amounted to RMB6,456,662,000 (2019: RMB3,757,532,000), which mainly represented the cash outflow in relation to capital expenditure including the Group's payments for property, plant and equipment and prepayments for construction of power plants. The increase in cash outflow, as compared with the corresponding period last year, was mainly attributable to the significant increase in the Group's payment for property, plant and equipment and prepayments for construction of power plants.

- Net cash generated from financing activities amounted to RMB3,686,080,000 (2019: RMB1,048,910,000). The increase in net cash inflow, as compared with the corresponding period last year, was mainly attributable to the significant increase in cash inflow from drawdown of bank borrowings.

Management's Discussion and Analysis

The financial resources of the Group were mainly derived from cash inflow from operating activities, borrowings from banks and related parties, and project financing.

DEBTS

As at 30 June 2020, total debts of the Group amounted to RMB83,458,613,000 (31 December 2019: RMB78,568,268,000). All debts of the Group are denominated in RMB, Japanese Yen ("JPY") or United States Dollars ("USD").

As at 30 June 2020, the Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), was approximately 65% (31 December 2019: approximately 63%). The Group's gearing ratio remained stable.

As at 30 June 2020, the amount of borrowings granted by SPIC Financial was approximately RMB3.83 billion (31 December 2019: approximately RMB3.88 billion).

SIGNIFICANT FINANCING

In May 2020, the Company issued a super & short-term commercial paper in the PRC in a principal amount of RMB500 million, at the interest rate of 2.00% per annum and with a maturity period of 270 days. The proceeds were fully used for repayment of existing borrowings.

CAPITAL EXPENDITURE

For the first half of 2020, the capital expenditure of the Group was RMB8,219,799,000 (2019: RMB5,193,147,000). In particular, the capital expenditure for clean energy segments (hydropower, wind power and photovoltaic power) was RMB5,993,855,000 (2019: RMB2,360,691,000), which was mainly applied for the engineering construction of new power plants and power stations; whereas the capital expenditure for coal-fired power segment was RMB2,042,555,000 (2019: RMB2,776,051,000), which was mainly applied for the engineering construction of new coal-fired power generating units and technical upgrade for the existing power generating units. These expenditures were mainly funded by project financing, funds generated from business operations and borrowings from related parties.

PLEDGE OF ASSETS

As at 30 June 2020, the Group pledged certain property, plant and equipment with a net book value of RMB472,479,000 (31 December 2019: RMB392,981,000) to certain related parties to secure borrowings from related parties in the amount of RMB185,120,000 (31 December 2019: RMB196,820,000). In addition, certain bank borrowings, borrowings from related parties and lease liabilities totaling RMB17,272,236,000 (including bank borrowings as part of a disposal group classified as held for sale) (31 December 2019: RMB20,134,405,000) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings amounted to RMB4,088,423,000 (including accounts receivable as part of a disposal group classified as held for sale) (31 December 2019: RMB3,760,170,000).

CONTINGENT LIABILITIES

As at 30 June 2020, a subsidiary of the Group was named as the defendant in certain legal disputes in relation to relocation compensations. As at the date hereof, the above legal proceedings were still in progress of which the final outcomes cannot be determined at present. The Board considered that the outcome of these outstanding disputes will have no material adverse effect either on the financial position or the operating results of the Group.

Management's Discussion and Analysis

RISK MANAGEMENT

The Group has implemented all-rounded risk management and has established a systematic and comprehensive risk management mechanism and internal control system. It also has a Risk Management Committee which is accountable to the Board and assists the Board in providing leadership, direction and oversight with regard to the overall risk appetite and tolerance and risk management framework of the Group, including risk policies, processes and controls. The Group also has an internal audit department in place for execution and implementation of risk management measures.

Foreign Exchange Risks

The Group principally operates its businesses in Mainland China with most of its transactions settled in RMB. Apart from certain bank borrowings as well as cash and cash equivalents, the Group's assets and liabilities are mainly denominated in RMB. The Group held borrowings denominated in JPY and USD during the period. Higher volatility of RMB exchange rate against JPY and USD increases the exchange risks of the Group, thus affecting its financial position and operating results.

As at 30 June 2020, the Group's borrowings denominated in foreign currencies amounted to RMB3,475,335,000 (31 December 2019: RMB3,371,773,000). The Group will continue to keep track on the exchange rate movements and, if necessary, take responsive measures to avoid excessive foreign exchange risks.

Funding Risks

With the Group's efforts to strengthen its development of all kinds of new power projects, funding adequacy will have an increasing impact on the Group's operations and development. The financing market is affected by a number of factors such as the liquidity of the lending market and the economic environment, which in turn may also affect the effectiveness and costs of the Group's borrowing.

The Group has always leveraged its ability of accessing the Mainland China and overseas markets to optimize its funding sources, increase the credit facilities and lower its financing costs. Various cost-saving and efficiency enhancement initiatives have also been adopted in the Group's business management to reduce administrative and operating expenses. Moreover, the financial services framework agreement with SPIC Financial also facilitates the mitigation of funding risks.

As at 30 June 2020, the Group had sufficient available unutilized financing facilities amounting to RMB34,315,933,000.

Risks Relating to Policy Changes

The cancellation of the coal price and coal-fired power tariff linkage mechanism (煤電價格聯動機制) since January 2020 has promoted the marketization of coal-fired power transactions. It is expected that the coal-fired power tariff will be further affected by the market conditions and the supply and demand of coal, as well as the results of negotiation or the competitive bidding between both parties of power supply and demand.

In March 2020, the National Energy Administration published the Notice on the Issues Related to the Construction of Wind Power and Photovoltaic Power Projects in 2020 (《關於2020年風電、光伏發電項目建設有關事項的通知》) to give priority to promoting the construction of wind power and photovoltaic power grid parity projects without subsidies, pursuant to which, those wind power and photovoltaic power projects which are either already grid-connected or still in the process of applying national subsidies within the approved effective term are strategically encouraged to transform into grid parity projects voluntarily, with a view to accelerating the progress of grid parity.

In April 2020, the National Development and Reform Commission published the Draft for Solicitation of Comments regarding the tariffs for power supply industry, with a view to gradually canceling the official tariffs for industrial and commercial use, among which, the tariffs will be determined by the market force and the tariffs for power transmission and distribution will be approved by the government and under its stringent control. It is expected that such measure will deepen the system reform of the power industry, thereby leading to more market-oriented electricity tariffs. From the perspective of the development of the electricity market, such measure will further reduce or even remove the market entry barrier, which will encourage more entities to participate in market-driven transactions.

Risks and Prevention and Control of COVID-19

In the past six months, COVID-19 pandemic became the new and highest risk facing by the globe. Under its impact, the growth of national total electricity consumption throughout China has slowed down. It is foreseen the annual growth rate would fall by approximately 2%. According to The China Electricity Council, the growth rate of coal-fired power generation in Hubei Province and Anhui Province, where the pandemic outbreak was relatively severe, for the first half of the year was -17.4% and -10.5% respectively.

In terms of operations, as certain coal-fired power plants of the Group are located in the above two provinces, their electricity sold recorded a similar year-on-year decrease to some extent. Coupled with the delay in progress of varying degrees of the Group's projects in construction under the pandemic impact, pressure was posed to the operating revenue of the Group for the year. However, we anticipate it will not have any material adverse effects on the overall results of the Group.

In addition, the demand and supply, transportation and import business in respect of the fuel market are affected by the pandemic, particularly the import of coal is under strict control. Together with the regional control of varying extents on various areas, transportation of coal is further restricted, thereby posing new challenges to the coal inventory management and safe production of the Group. Thanks to the more relaxing balance of supply and demand for coal in the regions where the operation of the Group is located as compared with the corresponding period last year, the Group has capitalized on the opportunities favoring procurement to increase its coal reserve at staggered peaks. The average unit fuel cost was thus reduced and the fuel costs was curbed significantly.

In terms of finances, currently the Group has sufficient available unutilized financing facilities. Furthermore, the counterparties of our electricity sales are mainly regional and provincial power grid companies, which have robust financial strength and good reputation. As such, counterparty default rates of the Group are extremely low despite the pandemic, and we do not expect any risk associated with the cash flow and bad debts of the Group arising therefrom. However, the pandemic has posed a certain downward pressure on the domestic and global economy. It is expected the interest rates and exchange rates would be affected to different degrees accordingly in the future. We will closely monitor and timely control the financing costs.

In response to the impact of the sudden pandemic outbreak on the economy and the demand for electricity, the Group has conducted a comprehensive analysis and formulated measures to meet our performance targets so as to focus on efforts such as marketing of electricity and management of coal procurement. Besides, the Group has made timely assessment on the uncertainties arising from the pandemic over the contract performance in relation to the construction projects, actively designed and implemented the epidemic prevention and control measures to lay the foundation for the sustainably better operating results of the Group. Currently, the epidemic prevention and control measures have already gained phased achievements in China. Nevertheless, various pandemic related potential risks still exist. The Group will normalize the epidemic prevention and control measures, all in a bid to ensure health of its employees and stability of the workforce, and hence facilitating the implementation of various operational tasks as planned.

Management's Discussion and Analysis

SOCIAL AND ENVIRONMENTAL GOVERNANCE

Operational Safety

In response to the outbreak of the COVID-19 pandemic, the Group promptly adopted comprehensive measures to enhance protection of the health and safety of its employees. These measures include special work arrangement, such as reducing non-essential office work, implementing work-from-home and flexible working hour arrangements, and providing necessary protective equipment and hosting online seminars on epidemic prevention for its employees. Moreover, catering for the personal needs of its employees and their families, the Group also provided supporting services for their physical and psychological well-being, and expressed love and care to each of its employees through letter of condolences, consolation money, video teleconferences, home visits and other means.

In summer this year, China faced huge pressure on flood control given the exceptionally critical condition of flooding along the Yangtze River. During the flood seasons, Wu Ling Power strengthened its management and control on flooding and established alert mechanism for typhoons, rainstorms and mudslides to closely monitor hazards arising from rainfall, flooding and geological conditions. By taking full advantages of its power system in terms of overall basin organization and dispatch management, it has effectively reduced risks relating to natural disasters and safeguarded the production safety of power plants in the river basins, thus has been effectively fulfilling its social responsibilities and achieving the win-win situation of both flood prevention and power generation at the same time.

For the first half of 2020, no material accident in the aspects of employees, facilities and environmental protection occurred in the Group.

During the period under review, all operating power plants over which the Group has operational control complied with the relevant PRC production safety regulations. No fines or charges were imposed on the Group due to violation of regulations.

Human Resources

The Group has put great emphasis on the establishment of the performance appraisal, rewarding and punishment mechanism for all employees. It determines the emoluments of its directors and employees based on their respective performance, working experience, duties of the position, and the remuneration system of the Company's parent companies as well as the prevailing market conditions. The Group has also implemented an incentive policy with performance-linked emoluments.

As at 30 June 2020, the Group had a total of 10,337 (2019: 10,230) full-time employees.

During the period under review, all business units over which the Group has operational control complied with the local labor laws. No fines or charges were imposed on the Group due to violation of regulations.

Energy Saving

The Group has always been placing a great emphasis on environmental protection from the perspective of sustainable corporate development, vigorously promoting energy saving and emission reduction, conscientiously fulfilling its social responsibilities and actively responding to global climate change.

The net coal consumption rate of the Group was 302.05g/kWh, representing a slight increase of 0.58g/kWh as compared with the corresponding period last year. The net coal consumption rate remained at a relatively low level.

Emission Reduction

In active response to the policy of "Action Plan of the Upgrade and Renovation of Energy Saving and Emission Reduction of Coal-fired Units (2014–2020) (煤電節能減排升級與改造行動計劃 (2014–2020年))" promulgated by the PRC government, the Group has strengthened the environmental control and rectification measures for its coal-fired power generating units. Currently, more than 90% of the operating coal-fired power generating units have met the standards of ultra-low-emission.

For the first half of 2020, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2019: 100%), and the efficiency ratio of desulphurization was 99.29% (2019: 99.34%); the operational ratio of denitration facilities reached 100% (2019: 99.99%) and the efficiency ratio of denitration reached 88.70% (2019: 89.79%).

During the period under review, the environmental protection indicators for coal-fired power generating units were as follows:

- the emission rate of sulphur dioxide (SO_2) at 0.090g/kWh, representing an increase of 0.022g/kWh as compared with the corresponding period last year;

- the emission rate of nitrogen oxide (NO_x) at 0.156g/kWh, representing an increase of 0.035g/kWh as compared with the corresponding period last year; and

- the emission rate of flue gas and dusts at 0.009g/kWh, representing an increase of 0.002g/kWh as compared with the corresponding period last year.

Three environmental protection indicators recorded an increase as compared to the corresponding period last year, which was mainly attributable to the higher average emission rate resulting from the commencement of commercial operation of two 660MW generating units that have not yet met the ultra-low emission standard. The Group has carried out technological research on the ultra-low emission upgrade for these two generating units and recommended optimization projects for all generating units in advance in order to improve the production efficiency.

During the period under review, all the power plants over which the Group has operational control complied with the relevant PRC environmental protection regulations. No fines or charges were imposed on the Group due to violation of regulations.

OUTLOOK FOR THE SECOND HALF OF 2020

According to the preliminary statistics of the National Bureau of Statistics, the national GDP declined by 1.6% year-on-year during the first half of the year. Under the adverse impact of the continuous epidemic spread overseas, the progress of globalization was seriously disrupted. Economic and trade frictions as well as other non-economic factors have affected the relationship between the United States and China and added a number of uncertainties to the development of the Chinese economy. With the lingering impacts of the pandemic in the second half of the year, the growth of the global economy will inevitably slow down with persisting downside risks.

In China, according to the forecast of The China Electricity Council, the growth of power consumption will rebound significantly and the total national power consumption is expected to grow by approximately 6% in the second half of the year, representing a year-on-year growth of annual national power consumption of around 2% to 3%.

Management's Discussion and Analysis

The priorities of the Group for the second half of the year mainly include the following:

Improving operation and management standards comprehensively — Firstly, the Group will continue to strenuously expand the electricity consumption channels by actively coordinating with power grid companies, all in a bid to improve structural power curtailment and realize the concept of "Every Watt Counts" by broadening the channels for cross-province outbound power transmission. Secondly, the Group will comprehensively improve the production management system of renewable energy by conducting research and analysis on the relevant policies, and participate in the bidding of quality grid parity projects and competitive-bidding projects in various regions. Thirdly, leveraging the opportunities arising from the entrusted management of overseas assets of the parent company, the Group will gather more experience in the management of overseas assets, based on which it will comprehensively enhance its multi-national operation capabilities and explore opportunities for business development overseas.

Accelerating structural transformation and upgrade of the industry — The Group will remain committed to the development and transformation towards clean, integrated and smart energy. While focusing on its existing business operation, the Group will also make deployment for investment and development in the long run, strive to improve the industry layout and create synergy by optimizing the structure and highlighting its own strengths. More efforts will be made to develop zero-carbon green base, intensively explore integrated energy utilization of "coal-fired power, wind power and photovoltaic power energy storage" and accelerate the construction of the million kW photovoltaic power generation base.

Increasing inputs for technological innovation — The Group will facilitate in-depth integration of energy technologies and information/internet technologies to combine technologies such as big data, cloud computing, Internet of Things, mobile network and artificial intelligence. By integrating resources of upstream and downstream customers through internet platforms, the Group will effectively align the energy supply and demand and maintain interactive and balanced power supply and demand, thereby gradually establishing an integrated smart energy control and adjustment system and integrated big database of smart energy to promote the development of integrated smart energy platform.

Deepening reform of systems and mechanisms — The Group will fully launch the requirements for the arrangement of "dual benchmark and dual incentive" for employees' performance appraisal by using the "Plan-Budget-Appraisal-Incentives" management system and mechanism to encourage all business units to achieve breakthroughs in their respective benchmarking areas and their own performance benchmarks. The use of such system will increase the positive incentives for and boost motivation and vitality of the business units, at the same time demonstrating the potential and efficiency of their operations.

Continuing to duly fulfill corporate social responsibilities — Currently, the epidemic prevention and control measures have already gained phased achievements in China. However, there are still pressure from overseas imported cases and spread of virus in the local communities. The Group will continue to closely monitor the works in relation to epidemic prevention and control, normalize the prevention and control mechanisms and measures to constantly enhance the efficiency of its efforts in containing the epidemic spread, all in a bid to ensure physical and psychological well-being of its employees, stable workforce, and hence maintaining stable and sound production and operation standards on an ongoing basis.

Corporate Governance

China Power believes that good corporate governance is an essential element in enhancing and safeguarding the interests of shareholders and other stakeholders, and is vital to the healthy and sustainable development of the Group. The Company commits to maintaining a high level of corporate governance by adopting and applying good corporate governance principles and practices. The Company has formed a standardized governance structure and has in place an effective risk management and internal control system.

The Group's corporate governance has been fully disclosed in the "Corporate Governance Report" of the Company's annual report 2019. Save for the code provision of A.2.1 (as specified below), the Company has complied with all the provisions of Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2020.

Under the CG Code provision A.2.1, the role of both the chairman and chief executive should be separated and should not be performed by the same individual. Mr. Tian Jun served as both the Chairman of the Board and the President (being the chief executive) of the Company during the period under review. The Board considered that the balance of authority has adequately ensured by the composition of the Board which comprises high-calibre individuals, with whom two being non-executive Directors and three being independent non-executive Directors. Also, the Executive Committee under the Board consists of all the vice presidents of the Company who possess rich knowledge and experience in different professional fields to assist the President of the Company in making decisions about the daily business management and operations of the Group. The Board believed appropriate power checks and balances have been put in place to safeguard the interests of the Group and the Company's shareholders as a whole.

CHANGES IN DIRECTORATE AND UPDATED DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directorate and updated information of the Directors that required to be disclosed since the date of the annual report 2019 until the date of this Report are as follows:

- Mr. Tian Jun ceased to hold the position as the President of the Company with effect from 28 July 2020; and

- Mr. He Xi was appointed as an executive Director, the President of the Company and a member of the Executive Committee with effect from 28 July 2020.

Subsequent to the above changes, the Company has been in compliance with the CG Code provision of A.2.1 with regard to the separating the roles of chairman and chief executive.

Mr. Tian Jun was appointed as the director of China Power International Holding Limited ("CPI Holding"), the controlling shareholder of the Company, while Mr. Guan Qihong and Mr. Wang Xianchun resigned as the directors of CPI Holding respectively with effect from 25 March 2020.

Mr. Kwong Che Keung, Gordon retired as an independent non-executive director of Global Digital Creations Holdings Limited which is listed on the GEM Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") with effect from 22 May 2020. Mr. Kwong was appointed as an independent non-executive director of COSCO Shipping International (Hong Kong) Co., Ltd. which is listed on the Main Board of the Hong Kong Stock Exchange with effect from 9 July 2020.

Save as disclosed above, there had been no other changes in the composition of the Board and the Board Committees as set out in the annual report 2019 during the reporting period and up to the date of this Report.

Corporate Governance

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by the Directors (the "Code of Conduct"), the terms of which are no less than the requirements of Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to each of the Directors, they all confirmed that they have fully complied with the Code of Conduct throughout the six months ended 30 June 2020.

FINANCIAL REPORTING

The Audit Committee has reviewed the accounting principles adopted by the Group and the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2020.

The Company has engaged Ernst & Young to perform a review on the Group's interim condensed consolidated financial statements for the six months ended 30 June 2020, and the "Independent Review Report" is set out on page 25.

RISK MANAGEMENT AND INTERNAL CONTROL

For the six months ended 30 June 2020, the Company has strictly complied with the relevant provisions of the CG Code regarding the risk management and internal control. Our works done in this respect during the period, amongst others, included the following:

Containing the epidemic spread as well as completing the annual audit on time successfully. In our best endeavor to complete the annual audit for the financial year 2019 amid the pandemic, the Company was at the forefront of setting up a "Remote Audit Expert Pool" in February in order to commence remote internal audit work. Regarding the audit center established in 2019, in view of strengthening the audit-related talent team, we have completed the internal recruitment of appropriate positions for the audit center. During the first half of the year, the audit center was put into official operation, the new audit information system has provided remote online access as scheduled, laying the foundation for the transformation and upgrade of internal audit and full audit coverage.

Preventing and eliminating major risks in concerted efforts. In conjunction with the post-epidemic risk management, the Company organized and commenced its efforts in major risks prevention and elimination on monthly basis. We continued to persist in the concept of incorporating the risk management efforts into our corporate strategies and performance management. Major risks were analyzed in details with responsibilities assigned to individuals. Employees' awareness of personal responsibility was enhanced and risk prevention response measures were refined, thereby further consolidating the comprehensive risk management system that integrated hierarchical management and control with the "three lines of defence".

Strengthening the post-evaluation works of project investment. In the first half of the year, the Company organized and carried out diagnosis of investments in new energy projects and launched its efforts in post-evaluation of investment in summary on projects which had completed construction and commenced operation during 2016 to 2019. We completed the collection and overall compilation of project information and the self-assessment of each business unit in terms of the project investments. At the same time, coupling with the closed-loop management on the risks involved with investment projects, those investment projects tabled on the investment decision meetings have been under monthly review and evaluation. Analysis and tracking were also conducted according to their comprehensive risk assessment reports and risk responses so as to strengthen the dynamic risk management on investment projects.

Commencing to build the system for accountability relating to non-compliant operations and investments as a norm. In the first half of the year, the Company hosted online seminars on the accountability relating to non-compliant operations and investments. We systematically publicized and implemented the spirit of accountability for non-compliant operations and investments, and completed the tasks of soliciting accountability trails and related filing and reporting ledgers as scheduled.

In addition, the Internal Audit Department also took appropriate measures to review and inspect quarterly the implementation of the Group's existing continuing connected transactions. For the six months ended 30 June 2020, each of the relevant companies of the Group had strictly monitored the agreed prices and terms of the various continuing connected transactions in the actual course of business operations and did not exceed the respective annual caps disclosed.

INVESTOR RELATIONS

The shareholders and investors are informed of the latest business performance and development of the Group by means of various communication channels, including the Company's website at www.chinapower.hk, the annual and interim reports, the quarterly announcement on the Group's electricity sold and other announcements on the Group's key business development.

In the first half of 2020, the Group organized the results press conference right after the publication of its annual results 2019. Under the exceptional condition caused by the COVID-19 pandemic, the results press conference was held online. At the same time, we also launched online roadshows to coordinate with the announcement of the annual results and promote the Company's established strategies and development prospects to the market.

In addition, the Company participated in various investors' activities via teleconference and other online tools during the first half of the year. The investor relations team met and communicated with more than 40 personnel from investment institutions and maintained the activities of answering the telephone consultations from investors on a daily basis, which minimized the impact of the epidemic on the Company's investor relations work and maintained good communication.

SHARE OPTION SCHEME

At present, the Company has no share option scheme.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2020, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO") which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2020, save as disclosed below, no person, not being a Director nor chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which should be recorded in the register kept under Section 336 of the SFO.

Corporate Governance

Name	Capacity	Number of shares in which interested other than under equity derivatives[4]	Percentage of issued share capital of the Company %	Long/short position
SPIC International Finance (Hong Kong) Company Limited ("SPIC Finance HK")	Beneficial owner	392,275,453	4.00	Long
China Power Development Limited ("CPDL")	Beneficial owner	2,662,000,000	27.14	Long
Seth Holdings Corporation Limited ("Seth Holdings")[1]	Interest of a controlled corporation	2,662,000,000	27.14	Long
CPI Holding[2]	Interest of a controlled corporation	2,662,000,000	27.14	Long
	Beneficial owner	2,833,518,060	28.89	Long
State Power Investment Corporation Limited ("SPIC")[3]	Interest of controlled corporations	5,887,793,513	60.04	Long

Notes:

(1) On 28 December 2017, CPDL had made an issue of non-voting convertible preferred shares to Seth Holdings pursuant to an agreement entered into between Seth Holdings, CPI Holding and CPDL. If those non-voting convertible preferred shares were fully converted into ordinary shares, Seth Holdings would hold approximately 33.48% of the voting rights in CPDL. As a result of the agreement, Seth Holdings became a beneficial owner of CPDL and therefore Seth Holdings is deemed to be interested in the shares of the Company owned by CPDL for the purposes of the SFO.

(2) CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in the shares of the Company owned by CPDL for the purposes of the SFO.

(3) SPIC is the beneficial owner of CPI Holding and SPIC Finance HK, and therefore SPIC is deemed to be interested in the shares of the Company owned by CPI Holding and SPIC Finance HK for the purposes of the SFO.

(4) Save as disclosed above, SPIC, CPI Holding, Seth Holdings, CPDL and SPIC Finance HK do not have any interest in the equity derivatives of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2020.

PUBLIC FLOAT

As at the date of this Report, based on public information available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float, being no less than 25% of the Company's number of shares in issue as required under the Listing Rules.

Independent Review Report

EY 安永

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真:+852 2868 4432
ey.com

To the board of directors of China Power International Development Limited
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 72, which comprises the interim condensed consolidated statement of financial position of China Power International Development Limited (the "Company") and its subsidiaries (collectively, the "Group") as at 30 June 2020 and the related interim condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
27 August 2020

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2020

	Note	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	3	13,055,829	13,843,958
Other income	4	101,301	177,872
Fuel costs		(4,730,481)	(5,477,394)
Depreciation		(2,558,427)	(2,367,208)
Staff costs		(1,169,430)	(1,135,567)
Repairs and maintenance		(318,828)	(320,970)
Consumables		(130,868)	(151,110)
Other gains and losses, net	5	319,652	92,460
Other operating expenses	6	(781,944)	(947,455)
Operating profit	7	3,786,804	3,714,586
Finance income	8	116,520	68,854
Finance costs	8	(1,684,299)	(1,543,906)
Share of results of associates		147,951	125,335
Share of results of joint ventures		13,438	(1,683)
Profit before taxation		2,380,414	2,363,186
Income tax expense	9	(464,708)	(551,807)
Profit for the period		1,915,706	1,811,379
Attributable to:			
Owners of the Company		1,172,986	976,735
Non-controlling interests		742,720	834,644
		1,915,706	1,811,379
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic and diluted	10	0.12	0.10

The notes on pages 33 to 72 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Note	**RMB'000**	RMB'000
		(unaudited)	(unaudited)
Profit for the period		**1,915,706**	1,811,379
Other comprehensive income/(expense):			
Item that will not be reclassified to profit or loss:			
Fair value (loss)/gain on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	13	**(221,841)**	150,353
Item that may be reclassified subsequently to profit or loss:			
Fair value loss on debt instruments at FVTOCI, net of tax		**(1,481)**	(1,615)
Other comprehensive (expense)/income for the period, net of tax		**(223,322)**	148,738
Total comprehensive income for the period		**1,692,384**	1,960,117
Attributable to:			
Owners of the Company		**955,113**	1,129,440
Non-controlling interests		**737,271**	830,677
Total comprehensive income for the period		**1,692,384**	1,960,117

The notes on pages 33 to 72 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	102,867,621	99,044,926
Right-of-use assets	12	6,026,391	6,685,104
Prepayments for construction of power plants	12	5,078,292	5,155,703
Goodwill		1,187,214	1,187,214
Other intangible assets		1,023,160	1,054,130
Interests in associates		3,010,794	2,780,410
Interests in joint ventures		1,084,212	550,774
Equity instruments at FVTOCI	13	3,088,305	3,362,808
Deferred income tax assets		762,946	719,142
Restricted deposits		1,803	11,800
Other non-current assets	14	8,178,946	6,758,646
		132,309,684	127,310,657
Current assets			
Inventories		628,528	689,862
Accounts receivable	15	3,109,863	3,412,791
Prepayments, deposits and other receivables		2,069,019	2,282,625
Amounts due from related parties	30	1,088,988	506,557
Tax recoverable		80,624	82,283
Debt instruments at FVTOCI	16	325,727	112,418
Restricted deposits		26,587	27,250
Cash and cash equivalents		2,049,235	1,238,290
		9,378,571	8,352,076
Assets associated with a disposal group classified as held for sale	17	4,432,257	4,626,965
Total assets		146,120,512	140,289,698
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	18	17,268,192	17,268,192
Reserves	19	12,732,101	13,051,883
		30,000,293	30,320,075
Non-controlling interests		14,638,720	14,813,134
Total equity		44,639,013	45,133,209

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
LIABILITIES			
Non-current liabilities			
Deferred income		69,733	70,722
Bank borrowings	20	22,077,202	22,547,366
Borrowings from related parties	21	28,805,492	26,444,744
Other borrowings	22	4,000,000	4,000,000
Lease liabilities	23	3,456,149	3,740,809
Deferred income tax liabilities		1,686,489	1,743,183
Provisions for other long-term liabilities	24	1,893,669	1,074,477
		61,988,734	59,621,301
Current liabilities			
Accounts and bills payables	25	1,299,306	874,076
Construction costs payable		6,082,035	6,172,925
Other payables and accrued charges		1,852,419	1,678,192
Amounts due to related parties	30	1,815,306	1,680,820
Bank borrowings	20	15,272,250	11,333,147
Borrowings from related parties	21	8,782,621	9,292,725
Other borrowings	22	535,000	528,000
Lease liabilities	23	529,899	681,477
Tax payable		375,009	195,600
		36,543,845	32,436,962
Liabilities associated with a disposal group classified as held for sale	17	2,948,920	3,098,226
Total liabilities		101,481,499	95,156,489
Total equity and liabilities		146,120,512	140,289,698
Net current liabilities		25,681,937	22,556,147
Total assets less current liabilities		106,627,747	104,754,510

The notes on pages 33 to 72 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company					
	Share capital (Note 18) RMB'000	Other reserves (Note 19) RMB'000	Retained earnings (Note 19) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020 (audited)	17,268,192	5,562,012	7,489,871	30,320,075	14,813,134	45,133,209
Profit for the period	–	–	1,172,986	1,172,986	742,720	1,915,706
Other comprehensive income/(expense):						
Fair value loss on equity instruments at FVTOCI, net of tax	–	(216,854)	–	(216,854)	(4,987)	(221,841)
Fair value loss on debt instruments at FVTOCI, net of tax	–	(2,642)	–	(2,642)	(759)	(3,401)
Release on derecognition of debt instruments at FVTOCI, net of tax	–	1,623	–	1,623	297	1,920
Total comprehensive income for the period	–	(217,873)	1,172,986	955,113	737,271	1,692,384
Loss of control over subsidiaries (Note 29)	–	–	–	–	(294,141)	(294,141)
Contributions from non-controlling interests	–	–	–	–	177,873	177,873
Acquisition of non-controlling interests (note)	–	–	–	–	(76,793)	(76,793)
Dividends paid to non-controlling interests	–	–	–	–	(718,624)	(718,624)
2019 final dividend	–	–	(1,274,895)	(1,274,895)	–	(1,274,895)
Total transactions recognized directly in equity	–	–	(1,274,895)	(1,274,895)	(911,685)	(2,186,580)
At 30 June 2020 (unaudited)	17,268,192	5,344,139	7,387,962	30,000,293	14,638,720	44,639,013

Note:

During the six months ended 30 June 2020, the Group acquired a non-controlling interest in Hunan Wuhua Hotel Co., Ltd.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to owners of the Company					
	Share capital (Note 18) RMB'000	Other reserves (Note 19) RMB'000	Retained earnings (Note 19) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019 (audited)	17,268,192	5,254,065	7,427,661	29,949,918	12,899,114	42,849,032
Profit for the period	–	–	976,735	976,735	834,644	1,811,379
Other comprehensive income/(expense):						
Fair value gain/(loss) on equity instruments at FVTOCI, net of tax	–	153,412	–	153,412	(3,059)	150,353
Fair value loss on debt instruments at FVTOCI, net of tax	–	(2,860)	–	(2,860)	(1,404)	(4,264)
Release on derecognition of debt instruments at FVTOCI, net of tax	–	2,153	–	2,153	496	2,649
Total comprehensive income for the period	–	152,705	976,735	1,129,440	830,677	1,960,117
Acquisition of subsidiaries	–	–	–	–	257,641	257,641
Contributions from non-controlling interests	–	–	–	–	89,797	89,797
Disposal of interests in subsidiaries without loss of control (Note 19)	–	127,349	–	127,349	403,717	531,066
Dividends paid to non-controlling interests	–	–	–	–	(371,407)	(371,407)
2018 final dividend	–	–	(1,078,757)	(1,078,757)	–	(1,078,757)
Total transactions recognized directly in equity	–	127,349	(1,078,757)	(951,408)	379,748	(571,660)
At 30 June 2019 (unaudited)	17,268,192	5,534,119	7,325,639	30,127,950	14,109,539	44,237,489

The notes on pages 33 to 72 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Note	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Cash flows from operating activities			
Cash generated from operations	32	5,567,782	5,030,405
Interest paid		(1,772,289)	(1,596,909)
Income tax paid		(205,983)	(260,064)
Net cash generated from operating activities		3,589,510	3,173,432
Cash flows from investing activities			
Payments for property, plant and equipment and prepayments for construction of power plants		(6,543,627)	(4,186,097)
Payments for right-of-use assets		(129,961)	(61,407)
Proceeds from disposal of property, plant and equipment		69,761	8,595
Net cash outflow on disposal of subsidiaries, net of cash		(10,735)	–
Net cash outflow on acquisitions of subsidiaries		–	(115,574)
Investments in an associate		(60,000)	(10,000)
Investments in a joint venture		(27,646)	–
Repayment from related parties		–	449,650
Advance to related parties		–	(184,000)
Purchase of equity instruments at FVTOCI		(4,511)	–
Asset-related government grants received		440	–
Dividends received		227,356	262,816
Interest received		21,598	68,854
Increase in restricted deposits		–	(226)
Decrease in restricted deposits		663	9,857
Net cash used in investing activities		(6,456,662)	(3,757,532)
Cash flows from financing activities			
Drawdown of bank borrowings		11,781,999	7,575,604
Drawdown of other borrowings		510,000	3,000
Drawdown of borrowings from related parties		10,507,366	14,515,784
Contributions from non-controlling interests		177,873	89,797
Repayment of bank borrowings		(8,110,753)	(8,479,895)
Repayment of borrowings from related parties		(7,851,993)	(9,261,188)
Repayment of other borrowings		(503,000)	(1,000,000)
Payments for leases liabilities		(916,753)	(1,607,456)
Dividend paid		(1,274,895)	(1,079,241)
Dividends paid to non-controlling interests		(633,764)	(238,561)
Proceeds from disposal of interests in subsidiaries without loss of control		–	531,066
Net cash generated from financing activities		3,686,080	1,048,910
Net increase in cash and cash equivalents		818,928	464,810
Cash and cash equivalents at the beginning of the period		1,239,057	1,855,235
Exchange losses, net		(2,375)	(17,191)
Cash and cash equivalents at the end of the period (note)		2,055,610	2,302,854

Note:

As at 30 June 2020, cash and cash equivalents included cash and cash equivalents classified as part of a disposal group classified as held for sale of RMB6,375,000 (Note 17) (30 June 2019: RMB2,246,000).

The notes on pages 33 to 72 are an integral part of these interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

(a) The interim condensed consolidated financial statements of China Power International Development Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the six months ended 30 June 2020 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2019 as well as with the applicable disclosure requirements of the Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(b) The financial information relating to the year ended 31 December 2019 that is included in these interim condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

- The Company's then auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(c) The interim condensed consolidated financial statements are prepared on a going concern basis, details of which are set out in Note 27.1. They are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and have been approved by the board of Directors (the "Board") on 27 August 2020.

(d) The interim condensed consolidated financial statements have not been audited.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time in the current period.

Application of new and amendments to HKFRSs

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

Notes to the Interim Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The nature and impact of the revised HKFRSs are described below:

Amendments to HKFRS 3: *Definition of a Business*

The amendment to HKFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7: *Interest Rate Benchmark Reform*

The amendments to HKFRS 9, HKAS 39 and HKFRS 7 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendment to HKFRS 16: *Covid-19-Related Rent Concessions*

The amendment to HKFRS 16 provides relief to lessees from applying the HKFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors. As a practical expedient, a lessee may elect not to assess whether a Covid-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the such rent concession the same way it would account for the change under HKFRS 16, if the change were not a lease modification. The Group has early adopted and assessed the impact of this amendment and concluded that it did not have any material impact on the Group's interim condensed consolidated financial statements.

Amendments to HKAS 1 and HKAS 8: *Definition of Material*

The amendments to HKAS 1 and HKAS 8 provide a new definition of material that states: "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

These amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The above amendments had no material impact on the interim condensed consolidated financial statements of the Group.

Notes to the Interim Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION

Revenue recognized during the period is as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Types of goods:		
Sales of electricity to regional and provincial power grid companies (note (a))	**13,018,686**	13,828,543
Provision of power generation (note (b))	**37,143**	15,415
	13,055,829	13,843,958
Timing of revenue recognition:		
At a point in time	**13,055,829**	13,843,958

Notes:

(a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the PRC, and some of these tariff rates followed the market-oriented price mechanism.

(b) Provision of power generation represents incomes from the provision of power generation to other companies in the PRC which are calculated based on mutually agreed terms.

Segment information

The chief operating decision maker has been identified as the Executive Directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from equity instruments at FVTOCI. Other information provided to the CODM is measured in a manner consistent with that in these interim condensed consolidated financial statements.

Segment assets exclude equity instruments at FVTOCI, deferred income tax assets and corporate assets, which are managed on a centralized basis.

Segment liabilities exclude deferred income tax liabilities, tax payable and corporate liabilities, which are managed on a centralized basis.

Notes to the Interim Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Six months ended 30 June 2020 (unaudited)						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue							
Sales of electricity	7,827,768	2,995,129	1,008,735	1,187,054	13,018,686	–	13,018,686
Provision of power generation	32,132	–	–	5,011	37,143	–	37,143
	7,859,900	2,995,129	1,008,735	1,192,065	13,055,829	–	13,055,829
Segment results	1,013,094	1,717,786	637,590	631,943	4,000,413	–	4,000,413
Unallocated income	–	–	–	–	–	85,657	85,657
Unallocated expenses	–	–	–	–	–	(299,266)	(299,266)
Operating profit/(loss)	1,013,094	1,717,786	637,590	631,943	4,000,413	(213,609)	3,786,804
Finance income	3,322	19,346	12,168	78,205	113,041	3,479	116,520
Finance costs	(606,745)	(452,860)	(185,822)	(361,760)	(1,607,187)	(77,112)	(1,684,299)
Share of results of associates	108,946	–	–	10,014	118,960	28,991	147,951
Share of results of joint ventures	17,151	–	–	(5)	17,146	(3,708)	13,438
Profit/(loss) before taxation	535,768	1,284,272	463,936	358,397	2,642,373	(261,959)	2,380,414
Income tax expense	(178,647)	(225,492)	(21,536)	(19,002)	(444,677)	(20,031)	(464,708)
Profit/(loss) for the period	357,121	1,058,780	442,400	339,395	2,197,696	(281,990)	1,915,706
Other segment information							
Capital expenditure							
— Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	2,042,555	183,619	3,379,251	2,430,985	8,036,410	183,389	8,219,799
Depreciation of property, plant and equipment	930,717	733,728	339,098	354,139	2,357,682	16,146	2,373,828
Depreciation of right-of-use assets	58,558	26,763	5,855	73,872	165,048	19,551	184,599
Amortization of other intangible assets	–	–	–	30,970	30,970	–	30,970
(Gain)/loss on disposal of property, plant and equipment, net	(7,361)	(46)	5,334	(10,344)	(12,417)	(9)	(12,426)
Gain on disposal of subsidiaries (pre-tax) (Note 29)	–	(715)	(32,017)	–	(32,732)	–	(32,732)

Notes to the Interim Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	As at 30 June 2020 (unaudited)						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets							
Other segment assets	40,333,677	38,082,748	24,948,394	26,194,634	129,559,453	–	129,559,453
Assets associated with disposal group classified as held for sale	4,432,257	–	–	–	4,432,257	–	4,432,257
Goodwill	67,712	872,865	–	246,637	1,187,214	–	1,187,214
Interests in associates	2,160,733	12,000	190,120	158,510	2,521,363	489,431	3,010,794
Interests in joint ventures	427,242	–	–	55,472	482,714	601,498	1,084,212
	47,421,621	38,967,613	25,138,514	26,655,253	138,183,001	1,090,929	139,273,930
Equity instruments at FVTOCI	–	–	–	–	–	3,088,305	3,088,305
Deferred income tax assets	–	–	–	–	–	762,946	762,946
Other unallocated assets	–	–	–	–	–	2,995,331	2,995,331
Total assets per interim condensed consolidated statement of financial position	47,421,621	38,967,613	25,138,514	26,655,253	138,183,001	7,937,511	146,120,512
Segment liabilities							
Other segment liabilities	(5,845,917)	(3,560,006)	(3,064,204)	(4,069,474)	(16,539,601)	–	(16,539,601)
Liabilities associated with disposal group classified as held for sale	(2,948,920)	–	–	–	(2,948,920)	–	(2,948,920)
Borrowings	(24,920,142)	(25,340,771)	(12,318,065)	(10,488,136)	(73,067,114)	(6,405,451)	(79,472,565)
	(33,714,979)	(28,900,777)	(15,382,269)	(14,557,610)	(92,555,635)	(6,405,451)	(98,961,086)
Deferred income tax liabilities	–	–	–	–	–	(1,686,489)	(1,686,489)
Tax payable	–	–	–	–	–	(375,009)	(375,009)
Other unallocated liabilities	–	–	–	–	–	(458,915)	(458,915)
Total liabilities per interim condensed consolidated statement of financial position	(33,714,979)	(28,900,777)	(15,382,269)	(14,557,610)	(92,555,635)	(8,925,864)	(101,481,499)

Notes to the Interim Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Six months ended 30 June 2019 (unaudited)						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue							
Sales of electricity	8,470,163	3,675,395	763,026	919,959	13,828,543	–	13,828,543
Provision of power generation	11,663	–	–	3,752	15,415	–	15,415
	8,481,826	3,675,395	763,026	923,711	13,843,958	–	13,843,958
Segment results	739,102	2,156,320	400,836	506,206	3,802,464	–	3,802,464
Unallocated income	–	–	–	–	–	154,793	154,793
Unallocated expenses	–	–	–	–	–	(242,671)	(242,671)
Operating profit/(loss)	739,102	2,156,320	400,836	506,206	3,802,464	(87,878)	3,714,586
Finance income	6,904	7,104	9,908	28,888	52,804	16,050	68,854
Finance costs	(579,370)	(496,767)	(141,855)	(253,514)	(1,471,506)	(72,400)	(1,543,906)
Share of results of associates	94,968	–	–	7,882	102,850	22,485	125,335
Share of results of joint ventures	(2,553)	–	–	(122)	(2,675)	992	(1,683)
Profit/(loss) before taxation	259,051	1,666,657	268,889	289,340	2,483,937	(120,751)	2,363,186
Income tax (expense)/credit	(171,027)	(368,796)	(5,735)	1,504	(544,054)	(7,753)	(551,807)
Profit/(loss) for the period	88,024	1,297,861	263,154	290,844	1,939,883	(128,504)	1,811,379
Other segment information							
Capital expenditure							
— Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	2,776,051	111,863	1,550,314	698,514	5,136,742	56,405	5,193,147
Depreciation of property, plant and equipment	914,954	736,121	261,445	275,729	2,188,249	8,716	2,196,965
Depreciation of right-of-use assets	71,305	3,242	16,138	65,303	155,988	14,255	170,243
Amortization of other intangible assets	–	–	–	22,679	22,679	–	22,679
(Gain)/loss on disposal of property, plant and equipment, net	(9,740)	1,398	–	–	(8,342)	(4)	(8,346)
(Reversal)/impairment of other receivables	(5,016)	7,696	1,550	196	4,426	21,846	26,272
Impairment of property, plant and equipment	–	–	13,676	–	13,676	–	13,676
Impairment of assets classified as held for sale	–	80,920	–	–	80,920	–	80,920

Notes to the Interim Condensed Consolidated Financial Statements

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	As at 31 December 2019 (audited)						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets							
Other segment assets	39,779,154	38,663,618	23,527,396	23,100,487	125,070,655	–	125,070,655
Assets associated with disposal group classified as held for sale	4,626,965	–	–	–	4,626,965	–	4,626,965
Goodwill	67,712	872,865	–	246,637	1,187,214	–	1,187,214
Interests in associates	2,194,187	12,000	–	137,012	2,343,199	437,211	2,780,410
Interests in joint ventures	410,092	–	–	55,477	465,569	85,205	550,774
	47,078,110	39,548,483	23,527,396	23,539,613	133,693,602	522,416	134,216,018
Equity instruments at FVTOCI	–	–	–	–	–	3,362,808	3,362,808
Deferred income tax assets	–	–	–	–	–	719,142	719,142
Other unallocated assets	–	–	–	–	–	1,991,730	1,991,730
Total assets per interim condensed consolidated statement of financial position	47,078,110	39,548,483	23,527,396	23,539,613	133,693,602	6,596,096	140,289,698
Segment liabilities							
Other segment liabilities	(4,718,299)	(3,426,553)	(3,213,380)	(4,014,102)	(15,372,334)	–	(15,372,334)
Liabilities associated with disposal group classified as held for sale	(3,098,226)	–	–	–	(3,098,226)	–	(3,098,226)
Borrowings	(24,259,123)	(24,588,153)	(10,273,821)	(9,643,166)	(68,764,263)	(5,381,719)	(74,145,982)
	(32,075,648)	(28,014,706)	(13,487,201)	(13,657,268)	(87,234,823)	(5,381,719)	(92,616,542)
Deferred income tax liabilities	–	–	–	–	–	(1,743,183)	(1,743,183)
Tax payable	–	–	–	–	–	(195,600)	(195,600)
Other unallocated liabilities	–	–	–	–	–	(601,164)	(601,164)
Total liabilities per interim condensed consolidated statement of financial position	(32,075,648)	(28,014,706)	(13,487,201)	(13,657,268)	(87,234,823)	(7,921,666)	(95,156,489)

Notes to the Interim Condensed Consolidated Financial Statements

4. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Rental income	**2,308**	1,697
Hotel operations income	**3,655**	10,739
Income from provision of repairs and maintenance services	**26,143**	30,507
Dividend income	**47,228**	119,885
Income from provision of IT and other services	**21,967**	15,044
	101,301	177,872

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of deferred income	**2,716**	2,563
Government subsidies	**21,072**	4,033
Gain on disposal of property, plant and equipment, net	**12,426**	8,346
Sales of unused power production quota	**80,684**	96,588
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	**128,584**	69,971
Impairment of property, plant and equipment	**–**	(13,676)
Impairment of assets classified as held for sale	**–**	(80,920)
Gain on disposal of subsidiaries (pre-tax) (Note 29)	**32,732**	–
Others	**41,438**	5,555
	319,652	92,460

Notes to the Interim Condensed Consolidated Financial Statements

6. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of other intangible assets	**30,970**	22,679
Research and development expenses	**4,247**	6,699
Lease expenses	**4,757**	15,322
Impairment of other receivables	**–**	26,272
Reservoir maintenance and usage fees	**42,264**	47,949
Administrative and selling related expenses	**195,932**	236,930
Taxes and surcharges	**164,434**	178,414
Power and heat generation costs	**228,697**	259,381
Others	**110,643**	153,809
	781,944	947,455

7. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of other intangible assets	**30,970**	22,679
Depreciation:		
— Owned property, plant and equipment	**2,373,828**	2,196,965
— Right-of-use assets	**184,599**	170,243
Operating lease rental expenses:		
— Equipment	**1,213**	946
— Leasehold land and buildings	**3,544**	14,376
Key management personnel compensations (Note 30(e))	**8,057**	8,733
Impairment of other receivables	**–**	26,272

Notes to the Interim Condensed Consolidated Financial Statements

8. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Finance income		
Interest income from bank deposits	**3,038**	3,901
Interest income from related parties (Note 30(a))	**18,560**	16,577
Interest income on discounting effect of clean energy power price premium receivable (Note 15(b))	**94,922**	48,376
	116,520	68,854
Finance costs		
Interest expense on		
— Bank borrowings	**831,253**	727,786
— Long-term borrowings from related parties (Note 30(b))	**724,797**	580,029
— Short-term borrowings from related parties (Note 30(b))	**95,340**	82,139
— Long-term other borrowings	**78,920**	55,785
— Short-term other borrowings	**9,101**	607
— Amounts due to related parties (Note 30(b))	**10,134**	43,376
— Lease liabilities	**149,743**	173,423
— Provisions for other long-term liabilities (Note 24)	**51,960**	44,696
	1,951,248	1,707,841
Less: amounts capitalized	**(311,697)**	(197,230)
	1,639,551	1,510,611
Exchange losses, net	**44,748**	33,295
	1,684,299	1,543,906

The weighted average interest rate on capitalized borrowings is approximately 4.24% (2019: 4.48%) per annum.

Notes to the Interim Condensed Consolidated Financial Statements

9. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profits arising in Hong Kong for the six months ended 30 June 2020 (2019: Nil).

The provision for PRC enterprise income tax is calculated based on the statutory tax rate of 25% (2019: 25%) on the estimated assessable profits for the six months ended 30 June 2020 except that certain subsidiaries were either exempted from PRC enterprise income tax or entitled to the preferential tax rates of 7.5%, 10%, 12.5% or 15% (2019: 7.5%, 10%, 12.5% or 15%).

The amount of income tax recognized represents:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC enterprise income tax		
Charge for the period	**399,100**	504,787
(Over provision)/under provision in prior years	**(5,220)**	10,994
	393,880	515,781
Deferred income tax		
Charged for the period	**70,828**	36,026
	464,708	551,807

Share of income tax charge attributable to associates and joint ventures for the six months ended 30 June 2020 of RMB48,295,000 (2019: RMB44,014,000) and RMB4,782,000 (2019: RMB2,326,000) respectively were included in the Group's share of results of associates/joint ventures for the current period.

Notes to the Interim Condensed Consolidated Financial Statements

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
Profit attributable to owners of the Company (RMB'000)	**1,172,986**	976,735
Weighted average number of shares in issue (shares in thousands)	**9,806,886**	9,806,886
Basic and diluted earnings per share (RMB) (note)	**0.12**	0.10

Note:

The Group had no dilutive potential ordinary shares outstanding during the six months ended 30 June 2020 and 2019.

11. DIVIDEND

During the six months ended 30 June 2020, a final dividend of RMB0.130 (equivalent to HK$0.1426) per ordinary share for the year ended 31 December 2019 (2019: final dividend of RMB0.110 (equivalent to HK$0.1292) per ordinary share for the year ended 31 December 2018) was declared and paid to the owners of the Company.

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2020 (2019: Nil).

12. CAPITAL EXPENDITURE

During the six months ended 30 June 2020, the capital expenditure of the Group, which includes acquisition of property, plant and equipment, prepayments for construction of power plants and recognition of right-of-use assets, amounted to RMB8,219,799,000 (2019: RMB5,193,147,000) in total. The Group acquired property, plant and equipment and made prepayments for construction of power plants which in aggregate amounted to RMB7,813,416,000 (2019: RMB4,769,000,000).

During the six months ended 30 June 2020, the Group entered into new lease agreements for leasehold land and building from 2 to 29 years and certain equipment ranged from 5 to 11 years. The Group is required to make fixed payments. On lease commencement, the Group recognized right-of-use assets of RMB406,383,000 (2019: RMB424,147,000) and lease liabilities of RMB331,824,000 (2019: RMB362,740,000).

As at 30 June 2020, certain property, plant and equipment of the Group with carrying amounts of RMB472,479,000 (31 December 2019: RMB392,981,000) were pledged as security for certain long-term borrowings from related parties of the Group (Note 21(c)).

Notes to the Interim Condensed Consolidated Financial Statements

13. EQUITY INSTRUMENTS AT FVTOCI

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Unlisted equity investments in the PRC	399,943	438,306
Listed equity securities in the PRC		
— Shanghai Electric Power Co., Ltd. ("Shanghai Power")	2,688,362	2,924,502
	3,088,305	3,362,808

The fair value loss on equity instruments at FVTOCI for the six months ended 30 June 2020 of RMB221,841,000 (2019: gain of RMB150,353,000) (net of tax) was recognized in the interim condensed consolidated statement of comprehensive income.

14. OTHER NON-CURRENT ASSETS

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Deductible value-added tax and other taxes	2,558,680	2,588,910
Accounts receivable (Note 15)	5,450,130	3,996,742
Amounts due from related parties (Note 30(c))	100,000	100,000
Others	70,136	72,994
	8,178,946	6,758,646

Notes to the Interim Condensed Consolidated Financial Statements

15. ACCOUNTS RECEIVABLE

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Accounts receivable from regional and provincial power grid companies (notes (a) and (b))	8,468,770	7,378,774
Accounts receivable from other companies (note (a))	39,163	16,866
	8,507,933	7,395,640
Notes receivable (note (c))	52,060	13,893
	8,559,993	7,409,533
Analyzed for reporting purpose as:		
— Non-current (included in other non-current assets (Note 14)) (note (b))	5,450,130	3,996,742
— Current	3,109,863	3,412,791
	8,559,993	7,409,533

Notes:

The analysis below includes those accounts receivable classified as part of a disposal group classified as held for sale of RMB142,779,000 (31 December 2019: RMB152,005,000) (Note 17).

(a) The ageing analysis of the accounts receivable presented based on invoice date is as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Unbilled	5,450,674	4,419,540
1 to 3 months	3,200,038	3,128,105
	8,650,712	7,547,645

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. Generally, accounts receivables are written off if the recovery of the amount is considered to be remote. As at 30 June 2020, no significant credit loss is recognized.

Notes to the Interim Condensed Consolidated Financial Statements

15. ACCOUNTS RECEIVABLE *(Continued)*

Notes: *(Continued)*

(b) As at 30 June 2020, accounts receivable from regional and provincial power grid companies included clean energy power price premium receivable of RMB5,450,674,000 (31 December 2019: RMB4,419,540,000), which was unbilled. Among the unbilled receivables, RMB4,709,901,000 (31 December 2019: RMB3,996,742,000) were related to revenue from the Group's wind and photovoltaic power projects which were not in the Subsidy Catalogue or the Subsidy List (as defined below) and were stated after discounting.

The clean energy power price premium, which is a component of the government-approved on-grid tariff for wind and photovoltaic power generation, is recognized as revenue from sales of electricity in the interim condensed consolidated income statement of the Group for its wind and photovoltaic power projects.

The financial resource for the clean energy power price premium is the national renewable energy fund that accumulated through a special levy on the consumption of electricity. Pursuant to Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance (the "MOF"), the National Development and Reform Commission (the "NDRC") and the National Energy Administration (the "NEA") in March 2012, the standardized application and approval procedures on a project by project basis for the settlement of the tariff premium came into force since 2012, and such applications are accepted and approved batch by batch jointly by the MOF, the NDRC and the NEA at intervals in form of announcing renewable energy subsidy catalogues (the "Subsidy Catalogue").

In February 2020, the MOF, the NDRC and the NEA jointly issued new guidelines and notices, i.e., Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) (collectively referred to the "New Guidelines"). Pursuant to the New Guidelines, the quota of new subsidies are decided based on the scale of subsidy funds, there will not be any new Subsidy Catalogue to be published for tariff premium and as an alternative, grid companies will publish lists of renewable energy projects qualified for tariff premium (the "Subsidy List") periodically after the renewable energy generators have gone through certain approval and information publicity process.

Based on the above and their past experience, the Directors estimated that there are no foreseeable obstacles that would lead to the application not being approved before entering into either the Subsidy Catalogue or the Subsidy List. It is expected that the Group's wind and photovoltaic power projects will be listed as qualified projects for tariff premium after 30 June 2021 (31 December 2019: obtained after 31 December 2020) and the corresponding premium receivables are estimated to be recovered after twelve months from the reporting date. Therefore, the Directors considered the renewable energy electricity sales contract for projects before entering into the Subsidy Catalogue or the Subsidy List contains a significant financing component. During the six months ended 30 June 2020, the respective clean energy power price premium was adjusted for this financing component based on an effective interest rate of 4.75% (2019: 4.75%) per annum. For the six months ended 30 June 2020, the Group's revenue was adjusted by RMB164,284,000 (2019: RMB192,455,000) and interest income amounting to RMB94,922,000 (2019: RMB48,376,000) (Note 8) was recognized.

(c) As at 30 June 2020, notes receivable were bank acceptance notes issued by third parties and were normally with maturity period within 360 days (31 December 2019: 360 days).

(d) As at 30 June 2020, certain bank borrowings, borrowings from related parties (including SPIC Financial Company Limited ("SPIC Financial"), Industrial and Commercial Bank of China Limited ("ICBC") and Agricultural Bank of China Limited ("ABC")), and certain lease liabilities (Notes 20(d), 21(b), 21(c), 21(h) and 23) were secured by the rights on accounts receivable of certain subsidiaries. The accounts receivable pledged under these debts as at 30 June 2020 amounted to RMB4,088,423,000 (31 December 2019: RMB3,760,170,000).

(e) The fair values of the accounts and notes receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.

Notes to the Interim Condensed Consolidated Financial Statements

16. DEBT INSTRUMENTS AT FVTOCI

The balance as at 31 December 2019 and below analysis include debt instruments at FVTOCI classified as part of a disposal group classified as held for sale of RMB73,018,000 (Note 17).

As at 30 June 2020, debt instruments at FVTOCI represented certain notes receivable issued by third parties and were normally with maturity period within 360 days (31 December 2019: 360 days). For the six months ended 30 June 2020, notes receivable discounted and endorsed to banks and suppliers of RMB159,354,000 and RMB495,724,000 (2019: RMB64,710,000 and RMB411,196,000) respectively were derecognized by the Group.

17. ASSETS AND LIABILITIES ASSOCIATED WITH A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2018, Shanxi Shentou Power Generating Company Limited, a wholly-owned subsidiary of the Company, entered into a joint venture agreement to form Sujin Energy Holding Company Limited ("Sujin Energy"), an associate of the Group, in Shanxi Province of the PRC. And the Company would use its 80% equity interest in China Power Shentou Power Generating Company Limited ("CP Shentou") as part of the capital contribution to Sujin Energy.

Since the outbreak of the COVID-19 pandemic, the works in relation to the epidemic prevention and control have been going on throughout the country. As at 30 June 2020, the above-mentioned capital contribution has not been completed. As the Group has committed to the disposal of CP Shentou and the transaction is highly probable to complete within one year, the assets and liabilities attributable to CP Shentou were continued to be classified as a disposal group held for sale, which was separately presented in the interim condensed consolidated statement of financial position. The operation of CP Shentou was included in the Group's "Coal-fired electricity" segment for segment reporting.

Notes to the Interim Condensed Consolidated Financial Statements

17. ASSETS AND LIABILITIES ASSOCIATED WITH A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(Continued)*

Major assets and liabilities of CP Shentou as at 30 June 2020 and 31 December 2019 are as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Property, plant and equipment	4,140,156	4,136,331
Right-of-use assets	149,663	149,730
Prepayments for construction of power plants	60	–
Equity instruments at FVTOCI — unlisted equity investments in PRC	17,479	17,479
Deferred income tax assets	–	96,884
Inventories	30,504	–
Accounts receivable (Note 15)	142,779	152,005
Prepayments, deposits and other receivables	5,432	33,986
Amounts due from related parties (Note 30)	25,330	21,598
Debt instruments at FVTOCI (Note 16)	–	73,018
Cash and cash equivalents	6,375	767
Other assets	–	30,688
Impairment of assets classified as held for sale	(85,521)	(85,521)
Total assets associated with a disposal group classified as held for sale	4,432,257	4,626,965
Deferred income	20,860	21,560
Long-term bank borrowings (Note 20) (note)	812,960	1,009,075
Long-term borrowings from State Power Investment Corporation Limited ("SPIC") (Note 21(a)) (note)	900,000	700,000
Long-term borrowings from ABC (Note 21(c)) (note)	291,000	292,000
Accounts payables (Note 25)	108,782	110,283
Construction costs payable	66,998	79,924
Other payables and accrued charges	135,585	64,804
Amounts due to related parties (Note 30)	27,735	35,580
Short-term bank borrowings (Note 20)	285,000	285,000
Short-term borrowings from SPIC (Note 21(e))	–	200,000
Short-term borrowings from ABC (Note 21(h))	300,000	300,000
Total liabilities associated with a disposal group classified as held for sale	2,948,920	3,098,226

Note:

As at 30 June 2020, the current portion of long-term bank borrowings, long-term borrowings from SPIC and long-term borrowings from ABC amounted to RMB244,023,000, RMB700,000,000 and RMB291,000,000 (31 December 2019: RMB470,640,000, RMB100,000,000 and RMB292,000,000) respectively.

18. SHARE CAPITAL

The total number of shares of the Company amounted to 9,806,886,321. There are no movements in the number of shares of the Company from 1 January 2020 to 30 June 2020.

Notes to the Interim Condensed Consolidated Financial Statements

19. RESERVES

	Merger reserve RMB'000	Capital reserve RMB'000	FVTOCI reserve RMB'000	Statutory reserves RMB'000	Others RMB'000	Other reserves sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2020 (audited)	306,548	2,406,069	1,150,111	1,309,998	389,286	5,562,012	7,489,871	13,051,883
Profit for the period	–	–	–	–	–	–	1,172,986	1,172,986
Fair value loss on equity instruments at FVTOCI, net of tax	–	–	(216,854)	–	–	(216,854)	–	(216,854)
Fair value loss on debt instruments at FVTOCI, net of tax	–	–	(2,642)	–	–	(2,642)	–	(2,642)
Release on derecognition of debt instruments at FVTOCI, net of tax	–	–	1,623	–	–	1,623	–	1,623
2019 final dividend	–	–	–	–	–	–	(1,274,895)	(1,274,895)
At 30 June 2020 (unaudited)	306,548	2,406,069	932,238	1,309,998	389,286	5,344,139	7,387,962	12,732,101
At 1 January 2019 (audited)	306,548	2,406,069	1,112,876	1,166,584	261,988	5,254,065	7,427,661	12,681,726
Profit for the period	–	–	–	–	–	–	976,735	976,735
Fair value gain on equity instruments at FVTOCI, net of tax	–	–	153,412	–	–	153,412	–	153,412
Fair value loss on debt instruments at FVTOCI, net of tax	–	–	(2,860)	–	–	(2,860)	–	(2,860)
Release on derecognition of debt instruments at FVTOCI, net of tax	–	–	2,153	–	–	2,153	–	2,153
Disposal of interests in subsidiaries without loss of control (note)	–	–	–	–	127,349	127,349	–	127,349
2018 final dividend	–	–	–	–	–	–	(1,078,757)	(1,078,757)
At 30 June 2019 (unaudited)	306,548	2,406,069	1,265,581	1,166,584	389,337	5,534,119	7,325,639	12,859,758

Note:

Disposal of interests in subsidiaries without loss of control

In April 2019, the Company disposed of 40% and 15% of interests in Anhui Huainan Pingwei Electric Power Company Limited ("Pingwei I") and Huainan Pingwei No.2 Electric Power Generating Company Limited ("Pingwei II") for considerations of RMB342,974,000 and RMB188,092,000 respectively to Huainan Mining Industry (Group) Company Limited, which is a related party transaction entered by the Group. As a result, the Group recognized an increase in non-controlling interests of RMB403,717,000 and an increase in equity attributable to owners of the Company of RMB127,349,000. The effect of above-mentioned changes in the ownership interests in Pingwei I and Pingwei II on the equity attributable to owners of the Company for the six months ended 30 June 2019 is summarized as follows:

	Pingwei I RMB'000	Pingwei II RMB'000	Total RMB'000
Consideration received from non-controlling shareholders	342,974	188,092	531,066
Less: Carrying amount of net assets disposed of	(252,148)	(151,569)	(403,717)
	90,826	36,523	127,349

Notes to the Interim Condensed Consolidated Financial Statements

20. BANK BORROWINGS

Bank borrowings are analyzed as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Non-current		
Long-term bank borrowings		
— Secured (note (d))	9,243,713	10,777,320
— Unsecured (note (e))	18,229,070	15,597,216
	27,472,783	26,374,536
Less: Current portion of long-term bank borrowings	(5,395,581)	(3,827,170)
	22,077,202	22,547,366
Current		
Short-term bank borrowings — unsecured	9,876,669	7,505,977
Current portion of long-term bank borrowings	5,395,581	3,827,170
	15,272,250	11,333,147
	37,349,452	33,880,513

Notes:

The analysis below includes those bank borrowings classified as part of a disposal group classified as held for sale of RMB1,097,960,000 (31 December 2019: RMB1,294,075,000) (Note 17).

(a) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
RMB	34,972,077	31,802,815
United States Dollars ("USD")	3,102,595	2,989,555
Japanese Yen ("JPY")	372,740	382,218
	38,447,412	35,174,588

Notes to the Interim Condensed Consolidated Financial Statements

20. BANK BORROWINGS *(Continued)*

Notes: *(Continued)*

(b) The repayment terms of the long-term bank borrowings are analyzed as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Within one year	5,639,604	4,297,810
Between one and two years	5,043,522	8,413,066
Between two and five years	5,809,436	6,411,291
Over five years	11,793,181	8,261,444
	28,285,743	27,383,611

(c) The weighted average effective interest rates of the Group's bank borrowings are as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Short-term bank borrowings	3.87%	4.13%
Long-term bank borrowings (including the current portion of long-term bank borrowings)	4.34%	4.36%

(d) As at 30 June 2020, the bank borrowings of the Group are secured as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Secured against the rights on accounts receivable of certain subsidiaries	9,557,153	11,122,075

(e) As at 30 June 2020, bank borrowings amounting to RMB344,162,000 (31 December 2019: RMB353,621,000) were guaranteed by Hunan Provincial Finance Bureau.

Notes to the Interim Condensed Consolidated Financial Statements

21. BORROWINGS FROM RELATED PARTIES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Non-current		
Long-term borrowings from SPIC (note (a))	5,280,000	5,380,000
Long-term borrowings from SPIC Financial (note (b))	3,305,000	3,328,000
Long-term borrowings from ICBC and ABC (note (c))	23,854,458	21,615,279
Long-term borrowings from other related parties (note (d))	295,000	50,000
	32,734,458	30,373,279
Less: Current portion of long-term borrowings from SPIC	(810,000)	(1,180,000)
Less: Current portion of long-term borrowings from SPIC Financial	(1,272,000)	(796,800)
Less: Current portion of long-term borrowings from ICBC and ABC	(1,796,966)	(1,951,735)
Less: Current portion of long-term borrowing from other related party	(50,000)	–
	28,805,492	26,444,744
Current		
Short-term borrowings from SPIC (note (e))	1,000,000	1,100,000
Short-term borrowings from China Power International Holding Limited ("CPI Holding") (note (f))	450,000	550,000
Short-term borrowings from SPIC Financial (note (g))	525,000	550,000
Short-term borrowings from ICBC and ABC (note (h))	2,280,042	2,654,794
Short-term borrowings from other related party (note (i))	598,613	509,396
Current portion of long-term borrowings from SPIC (note (a))	810,000	1,180,000
Current portion of long-term borrowings from SPIC Financial (note (b))	1,272,000	796,800
Current portion of long-term borrowings from ICBC and ABC (note (c))	1,796,966	1,951,735
Current portion of long-term borrowing from other related party (note (d))	50,000	–
	8,782,621	9,292,725
	37,588,113	35,737,469

21. BORROWINGS FROM RELATED PARTIES *(Continued)*

Notes:

The analysis below includes those borrowings from related parties classified as part of a disposal group classified as held for sale of RMB1,491,000,000 (31 December 2019: RMB1,492,000,000) (Note 17).

(a) The long-term borrowings from SPIC are unsecured, interest bearing from 3.37% to 5.15% (31 December 2019: 2.94% to 5.15%) per annum and are wholly repayable within five years. The repayment terms of these borrowings are analyzed as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Within one year	**1,510,000**	1,280,000
Between one and two years	**4,200,000**	550,000
Between two and five years	**470,000**	4,250,000
	6,180,000	6,080,000

(b) The long-term borrowings from SPIC Financial of RMB7,000,000 (31 December 2019: RMB7,000,000) is secured against the rights on accounts receivable of a subsidiary (Note 15(d)), interest bearing at 4.41% (31 December 2019: 4.41%) per annum. The remaining balances are unsecured and interest bearing from 4.27% to 4.99% (31 December 2019: 4.28% to 5.23%) per annum.

The repayment terms of these borrowings are analyzed as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Within one year	**1,272,000**	796,800
Between one and two years	**1,095,000**	1,060,800
Between two and five years	**495,000**	802,400
Over five years	**443,000**	668,000
	3,305,000	3,328,000

Notes to the Interim Condensed Consolidated Financial Statements

21. BORROWINGS FROM RELATED PARTIES *(Continued)*

Notes: *(Continued)*

(c) The long-term borrowings from ICBC and ABC include balance of RMB7,046,798,000 (31 December 2019: RMB7,618,642,000) which is secured against the rights on accounts receivable of certain subsidiaries (Note 15(d)), interest bearing from 4.41% to 4.90% (31 December 2019: 4.41% to 4.90%) per annum, balance of RMB209,450,000 (31 December 2019: RMB216,400,000) which is guaranteed by a non-controlling shareholder, interest bearing from 4.66% to 5.15% (31 December 2019: 4.90%) per annum and balance of RMB185,120,000 (31 December 2019: RMB196,820,000) which is secured against property, plant and equipment (31 December 2019: property, plant and equipment) of certain subsidiaries (Note 12), interest bearing from 4.41% to 4.90% (31 December 2019: 4.41% to 4.90%) per annum. The remaining balances are unsecured and interest bearing from 3.29% to 5.15% (31 December 2019: 4.28% to 4.90%) per annum.

The repayment terms of these borrowings are analyzed as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Within one year	**2,087,966**	2,243,735
Between one and two years	**3,389,655**	2,037,325
Between two and five years	**6,243,938**	5,568,351
Over five years	**12,423,899**	12,057,868
	24,145,458	21,907,279

(d) The long-term borrowing from other related parties as at 30 June 2020 are unsecured, interest bearing at 4.75% per annum and repayable within two years.

(e) The short-term borrowings from SPIC as at 30 June 2020 are unsecured, interest bearing from 1.64% to 2.20% (31 December 2019: 2.20%) per annum and repayable within one year.

(f) The short-term borrowings from CPI Holding as at 30 June 2020 are unsecured, interest bearing at 3.92% (31 December 2019: 3.92%) per annum and repayable within one year.

(g) The short-term borrowings from SPIC Financial as at 30 June 2020 are unsecured, interest bearing from 3.92% to 5.28% (31 December 2019: 3.92% to 4.34%) per annum and repayable within one year.

(h) As at 30 June 2020, except for RMB50,000,000 (31 December 2019: Nil) which are secured against the rights on accounts receivable of certain subsidiaries (Note 15(d)) and interest bearing at 4.75% (31 December 2019: Nil) per annum, the remaining balance of short-term borrowings from ICBC and ABC are unsecured, interest bearing from 3.35% to 4.90% (31 December 2019: 3.91% to 5.50%) per annum and repayable within one year.

(i) The short-term borrowings from other related party as at 30 June 2020 are unsecured, interest bearing at 4.35% (31 December 2019: 4.13% to 4.35%) per annum and repayable within one year.

Notes to the Interim Condensed Consolidated Financial Statements

22. OTHER BORROWINGS

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Non-current		
Medium-term notes issued by the Company (note (a))	4,000,000	4,000,000
Current		
Super short-term commercial paper issued by the Company (note (b))	500,000	500,000
Short-term other borrowings from third parties (note (c))	35,000	28,000
	535,000	528,000
	4,535,000	4,528,000

Notes:

(a) The balance represents unsecured RMB denominated medium-term notes of RMB4,000,000,000 issued by the Company in September 2019 for a term of three years, which are interest bearing at 3.55% per annum.

(b) The balance represents unsecured RMB denominated super short-term commercial paper of RMB500,000,000 (31 December 2019: RMB500,000,000) issued by the Company in May 2020 (31 December 2019: September 2019) for a term of 270 days, which is interest bearing at 2.00% (31 December 2019: 2.80%) per annum.

(c) The balance is unsecured, interest bearing from 3.92% to 4.88% (31 December 2019: 3.92% to 4.35%) per annum and denominated in RMB.

23. LEASE LIABILITIES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Lease liabilities	3,986,048	4,422,286
Less: Current portion of lease liabilities	(529,899)	(681,477)
Non-current portion of lease liabilities	3,456,149	3,740,809

The balance as at 30 June 2020 includes certain lease agreements entered into with related parties, namely CPI Ronghe Financial Leasing Co., Ltd., and China Kangfu International Leasing Co., Ltd., to acquire equipment amounting to RMB2,017,029,000 (31 December 2019: RMB3,597,145,000), of which RMB611,285,000 (31 December 2019: RMB1,386,688,000) is secured against the rights on accounts receivable of certain subsidiaries (Note 15(d)).

Notes to the Interim Condensed Consolidated Financial Statements

24. PROVISIONS FOR OTHER LONG-TERM LIABILITIES

Provisions for other long-term liabilities represent the provisions for inundation compensations caused by the construction of certain hydropower plants of the Group.

The provisions are measured at the present value of the expenditures expected to be required to settle the compensations, based on the latest rules and regulations as set out by the relevant local government authorities in the PRC and the expected useful lives of these hydropower plants, using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provisions due to the passage of time is recognized as interest expense.

Analysis of the provisions for inundation compensations as at 30 June 2020 is as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Non-current liabilities	**1,893,669**	1,074,477
Current liabilities (included in other payables and accrued charges)	**92,139**	99,309
	1,985,808	1,173,786

The movements of the provisions for inundation compensations for the six months ended 30 June 2020 are as follows:

	30 June 2020 RMB'000 (unaudited)	30 June 2019 RMB'000 (unaudited)
At 1 January	**1,173,786**	1,141,901
Recognition during the period (Note 32) (note)	**775,305**	–
Interest expense (Note 8)	**51,960**	44,696
Payment	**(15,243)**	(28,622)
At 30 June	**1,985,808**	1,157,975

Note:

During the current period, the Group reassessed the inputs used in the net present value model based on the current charges per unit of area and the growth rate of compensation, as well as the pre-tax discount rate applied to account for the time value of money and the risks specific to the compensations.

Notes to the Interim Condensed Consolidated Financial Statements

25. ACCOUNTS AND BILLS PAYABLES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Accounts payable (note (a))	1,016,144	710,675
Bills payable (note (b))	283,162	163,401
	1,299,306	874,076

Notes:

The analysis below includes those accounts payable as part of a disposal group classified as held for sale of RMB108,782,000 (31 December 2019: RMB110,283,000) (Note 17).

(a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable presented based on invoice date is as follows:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
1 to 6 months	1,010,503	763,627
7 to 12 months	109,220	1,544
Over 1 year	5,203	55,787
	1,124,926	820,958

(b) As at 30 June 2020, bills payable are bills of exchange with maturity period ranged from 3 to 12 months (31 December 2019: ranged from 3 to 12 months).

26. CAPITAL COMMITMENTS

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Contracted but not provided for in respect of:		
— Property, plant and equipment	20,657,292	21,300,790
— Capital contribution to associates	941,276	971,653
	21,598,568	22,272,443

Notes to the Interim Condensed Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

27.1 Financial risk factors

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

As at 30 June 2020, the Group had net current liabilities of RMB25,681,937,000. In preparing these interim 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 at 30 June 2020, the Group had available unutilized facilities in writing from banks and related parties amounting to approximately RMB16,142,996,000 as well as other bank committed facilities amounting to approximately RMB18,172,937,000, totaling approximately RMB34,315,933,000. Moreover, the Group will refinance and/or restructure certain short-term loans into long-term loans or consider alternative sources of financing, where applicable. 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 interim condensed consolidated financial statements on a going concern basis.

During the current period, all financial assets were not impaired.

These interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's 2019 annual financial statements.

There has not been any change in the risk management department or risk management policies since the year end of 2019.

27.2 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

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

Notes to the Interim Condensed Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

27.2 Fair value estimation *(Continued)*

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

The following items presents the Group's assets that are measured at fair value (the analysis below includes those classified as part of a disposal group classified as held for sale):

Financial assets	Fair value as at 30 June 2020 RMB'000 (unaudited)	Fair value as at 31 December 2019 RMB'000 (audited)	Fair value hierarchy	Valuation technique and key inputs
Equity instruments at FVTOCI — Shanghai Power	**2,688,362**	2,924,502	Level 1	Quoted market prices at the end of reporting period (current bid price)
Equity instruments at FVTOCI — Unlisted equity investments in the PRC	**417,422**	455,785	Level 3	Market approach — Fair value of such equity instruments is estimated by calculating the Enterprise Value ("EV")/Earnings before Interest, Tax, Depreciation and Amortization ("EBITDA") and EV/Earnings before Interest and Tax ("EBIT") based on market multiples derived from a set of comparable listed companies in the same or similar industries Key inputs are market value of the equity interest and value ratio of comparable companies
Debt instruments at FVTOCI	**325,727**	185,436	Level 3	Discounted cash flow at a comparable discount rate of 4.75% per annum

Notes to the Interim Condensed Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

27.2 Fair value estimation *(Continued)*

(b) Reconciliation of Level 3 fair value measurements:

	Equity instruments at FVTOCI RMB'000	Debt instruments at FVTOCI RMB'000
At 1 January 2020 (audited)	**455,785**	**185,436**
Additions	**7,709**	**799,904**
Derecognition	**–**	**(655,078)**
Total losses in other comprehensive expenses	**(46,072)**	**(4,535)**
At 30 June 2020 (unaudited)	**417,422**	**325,727**
At 1 January 2019 (audited)	159,706	278,832
Additions	–	588,787
Derecognition	–	(472,367)
Total losses in other comprehensive expenses	(10,239)	(5,685)
At 30 June 2019 (unaudited)	149,467	389,567

Included in other comprehensive expenses was a loss of RMB48,047,000 (2019: RMB12,385,000) loss relating to equity instruments at FVTOCI — unlisted equity investments in the PRC and debt instruments at FVTOCI held at the end of the current reporting period and was reported as a changes of FVTOCI reserve.

During the six months ended 30 June 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Notes to the Interim Condensed Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

27.2 Fair value estimation *(Continued)*

(b) Reconciliation of Level 3 fair value measurements: *(Continued)*

A quantitative sensitivity analysis of the significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

	Significant unobservable input	Sensitivity of the input to fair value
Equity instruments at FVTOCI		
— Unlisted equity investments in the PRC	Average EV/EBITDA multiple of peers EV/EBITDA = 4.5x EV/EBIT = 7.4x	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB32,708,000
Debt instruments at FVTOCI	Discount rate of 4.75% per annum	5% increase/decrease in discount rate would result in decrease/increase in fair value by RMB185,000

27.3 Fair values of financial assets and liabilities measured at amortized cost

The carrying amounts and fair values of borrowings are as follows (the analysis below includes those borrowings classified as part of a disposal group classified as held for sale):

	30 June 2020		31 December 2019	
	Carrying amounts RMB'000 (unaudited)	Fair value RMB'000 (unaudited)	Carrying amounts RMB'000 (audited)	Fair value RMB'000 (audited)
Long-term borrowings (note (a))	66,211,201	65,399,922	62,748,890	62,002,979
Short-term borrowings (note (b))	15,850,324	15,850,324	14,183,167	14,183,167
	82,061,525	81,250,246	76,932,057	76,186,146

Notes to the Interim Condensed Consolidated Financial Statements

27. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

27.3 Fair values of financial assets and liabilities measured at amortized cost *(Continued)*

Notes:

(a) Balance represents the aggregate fair values of the long-term bank borrowings, long-term borrowings from related parties and corporate notes. These fair values were calculated based on the prevailing interest rate and the corresponding future cash flows.

(b) Balance represents the aggregate fair values of short-term bank borrowings, short-term borrowings from related parties.

(c) The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Accounts receivable
- Deposits and other receivables
- Restricted deposits
- Cash and cash equivalents
- Amounts due from/to related parties
- Accounts and bills payables
- Construction costs payable
- Other payables and accrued charges
- Lease liabilities

28. CONTINGENT LIABILITIES

As at 30 June 2020, a subsidiary of the Group was the defendant in certain legal disputes in relation to relocation compensations. At the end of the reporting period, the above legal proceedings were in progress whose final outcomes cannot be determined at present. The Directors considered that the outcome of these outstanding disputes will not result in significant adverse effect on the interim condensed consolidated statement of financial position and operating results of the Group.

Notes to the Interim Condensed Consolidated Financial Statements

29. LOSS OF CONTROL OVER SUBSIDIARIES

(a) Formation of a joint venture

On 30 June 2020, SPIC Guangxi Power Company Limited ("Guangxi Company"), a wholly-owned subsidiary of the Company entered into a joint venture agreement (the "Joint Venture Agreement") with Jilin Electric Power Co., Ltd. (吉林電力股份有限公司) ("Jilin Electric"), China Power Complete Equipment Co., Ltd. (中國電能成套設備有限公司) ("CEC") and Sinohydro Bureau 11 Co., Ltd. (中國水利水電第十一工程局有限公司), pursuant to which the parties agreed to form Guangxi SPIC Overseas Energy Investment Co., Ltd. (廣西國電投海外能源投資有限公司) ("Guangxi Overseas"), a joint venture in Nanning, Guangxi Zhuang Autonomous Region of the PRC.

Pursuant to the Joint Venture Agreement, the contribution by Guangxi Company included RMB27,646,000 through cash directly and 100% equity interest in SPIC Guangxi Lingchuan Wind Power Ltd. (國家電投廣西靈川風電有限公司) ("Lingchuan Wind Power"), 55% equity interest in Guangxi Lingshan Dahuaishan New Energy Ltd. (廣西靈山大懷山新能源有限公司) ("Lingshan Wind Power") and 35.35% equity interest in SPIC Guangxi Jinzishan Wind Power Ltd. ("Jinzishan Wind Power") (subsidiaries of Guangxi Company). The value of the equity interests in these three subsidiaries was RMB492,354,000 (Note 32), which was determined by the joint venture parties after arm's length negotiation and taking into account the valuation reports prepared by an independent valuer, its assumption bases and valuation methods, and the net asset value of the above three subsidiaries.

As at 30 June 2020, the transfer of the equity interests in these three subsidiaries was completed and they ceased to be the subsidiaries of the Group; instead, the investments retained in the former subsidiaries of Lingshan Wind Power of 45% and Jinzishan Wind Power of 15.22% were accounted for as investments in associates at their fair values at the date when control is lost. Besides, after the contribution by cash and equity interests in those three subsidiaries, the Group owns 40% interest in Guangxi Overseas which was accounted for as investment in a joint venture. The Group recorded a disposal gain (pre-tax) of RMB32,017,000 (Note 30(a)(iv)).

CEC is a wholly-owned subsidiary of SPIC. SPIC is the ultimate controlling shareholder of the Company, which is interested in approximately 60.04% of the issued share capital of the Company. As such, CEC is a related party and a connected person of the Company as defined in the Listing Rules. Accordingly, the formation of Guangxi Overseas with CEC constitutes a connected transaction of the Company under the Listing Rules.

As disclosed in Note 31, the Group further disposed 45% of interest retained in Lingshan Wind Power to Guangxi Overseas on 29 July 2020.

Notes to the Interim Condensed Consolidated Financial Statements

29. LOSS OF CONTROL OVER SUBSIDIARIES *(Continued)*

(b) Loss of control in other subsidiaries

During the six months ended 30 June 2020, the Group disposed of its 65% equity interest in a subsidiary, Xinlongxian Xida Hydropower Development Co., Ltd. (新龍縣西達水電開發有限公司) at a consideration of RMB8,000,000 and recorded a disposal gain (pre-tax) of RMB715,000.

On the 18 March 2020 meeting, the shareholders of SPIC Anhui Hailuo Electricity Power Sales Co., Ltd. ("Hailuo Power Sales", a then subsidiary of the Group) resolved that the Group can appoint 2 directors in the 5-member board of directors, whereas the other shareholder can appoint 3 directors. Accordingly, the Group could not exercise control on Hailuo Power Sales after the reassignment of board seating and Hailuo Power Sales is accounted for as an associate since then.

Upon loss of control over these subsidiaries, the Group recognized a disposal gain (pre-tax) amounting to RMB32,732,000 (Note 5), non-controlling interests were derecognized by RMB294,141,000 and resulted in net cash outflows of RMB10,735,000 during the six months ended 30 June 2020.

30. RELATED PARTY TRANSACTIONS

The Group is controlled by CPI Holding, an intermediate holding company which directly holds approximately 28.9% (31 December 2019: 28.9%) of the Company's shares, and indirectly holds approximately 27.1% (31 December 2019: 27.1%) of the Company's shares through China Power Development Limited ("CPDL"). As at 30 June 2020, CPI Holding owned approximately 56.0% (31 December 2019: 56.0%) of equity interest in the Company in aggregate. In addition, SPIC International Finance (Hong Kong) Company Limited, a wholly-owned subsidiary of SPIC and also a fellow subsidiary of the Company, held 4.0% (31 December 2019: Nil) of the Company's shares as at 30 June 2020. The Directors regard SPIC, a wholly state-owned enterprise established in the PRC, which is the beneficial owner of CPI Holding, as the ultimate holding company.

SPIC is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include SPIC, its subsidiaries, joint ventures and associates (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and SPIC as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with SPIC companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in these interim condensed consolidated financial statements.

During the year of 2018, ABC Financial Asset Investment Co., Ltd. ("ABC Financial"), a subsidiary of ABC Group and ICBC Financial Asset Investment Co., Ltd. ("ICBC Financial"), a subsidiary of ICBC Group, have respectively became non-controlling shareholders of Huaihua Yuanjiang Power Development Co., Ltd. ("Yuanjiang Power") and SPIC Guangxi Changzhou Hydropower Development Co., Ltd. ("Changzhou Hydropower"), both being significant subsidiaries of the Group. ABC and its subsidiaries (collectively the "ABC Group") and ICBC and its subsidiaries (collectively the "ICBC Group") could exercise significant influence over these subsidiaries and were identified as related parties to the Group accordingly.

Notes to the Interim Condensed Consolidated Financial Statements

30. RELATED PARTY TRANSACTIONS *(Continued)*

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in these interim condensed consolidated financial statements. Management of the Group is of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

(a) Income

	Note	Six months ended 30 June **2020** **RMB'000** **(unaudited)**	 2019 RMB'000 (unaudited)
Interest income from:	(i)		
— SPIC Financial (a company controlled by SPIC)		**11,550**	3,974
— ICBC and ABC		**709**	692
— An associate		**6,301**	5,945
— A joint venture		**–**	5,966
Dividend income from Shanghai Power, a company controlled by SPIC	(ii)	**47,228**	119,885
Income from provision of repairs and maintenance services to:	(iii)		
— Companies controlled by SPIC		**–**	94
— Fellow subsidiaries		**995**	3,981
— An associate		**3,132**	1,566
Income from provision of other services (entrusted management services) to:	(iii)		
— CPI Holding		**15,208**	–
— Companies controlled by SPIC		**5,258**	–
Income from provision of IT services to:	(iii)		
— Companies controlled by SPIC		**106**	2,426
— Fellow subsidiaries		**736**	3,142
— An associate		**373**	335
Sale of coal, coal by-products and spare parts to:	(iii)		
— Companies controlled by SPIC		**85**	3,437
— Associates		**73,386**	4,057
Provision of power generation to:	(iii)		
— Fellow subsidiaries		**–**	368
— Companies controlled by SPIC		**–**	202
Sale of heat to:	(iii)		
— Non-controlling interests		**20,869**	11,744
— A joint venture		**–**	649
Sale of unused power production quota to companies controlled by SPIC	(iii)	**2,315**	33,754
Gain on disposal of subsidiaries (pre-tax)	(iv)	**32,017**	–

Notes to the Interim Condensed Consolidated Financial Statements

30. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Income *(Continued)*

Notes:

(i) Interest income to these related parties is charged at interest rates from 0.35% to 5.66% (2019: 0.35% to 5.66%) per annum.

(ii) Dividend income received from Shanghai Power was recognized based on dividend declared by its board of directors in proportion to the Group's interest in it.

(iii) These incomes were charged in accordance with the terms of the relevant agreements.

(iv) As disclosed in Note 29(a), the Group contributed cash and equity interests of certain subsidiaries to Guangxi Overseas, a related party, and recognized a disposal gain (pre-tax) of RMB32,017,000.

(b) Expenses

	Note	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Purchases of coal, coal by-products and spare parts from:	(i)		
— Companies controlled by SPIC		**238,385**	210,914
— Fellow subsidiaries		**6,306**	3,441
— A joint venture		**9,427**	16,064
— Non-controlling shareholders		**2,867,770**	2,954,342
Construction costs and other services fees to:	(ii)		
— Companies controlled by SPIC		**276,102**	291,230
— Fellow subsidiaries		**78,166**	86,848
— Non-controlling shareholders		**697,096**	184,796
Interest expenses to:	(iii)		
— SPIC		**70,508**	89,253
— SPIC Financial		**160,572**	65,952
— CPI Holding		**14,121**	42,964
— ICBC and ABC		**568,860**	496,917
— ICBC Financial Leasing Co., Ltd.		**–**	2,804
— A fellow subsidiary		**–**	9,323
— An associate		**751**	412
— Companies controlled by SPIC		**15,459**	723
— Companies controlled by SPIC on lease liabilities		**22,267**	110,654

Notes to the Interim Condensed Consolidated Financial Statements

30. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Expenses *(Continued)*

Notes:

(i) Purchases of coal, coal by-products and spare parts were charged in accordance with the terms of the relevant agreements.

(ii) Construction costs and other service fees were mainly related to construction services, repair and maintenance services, transportation services and other services which were charged based on mutually agreed prices.

(iii) Interest expenses to these related parties are charged at interest rates from 1.64% to 8.00% (2019: 1.38% to 8.00%) per annum.

(c) Period-end/year-end balances with related parties

	Note	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Prepayments for construction of power plants to companies controlled by SPIC other than SPIC Financial	(i)	258,545	481,717
Prepayments (included in prepayments, deposits and other receivables) to non-controlling shareholders		–	76,793
Deposits at:	(ii)		
— SPIC Financial		1,121,646	671,095
— ICBC and ABC		155,061	70,930
Amounts due from:			
— SPIC		16,120	7,912
— CPI Holding	(viii)	17,066	99
— SPIC Financial	(viii)	802	23
— Companies controlled by SPIC other than SPIC Financial	(viii)	95,432	14,088
— Fellow subsidiaries	(iii)	380,243	407,063
— Associates	(iv)	414,645	160,893
— Joint ventures	(v)	172,366	448
— Non-controlling shareholders	(vii)	92,314	16,031
Less: Amount that is expected to realize after 12 months shown under non-current assets	(iv)	(100,000)	(100,000)
Amounts that is expected to realize within 12 months shown under current assets		1,088,988	506,557

Notes to the Interim Condensed Consolidated Financial Statements

30. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Period-end/year-end balances with related parties *(Continued)*

	Note	**30 June 2020 RMB'000 (unaudited)**	31 December 2019 RMB'000 (audited)
Amounts due to:	(x)		
— SPIC		**81,600**	78,758
— CPI Holding		**106,680**	113,777
— SPIC Financial	(ix)	**519,524**	429,428
— Amounts due to ICBC and ABC	(ix)	**81,434**	129,788
— Companies controlled by SPIC other than SPIC Financial	(viii)	**287,995**	602,296
— Fellow subsidiaries	(viii)	**65,462**	101,608
— Joint ventures	(viii)	**–**	3
— Associates	(vi)	**122,840**	17,573
— Non-controlling shareholders	(vii)	**549,771**	207,589
		1,815,306	1,680,820

Notes:

The analysis below includes those items classified as part of a disposal group classified as held for sale.

(i) Balances represent prepayments for construction of power plants to companies controlled by SPIC other than SPIC Financial which were paid in accordance with the terms of the relevant agreements.

(ii) Deposits at SPIC Financial are interest bearing of 1.38% (31 December 2019: 1.38%) per annum. Deposits at ICBC and ABC are interest bearing at rates from 1.35% to 2.75% per annum.

(iii) The balance mainly represents an amount due from SPIC Guangdong Power Company Limited ("Guangdong Company"), a fellow subsidiary of the Group. Guangdong Company collected power generation income on behalf of Guangxi Company and its subsidiaries. The balance is unsecured and interest free.

(iv) The amounts due from associates are unsecured, of which RMB55,080,000 (31 December 2019: RMB55,080,000) is interest bearing at 1.75% (31 December 2019: 1.75%) per annum and repayable within one year, and RMB100,000,000 (31 December 2019: RMB100,000,000) is interest bearing at 4.34% (31 December 2019: 4.34%) per annum and repayable by 2021 and has been included in other non-current assets. And the remaining balances are interest free and repayable on demand.

(v) The amounts due from joint ventures are unsecured.

(vi) The amounts due to an associate are unsecured and repayable on demand.

Notes to the Interim Condensed Consolidated Financial Statements

30. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Period-end/year-end balances with related parties *(Continued)*

Notes: *(Continued)*

(vii) The balances include advanced payment due from and payables due to non-controlling shareholders for the purchase of coal and equipment, as well as the dividend payable due to the non-controlling shareholders. The balances are unsecured and interest-free.

(viii) The balances with these related parties are unsecured, interest-free and repayable on demand.

(ix) The balances as at 30 June 2020 represent interest payable on loans due to these related parties.

(x) The balances of the amounts due to related parties are due within one year. Accounts payable included in amounts due to related parties are all aged within one year.

(d) The Company is a state-owned enterprise and is an indirect subsidiary of SPIC, which is controlled by the State Council of the PRC. For the six months ended 30 June 2020 and 2019, the Group's significant transactions and balances with entities that are controlled, joint-controlled or significantly influenced by the PRC government mainly include:

(i) Bank deposits in state-owned banks and the related interest income

(ii) Bank borrowings from the state-owned banks and the related interest expenses

(iii) Sale of electricity to provincial power grid companies owned by the PRC government and the related receivables

(iv) Sales and purchases of coal from state-owned enterprises and the related receivables and payables

(v) Construction cost to state-owned enterprises

(vi) Service fees to state-owned enterprises

The prices and terms of such transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

Notes to the Interim Condensed Consolidated Financial Statements

30. RELATED PARTY TRANSACTIONS *(Continued)*

(e) Key management personnel compensation

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fees, basic salaries, housing allowance, other allowances and benefit in kind, discretionary bonus, employer's contribution to pension scheme and other benefits	**8,057**	8,733

(f) As disclosed in Note 29(a), CEC is a related party and a connected person of the Company as defined in the Listing Rules. Accordingly, the formation of Guangxi Overseas with CEC constitutes a connected transaction of the Company under the Listing Rules.

31. EVENT AFTER THE REPORTING PERIOD

On 29 July 2020, Changzhou Hydropower entered into an Equity Transfer Agreement with Guangxi Overseas, pursuant to which Changzhou Hydropower has agreed to sell, and Guangxi Overseas has agreed to acquire the 45% of the equity interest of Lingshan Wind Power at a consideration of RMB93,618,000. The Group did not recognize any gain or loss on the equity transfer as the consideration approximated the carrying amount of Lingshan Wind Power at the transaction date. The carrying amount of Lingshan Wind Power has been adjusted to its fair value following the disposal transaction described in Note 29(a). Details are set out in the announcement of the Company dated 29 July 2020.

Notes to the Interim Condensed Consolidated Financial Statements

32. NOTE TO THE INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before taxation to cash generated from operations

The reconciliation below includes those items classified as part of a disposal group classified as held for sale.

	Note	Six months ended 30 June 2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Profit before taxation		**2,380,414**	2,363,186
Adjustments for:			
Share of results of associates		**(147,951)**	(125,335)
Share of results of joint ventures		**(13,438)**	1,683
Finance income	8	**(116,520)**	(68,854)
Finance costs	8	**1,684,299**	1,543,906
Dividend income	4	**(47,228)**	(119,885)
Depreciation of property, plant and equipment	7	**2,373,828**	2,196,965
Depreciation of right-of-use assets	7	**184,599**	170,243
Impairment of other receivables	7	**–**	26,272
Impairment of property, plant and equipment	5	**–**	13,676
Impairment of assets classified as held for sale	5	**–**	80,920
Amortization of other intangible assets	7	**30,970**	22,679
Amortization of deferred income	5	**(2,716)**	(2,563)
Gain on disposal of property, plant and equipment, net	5	**(12,426)**	(8,346)
Gain on disposal of subsidiaries (pre-tax)	5	**(32,732)**	–
Operating cash flows before working capital changes		**6,281,099**	6,094,547
Changes in working capital:			
Decrease/(increase) in inventories		**57,542**	(86,060)
Increase in accounts receivable		**(1,523,999)**	(571,523)
Decrease in prepayments, deposits and other receivables		**282,059**	95,942
(Increase)/decrease in amounts due from related parties		**(681,865)**	178,910
Increase in debt instruments at FVTOCI		**(214,067)**	(135,477)
Increase in accounts and bills payables		**425,230**	65,467
Increase/(decrease) in other payables and accrued charges		**103,512**	(276,219)
Increase/(decrease) in amounts due to related parties		**838,711**	(333,204)
Decrease in deferred income		**(440)**	(1,978)
Cash generated from operations		**5,567,782**	5,030,405
Major non-cash transaction:			
Contribution of interests in subsidiaries to form a joint venture	29(a)	**492,354**	–
Provisions for other long-term liabilities	24	**775,305**	–