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)

Interim Report 2021

Clean Energy
Green Enterprise

INFORMATION FOR 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 2021 will be sent to the shareholders of the Company who have selected to receive the printed version of corporate communication by 16 September 2021.

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

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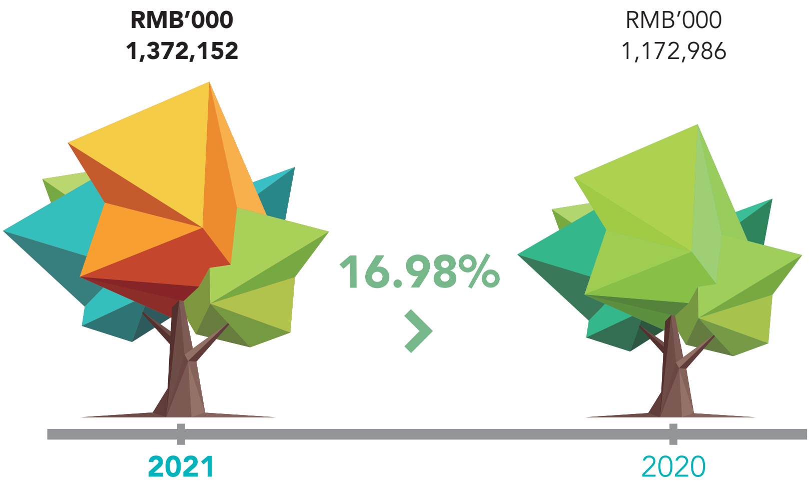
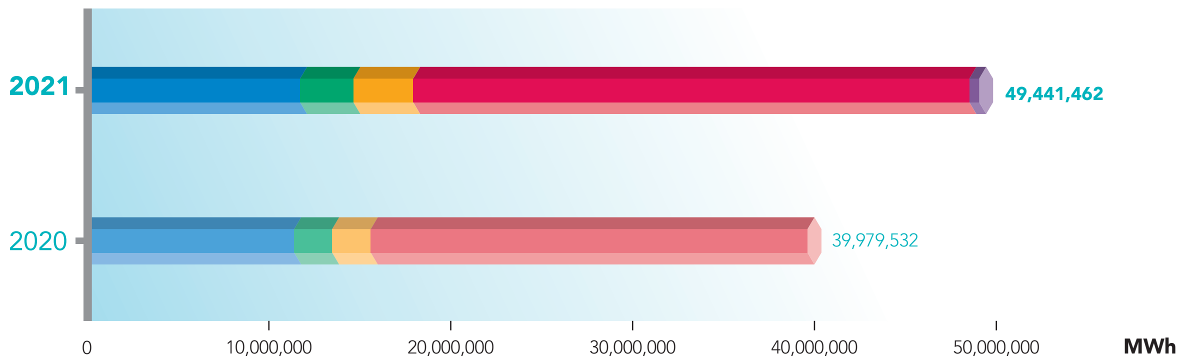
for the six months ended 30 June



TOTAL ELECTRICITY SOLD

for the six months ended 30 June

Wholly-owned or controlled power plants

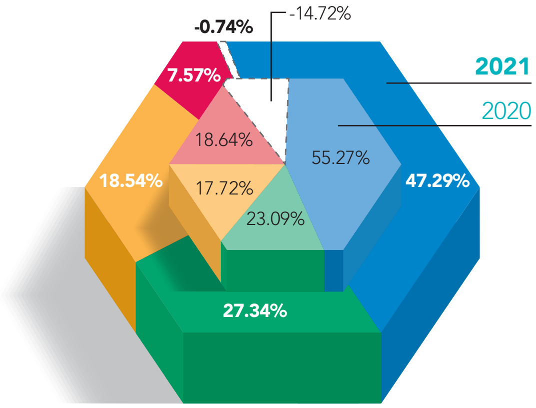


	2021 MWh	2020 MWh	Changes %
Hydropower	**12,101,542**	11,780,203	2.73
Wind power	**2,928,696**	2,078,356	40.91
Photovoltaic power	**3,285,366**	2,132,468	54.06
Coal-fired power	**30,589,385**	23,988,505	27.52
Natural gas power	**536,473**	N/A	N/A
Total	**49,441,462**	39,979,532	23.67

2021 Interim Performance Highlights

NET PROFIT

for the six months ended 30 June



Net profit (loss)	2021 RMB'000	2020 RMB'000
Hydropower	**1,051,196**	1,058,780
Wind power	**607,859**	442,400
Photovoltaic power	**412,166**	339,395
Coal-fired power	**168,298**	357,121
Unallocated	**(16,478)**	(281,990)
Total	**2,223,041**	1,915,706

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

OTHER KEY PERFORMANCE INDICATORS

for the six months ended 30 June

REVENUE

2021	2020	
16,543,056 RMB'000	13,055,829 RMB'000	+26.71%

OPERATING PROFIT

2021	2020	
4,416,839 RMB'000	3,786,804 RMB'000	+16.64%

BASIC EARNINGS PER SHARE

2021	2020	
0.13 RMB	0.12 RMB	+8.33%

CONSOLIDATED INSTALLED CAPACITY

2021	2020	
28,429.7 MW	25,008.7 MW	+13.68%

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000	Changes %
Equity attributable to equity holders of the Company	33,379,370	33,397,807	–0.06
Net assets	46,266,968	45,789,917	1.04
Total assets	169,186,577	155,948,671	8.49
Cash and cash equivalents	6,999,116	1,316,351	431.71
Total debts	102,547,986	91,431,935	12.16

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 hydropower, wind power, photovoltaic power and coal-fired power plants. Its businesses are located in various major power grid regions of China.

In the first half of 2021, the national total electricity consumption in China rose by 16.2% year-on-year and the national power generation recorded a year-on-year increase of 13.7%, among which, hydropower, wind power, photovoltaic power and coal-fired power grew by 1.4%, 44.6%, 24.0% and 15.0% respectively.

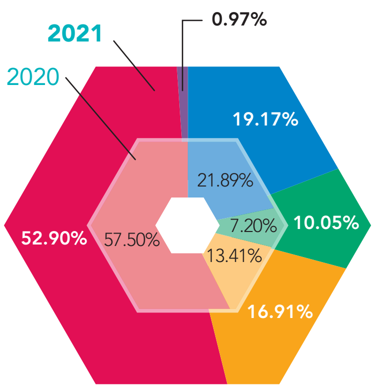
In the first half of 2021, the profit attributable to equity holders of the Company amounted to RMB1,372,152,000, representing an increase of 16.98% as compared with the corresponding period last year. Basic earnings per share was approximately RMB0.13 (2020: RMB0.12). As at 30 June 2021, net assets per share (excluding non-controlling interests and other equity instruments) was approximately RMB3.10.

With the Group's new energy projects entered into a peak period of official commercial production, return on investment grew gradually and the proportion of profits contributed by the new energy projects continued to rise. The electricity sales of wind power and photovoltaic power increased year-on-year by 40.91% and 54.06% respectively, and the profit for the period increased year-on-year by 37.40% and 21.44% respectively.

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

Installed Capacity

For the first half of 2021, the details of consolidated installed capacity of the Group are set out as follows:



The percentage shown in the chart above represents the proportion of each power segment in the total consolidated installed capacity.

	First half of 2021 MW	First half of 2020 MW	Changes %
Hydropower	**5,451.1**	5,475.1	-0.44
Wind power	**2,857.4**	1,800.6	58.69
Photovoltaic power	**4,806**	3,353	43.33
Coal-fired power	**15,040**	14,380	4.59
Natural gas power	**275.2**	N/A	N/A
Total	**28,429.7**	25,008.7	13.68

As at 30 June 2021, the consolidated installed capacity of the Group's power plants reached 28,429.7MW, representing a year-on-year increase of 3,421.0MW. Among which, the consolidated installed capacity of clean energy including hydropower, wind power, photovoltaic power and natural gas power was 13,389.7MW in total, accounting for approximately 47.10% of the total consolidated installed capacity and representing an increase of 4.60 percentage points as compared with the corresponding period last year.

The Group has been pursuing its transformational development strategy towards the directions of clean, integrated, intelligent and transnational development. During the period under review, the Group's additional installed capacity was 1,583.9MW, all of which were from clean energy projects.

The Group's new power generating units that commenced commercial operation during the period from 1 July 2020 to 30 June 2021 are presented by type as follows:

TYPE OF POWER PLANTS	Consolidated Installed Capacity MW
Wind power	1,056.8
Photovoltaic power	1,308.4
Natural gas power	275.2
Coal-fired power	660
Total	**3,300.4**

Note: Apart from the above new power generating units, as compared to the corresponding period last year, the Group recorded a net increase in consolidated installed capacity of 3,421.0MW after taking into account the followings: (i) the acquisition of consolidated installed capacity of 150MW from a new project company; and (ii) the decrease in consolidated installed capacity of 29.4MW due to the disposals of certain power plants.

Project Development

Under the national goals of "Carbon Peak" and "Carbon Neutrality", the comprehensive transition of the power industry towards clean energy is an inevitable trend. Following the new round of integrated development of technological and industrial transformation, new industries and new modes of energy usage such as big data, cloud computing and intelligent energy emerge one after another, while sectors such as integrated intelligent energy and energy storage are becoming the new drivers of the energy revolution.

Offshore Wind Power Projects

With the release of "The Fourteenth Five-Year Plan for National Economic and Social Development and the Outline of Long-term Goals for 2035 of the PRC (《中國國民經濟和社會發展第十四個五年規劃和 2035 年遠景目標綱要》)", the national plan specified the strategy to scale up the development of Shandong Peninsula and implement quality and green development, which has provided certainty on the development prospects of the local wind power industry. During the period under review, Haiyang Wind Power, a subsidiary of the Company located in Shandong Province, seized the opportunity to develop the first offshore wind power demonstration project in the province, which is also the first offshore wind power project of the Group. Phase 1 of the wind power generation project has an installed capacity of 300MW, which is scheduled to connect to the power grid for power generation by the end of 2021.

In response to the "Three-year Action Plan for Accelerating the Development of Seaward Economy and Promoting the Construction of a Powerful Region of Marine Economy in Guangxi (2020–2022) (《廣西加快發展向海經濟推動海洋強區建設三年行動計劃（2020–2022年）》)", Changzhou Hydropower, a subsidiary of the Company, entered into a joint venture agreement in June 2021 to jointly develop offshore wind power projects in Guangxi Zhuang Autonomous Region of the PRC. It is expected that it will further enhance the Group's market position by expanding its scale of operation and the layout of its clean energy bases in the region.

Photovoltaic Projects

Following the commencement of operation of three photovoltaic competitive-bidding projects totalled 440MW in Ningxia Hui Autonomous Region of the PRC last year, another three photovoltaic competitive-bidding projects totalled 550MW have also been put into production successively during the period under review, which further consolidated the development of the Group's photovoltaic projects in the region and Northwestern China.

The Group also entered into several cooperation agreements with various municipal governments including Heilongjiang Province and Liaoning Province in respect of clean energy projects during the period under review, which will pave way for further expansion of the Group's photovoltaic power generation business into Northeastern China.

Intelligent Energy Projects

The Xiaogang Village Project in Anhui Province of the PRC is an integrated smart energy demonstration project of photovoltaic power generation for transformation and digital developments of the rural area that combines ecological energy, smart facilities and green industries. The project aims to enable integrated smart energy to truly connect thousands of households, create a new form of energy structure, and create a new benchmark for rural green development, which can be replicated and extended to all rural areas to achieve national modernization and revitalize rural economic development.

Phase 1 of the project, which included ecological energy projects of agricultural-photovoltaic complementary power generation, intelligent facility projects such as floating photovoltaic, photovoltaic carports, charging piles and intelligent street lamps, as well as green industry projects such as photovoltaic pest control and photovoltaic hydroponic plants factory, has commenced production during the period under review. In May of this year, the Group also entered into an investment framework agreement with the local government to officially commence the feasibility study for the development of Phase 2 of the project.

Overseas Development Project

During the period, Cox's Bazar 66MW Project, the first overseas wind power project of the Group, was officially launched in Bangladesh. The Group will promote the commencement of the project in a safe, high quality and efficient manner, while intensely developing the local market to accelerate the implementation of subsequent projects in Bangladesh.

Projects under Construction

As at 30 June 2021, the consolidated installed capacity of the projects under construction was 4,759.7MW, among which, the consolidated installed capacity of coal-fired power and clean energy segments were 2,000MW and 2,759.7MW respectively. The clean energy projects under construction accounted for 57.98% in aggregate (excluding clean energy projects of which the acquisitions have not yet been completed during the period).

Despite the resurgence of the pandemic during the period, the Group effectively implemented pandemic prevention and control measures and undertook various tasks in advance to avoid any obstacles that may arise in the course of normal operation. As a result, its construction works were carried out in an orderly manner and its projects commenced operation as scheduled, including various wind power and photovoltaic power projects in Ningxia Hui Autonomous Region and Shanxi Province.

New Development Projects

Subsequent to the period under review, the Group continued to establish various new energy and integrated intelligent energy projects in collaboration with the Chaoyang Municipal Government. These projects will carry out regional energy planning based on the characteristics of energy supply and demand in the development zone, and realize the economic, efficient and intelligent supply and use of multiple energy sources such as heat, cold, water, gas and electricity, while setting up battery charging and swapping stations that integrated photovoltaic power, energy storage and charging. Through the development of a carbon-neutral smart industrial park, these projects will reduce the energy cost of enterprises settled in the park, facilitate the high-quality development of the development zone, foster a higher economic growth point for the county, thereby becoming a national zero-carbon demonstration project.

In addition, Haiyang 100MW/200MWh Energy Storage Project has made the list of the first batch of energy storage pilot demonstration projects in Shandong Province in 2021. We will continue to stay in line with the national developmental direction and promote intelligent energy and integrated power source, grid, loading and storage 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 16,800MW, which are all clean energy projects (including natural gas power projects) primarily located in areas with development potential, including Henan, Shandong, Hebei, Shanxi and Anhui.

Power Generation and Electricity Sales

For the first half of 2021, the details of power generation and electricity sold by the Group are set out as follows:

Power generation

TOTAL POWER GENERATION

51,530,643
MWh

Compared with
the first half of 2020
+23.74%

	First half of 2021 MWh	First half of 2020 MWh	Changes %
Hydropower	12,215,193	11,900,153	2.65
Wind power	2,979,730	2,124,908	40.23
Photovoltaic power	3,355,417	2,178,575	54.02
Coal-fired power	32,427,288	25,442,041	27.46
Natural gas power	553,015	N/A	N/A

Electricity Sales

TOTAL ELECTRICITY SOLD

49,441,462
MWh

Compared with
the first half of 2020
+23.67%

	First half of 2021 MWh	First half of 2020 MWh	Changes %
Hydropower	12,101,542	11,780,203	2.73
Wind power	2,928,696	2,078,356	40.91
Photovoltaic power	3,285,366	2,132,468	54.06
Coal-fired power	30,589,385	23,988,505	27.52
Natural gas power	536,473	N/A	N/A

The changes in electricity sold by each power segment as compared with the corresponding period last year are as follows:

- Hydropower — an increase of 2.73% in electricity sales as the amount of rainfall in the river basins where most of the Group's hydropower plants are located basically remained at the same level during the period.

- Wind power and photovoltaic power — benefitted from the commencement of commercial operation of the large number of new clean energy power generating units from the second half of 2020 to the current period, the electricity sales of wind power and photovoltaic power recorded year-on-year increases of 40.91% and 54.06%, respectively.

- Coal-fired power — an increase of 27.52% in electricity sales as benefitted from the year-on-year growth in power demand during the period, as well as the commencement of commercial operation of the new coal-fired power generating units in the second half of last year.

- Natural gas power — the electricity sales amounted to 536,473MWh during the period as the first natural gas power generation project was officially put into operation in the second half of 2020.

In the first half of 2021, the Group also performed satisfactorily in gaining incentive electricity given the fulfilment of certain specific targets required by the local governments in respect of environmental protection, heating capacity and productivity of certain power generating units.

For the first half of 2021, the details of electricity sold by the Group's main associates and joint ventures are set out as follows:

	First half of 2021 MWh	First half of 2020 MWh	Changes %
Associates			
Photovoltaic power	**52,322**	49,831	5.00
Coal-fired power	**9,207,875**	6,163,161	49.40
Joint ventures			
Wind power	**678,696**	N/A	N/A
Coal-fired power	**1,692,147**	1,530,109	10.59
Total	**11,631,040**	7,743,101	50.21

Heat Sales

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, promoted the construction of centralized heating pipe networks and developed heat and electricity co-generation projects, thereby achieving positive results in various areas such as energy efficiency upgrade and development of heat supply market. For the first half of 2021, the total heat sold by the Group (including an associate and a joint venture) was 14,408,308GJ, representing an increase of 3,868,174GJ or 36.70% as compared with the corresponding period last year.

During the period under review, a total of five generating units of three subsidiaries of the Group completed the upgrade of heat supply facilities. In an effort to continuously enhance the heat supply capacity, another three generating units of the Group are still in the process of carrying out technical upgrade for the heating system.

Direct Power Supply

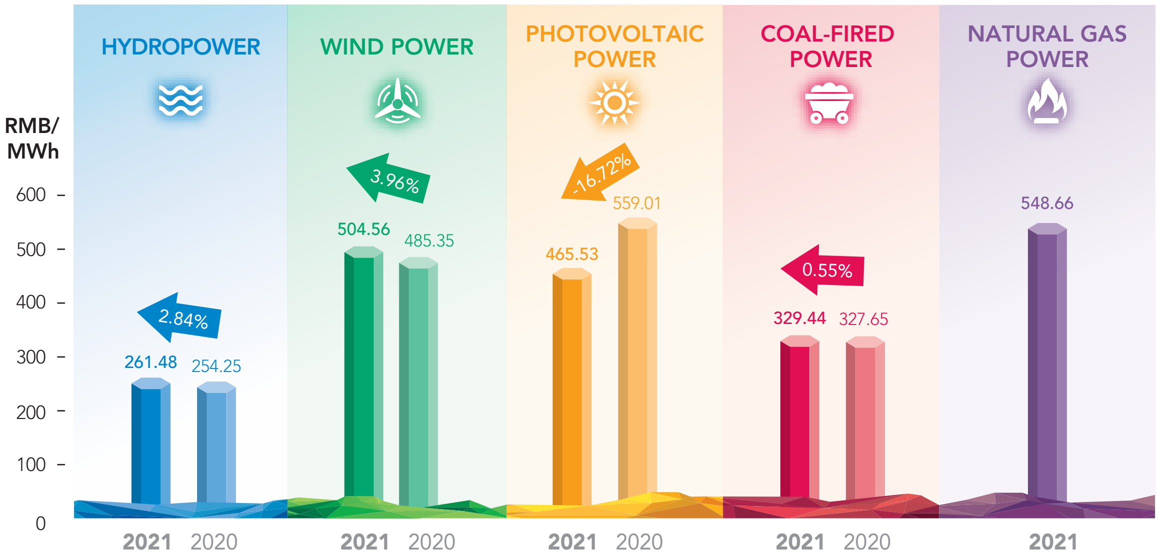
The Group has actively participated in the market-oriented reform of national power industry, analyzed the opportunities therein and participated in direct power supply transactions (including competitive bidding for on-grid electricity sales) with a view to securing market share. Subsidiaries in different provinces have also established their electricity sales centers to serve and attract more target customers.

In the first half of 2021, for those coal-fired power plants and clean energy power plants of the Group which participated in direct power supply transactions, their electricity sold through direct power supply transactions amounted to 16,676,039MWh and 4,009,842MWh respectively, together accounting for approximately 41.84% (2020: 37.47%) of the Group's total electricity sales during the period.

For those coal-fired power and hydropower plants of the Group which participated in direct power supply transactions in the first half of 2021, their average tariffs were at a discount of approximately 6.38% and 6.17% (2020: 8.61% and 6.14%) respectively to their respective average on-grid tariffs officially approved by the PRC government (including ultra-low emission tariff). The tariff discount of direct power supply for coal-fired power decreased as compared with the corresponding period last year, mainly due to the increase in coal price during the period, which led to an increase in operating costs of coal-fired power enterprises and less room for downward adjustment of tariff, therefore resulting in a narrowed decline in overall tariff.

Average On-Grid Tariff

For the first half of 2021, the average on-grid tariffs of each of the Group's power segments as compared with the corresponding period last year were as follows:



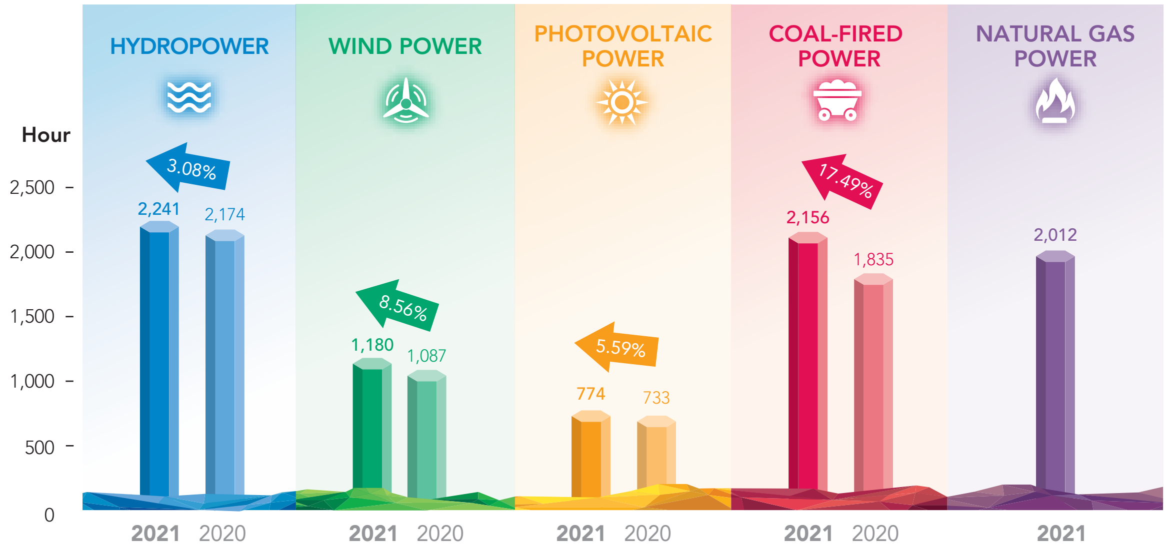
As compared with the first half of 2020, the changes in the average on-grid tariff of each power segment were mainly due to the following factors:

- Hydropower — the increase in electricity sales of hydropower plants with higher average on-grid tariffs.
- Wind power — the Group's newly operating wind power plants during the period which charged a relatively higher average on-grid tariff than that of the existing wind power plants.
- Photovoltaic power — the impact of subsidies reduction policy for photovoltaic power tariff and the commencement of operation of the Group's photovoltaic power generation grid parity and competitive-bidding projects, which resulted in a lower average tariff of photovoltaic power.
- Coal-fired power — the year-on-year decrease in tariff discount of direct power supply.

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 for market power trading.

Average Utilization Hours of Power Generating Units

For the first half of 2021, the average utilization hours of power generating units of each of the Group's power segments as compared with the corresponding period last year were as follows:



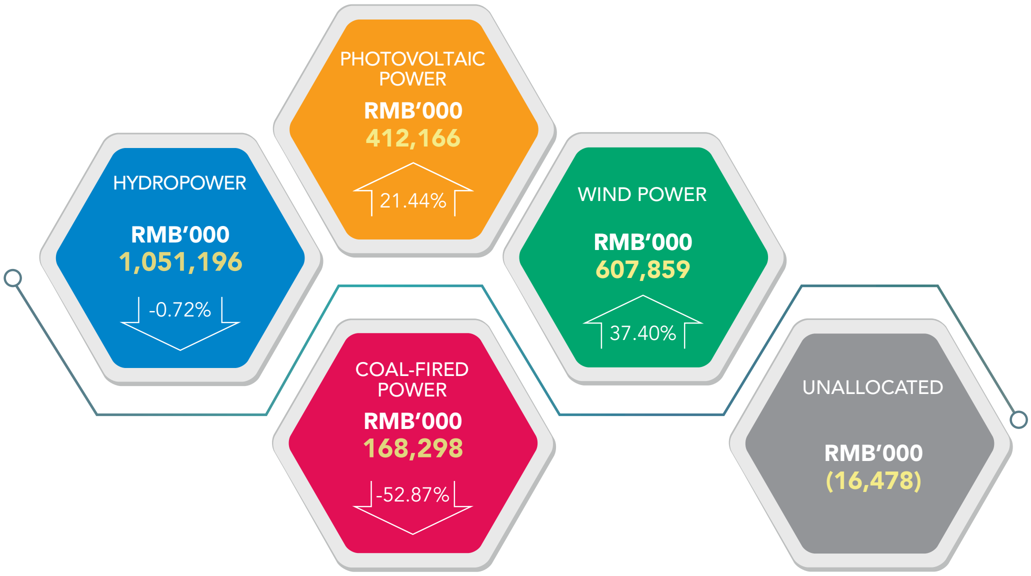
As compared with the first half of 2020, the changes in the average utilization hours of power generating units of each power segment were mainly due to the following factors:

- Hydropower — in line with the slight increase in power generation during the period.
- Wind power — the higher average utilization hours of the newly operating generating units.
- Photovoltaic power — the results achieved from effective facility maintenance.
- Coal-fired power — the rebound of electricity consumption driven by the year-on-year increase in power demand during the period, marking a sharp contrast to the decrease in electricity consumption due to the COVID-19 pandemic in the PRC in the first quarter of last year.

OPERATING RESULTS OF THE FIRST HALF OF 2021

For the first half of 2021, the net profit of the Group amounted to RMB2,223,041,000, representing an increase of RMB307,335,000 or 16.04% as compared with the corresponding period last year.

For the first half of 2021, the net profit (loss) of each operating segment and their respective changes over the corresponding period last year were as follows:

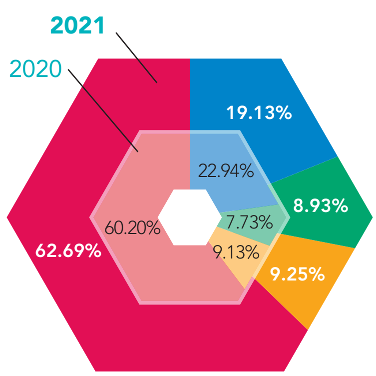


As compared with the first half of 2020, the changes in net profit were mainly due to the following factors:

Revenue

The revenue of the Group was derived from the sales of electricity to regional and provincial power grid companies and the provision of power generation to other companies, while the Group recognized its revenue when its performance obligations have been satisfied. For the first half of 2021, the Group recorded a revenue of RMB16,543,056,000, representing an increase of 26.71% as compared with RMB13,055,829,000 of the corresponding period last year.

For the first half of 2021, the details of revenue of each operating segment are set out as follows:



	First half of 2021 RMB'000	First half of 2020 RMB'000	Changes %
Hydropower	**3,164,292**	2,995,129	5.65
Wind power	**1,477,709**	1,008,735	46.49
Photovoltaic power	**1,529,435**	1,192,065	28.30
Coal-fired power	**10,371,620**	7,859,900	31.96
Total	**16,543,056**	13,055,829	26.71

- Revenue from hydropower increased by RMB169,163,000, which was attributable to the increase in average on-grid tariff and the increase in electricity sales of hydropower during the period.
- Revenue from wind power and photovoltaic power increased by RMB806,344,000 in aggregate due to the commencement of commercial operation of various projects.
- Revenue from coal-fired power increased by RMB2,511,720,000, which was attributable to the increase in electricity sales of coal-fired power as compared with the corresponding period last year, benefitted from the year-on-year growth in power demand.

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 2021, the operating costs of the Group amounted to RMB12,768,343,000, representing a rise of 31.77% as compared with RMB9,689,978,000 of the corresponding period last year. The increase in operating costs was mainly due to the rise in fuel costs, and the increase in both depreciation and other operating expenses as further explained below.

Total Fuel Costs

The total fuel costs increased by RMB2,750,304,000 as a result of the year-on-year surge in coal price and the corresponding increase in fuel consumption in tandem with the increase in electricity sales of coal-fired power.

Unit Fuel Cost

The average unit fuel cost of the Group's coal-fired power business was RMB236.03/MWh, representing an increase of 19.69% from that of RMB197.20/MWh of the corresponding period last year. This was mainly attributable to the price hike of coal resulted from the tight supply and demand in the coal market during the period under review. In response to the new characteristics of the prevailing coal market of "highly fluctuating, rapidly evolving and standardized operation", the Group adopted the strategy of "optimizing long-term contract, strengthening market development and increasing import" to exercise control over coal prices. As such, the year-on-year increase in integrated unit cost of standard coal was lower than the average increase of the major coal market indexes.

Depreciation and Staff Costs

Depreciation of property, plant and equipment and the right-of-use assets and staff costs increased by RMB346,392,000 in aggregate as a result of business expansion and the large number of new power generating units that commenced commercial operation during the period.

Other Gains and Losses and Other Operating Expenses

The net gains from other gains and losses increased by RMB140,044,000, mainly due to the increase in profits on sales of heat, trading of coal, coal by-products, spare parts and others.

Other operating expenses rose by RMB34,370,000 year-on-year, mainly due to the higher power and heat generation costs as a result of the increase in electricity sales and heat sales.

Operating Profit

For the first half of 2021, the Group's operating profit was RMB4,416,839,000, representing an increase of 16.64% as compared with the operating profit of RMB3,786,804,000 of the corresponding period last year.

Finance Costs

For the first half of 2021, the finance costs of the Group amounted to RMB1,966,549,000 (2020: RMB1,684,299,000), representing an increase of RMB282,250,000 or 16.76% as compared with the corresponding period last year. The increase in interest expense was in line with the rise of debts level as a result of the expansion of our asset scale.

Share of Results of Associates

For the first half of 2021, the share of results of associates was profits of RMB107,246,000, representing a decrease of RMB40,705,000 or 27.51% as compared with RMB147,951,000 of the corresponding period last year. The decrease in profits was mainly due to the decrease in net profits of the associates engaging in coal-fired power related business as a result of the year-on-year increase in coal price.

Share of Results of Joint Ventures

For the first half of 2021, the share of results of joint ventures was losses of RMB814,000, representing a decrease in profits of RMB14,252,000 as compared with the profits of RMB13,438,000 of the corresponding period last year. The decrease in profits was mainly due to the decrease in net profits of the joint ventures engaging in coal-fired power related business as a result of the year-on-year increase in coal price.

Income Tax Expense

For the first half of 2021, income tax expense of the Group was RMB428,738,000, representing a decrease of RMB35,970,000 as compared with RMB464,708,000 of the corresponding period last year. The decrease was mainly attributable to the year-on-year decrease in profits from the coal-fired power segment.

Interim Dividend

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2021.

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

As at 30 June 2021, the carrying amount of equity instruments at FVTOCI was RMB3,019,644,000, accounting for 1.78% of total assets, including listed equity securities of RMB2,510,349,000 and unlisted equity investments of RMB509,295,000.

Listed equity securities represent the equity interests in Shanghai Power held by the Group. As at 30 June 2021, the Group held 13.88% of the issued share capital of Shanghai Power, the A shares of which are listed on the Shanghai Stock Exchange. It was categorized into the level 1 financial assets of fair value measurements, and its fair value decreased by 2.95% as compared with RMB2,586,640,000 as at 31 December 2020.

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. They were categorized into the level 3 financial assets of fair value measurements. As at 30 June 2021, the aggregate fair value of unlisted equity investments owned by the Group was RMB527,172,000 (including an unlisted equity investment in the PRC as part of disposal groups classified as held for sale), representing an increase of 6.89% from RMB493,189,000 as at 31 December 2020.

The market approach was the valuation technique and key inputs used for measuring the fair value of the level 3 financial assets above, i.e. fair value of such equity instruments is estimated by calculating the appropriate value ratio based on market multiples derived from a set of comparable listed companies in the same or similar industries. Key inputs were (i) the market value of the said equity interests, (ii) price-to-book ratio of the comparable companies (0.43–2.96), and (iii) the marketability discount (25.60%–30.78%).

The fair value loss on equity instruments at FVTOCI for the six months ended 30 June 2021 of RMB43,681,000 (net of tax) (2020: RMB221,841,000) was recognized in the interim condensed consolidated statement of comprehensive income.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisition or disposal during the period under review.

EVENT AFTER THE REPORTING PERIOD

On 12 July 2021, Wu Ling Power entered into three Equity Transfer Agreements with Mingyang New Energy, pursuant to which Wu Ling Power has conditionally agreed to acquire, and Mingyang New Energy has conditionally agreed to sell the entire equity interests and to assume the Shareholder's Loans of the Target Companies for an aggregated consideration of RMB1,490,283,000, which are subject to adjustments on Completion. The Target Companies hold four wind power projects with a total power generation installed capacity of 203.6MW located in Inner Mongolia Autonomous Region of the PRC. All of the four wind power projects have now commenced commercial operation. The Board considered the Acquisitions will establish the Group's clean energy development and presence in Inner Mongolia Autonomous Region. For details, please refer to the announcements of the Company dated 12 July 2021 and 19 July 2021 respectively.

LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

As at 30 June 2021, cash and cash equivalents of the Group were RMB6,999,116,000 (31 December 2020: RMB1,316,351,000). Current assets amounted to RMB22,416,493,000 (31 December 2020: RMB14,121,267,000), current liabilities amounted to RMB46,429,127,000 (31 December 2020: RMB40,556,194,000) and current ratio was 0.48 (31 December 2020: 0.35).

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 2021, the maximum daily balance of deposit (including accrued interests) placed by the Group with SPIC Financial was approximately RMB3.27 billion (31 December 2020: RMB4.18 billion).

In order to ensure that the relevant business is in compliance with the terms of the above Financial Services Framework Agreement, the Company had designated personnel to monitor the funds deposited with SPIC Financial, performed daily real-time inquiries on the funds deposited with SPIC Financial, and collected deposit rates offered by major domestic commercial banks for comparison with the deposit rates offered by SPIC Financial on a monthly basis.

In addition to the deposit offers as agreed in the above agreement, SPIC Financial also provides internal treasury management platform, cross-border fund allocation platform and other financial services to the Group through its own financial resources, such as the business information system and cross-border fund allocation channels. Such platforms enable the real-time monitoring of account balances as well as income and expenditure, thereby safeguarding against funding risks. At the same time, they facilitate flexible and efficient fund allocation across borders, which give rise to more flexible capital flow at home and abroad, broaden financing channels for domestic subsidiaries and reduce uncertainties in inbound and outbound capital flows due to changes in foreign exchange regulatory policies.

During the period under review, the Group recorded a net increase in cash and cash equivalents (including cash and cash equivalents as part of disposal groups classified as held for sale) of RMB5,701,680,000 (2020: RMB818,928,000). For the six months ended 30 June 2021:

- net cash generated from operating activities amounted to RMB2,433,837,000 (2020: RMB3,589,510,000), which mainly represented the changes in working capital. The decrease in net cash inflow was mainly attributable to the increase in the Group's payment and prepayment for purchases of coal from related parties.

- net cash used in investing activities amounted to RMB5,741,508,000 (2020: RMB6,456,662,000), which mainly represented the cash outflow of capital expenditure on payments for property, plant and equipment and prepayments for construction of power plants. The decrease in cash outflow, as compared with the corresponding period last year, was mainly attributable to the decrease 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 RMB9,009,351,000 (2020: RMB3,686,080,000). The significant 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.

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

DEBTS

As at 30 June 2021, total debts of the Group amounted to RMB102,547,986,000 (31 December 2020: RMB91,431,935,000). All debts of the Group are denominated in RMB, Japanese Yen ("**JPY**") or United States Dollars ("**USD**"). As at 30 June 2021, 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 67% (31 December 2020: approximately 66%). The Group's gearing ratio remained stable.

As at 30 June 2021, the amount of borrowings granted by SPIC Financial was approximately RMB4.09 billion (31 December 2020: approximately RMB4.06 billion).

SIGNIFICANT FINANCING ACTIVITIES

In February 2021, the Company issued the third tranche of super & short-term commercial paper in the PRC in a principal amount of RMB500 million, at the interest rate of 3.20% per annum and with a maturity period of 179 days. The proceeds were fully used for repayment of existing borrowings. The aggregate principal amount of such super & short-term commercial paper was RMB1 billion. It has an effective registration period of two years with effect from August 2019 and can be issued in tranches on a revolving basis within the effective registration period.

In April 2021, the Company issued the second tranche of medium-term notes in the PRC in a principal amount of RMB2 billion, at the interest rate of 3.54% per annum and with a maturity period of 3 years. The proceeds were fully used for repayment of existing borrowings and bank loans, and replenishment of working capital of the Group. The aggregate principal amount of such medium-term notes was RMB4 billion. It has an effective registration period of two years with effect from August 2019 and can be issued in tranches within the effective registration period.

In May 2021, Wu Ling Power, a subsidiary of the Company, issued the second tranche of super & short-term commercial paper in the PRC in a principal amount of RMB1 billion, at the interest rate of 3.00% per annum and with a maturity period of 260 days. The proceeds were fully used for repayment of existing borrowings. The aggregate principal amount of such super & short-term commercial paper was RMB2 billion. It has an effective registration period of two years with effect from July 2020 and can be issued in tranches on a revolving basis within the effective registration period.

CAPITAL EXPENDITURE

For the first half of 2021, the capital expenditure of the Group was RMB6,799,965,000 (2020: RMB8,219,799,000). In particular, the capital expenditure for clean energy segments (hydropower, wind power and photovoltaic power) was RMB4,908,102,000 (2020: RMB5,993,855,000), 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 RMB1,773,732,000 (2020: RMB2,042,555,000), 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 2021, the Group pledged certain property, plant and equipment with a net book value of RMB395,640,000 (31 December 2020: RMB262,915,000) to certain banks to secure bank borrowings in the amount of RMB157,645,000 (31 December 2020: RMB129,620,000). In addition, certain bank borrowings, certain borrowings from related parties and certain lease liabilities totaling RMB20,150,392,000 (including bank borrowings as part of disposal groups classified as held for sale) (31 December 2020: RMB19,546,007,000) were secured by the rights on certain accounts receivable. The accounts receivable secured under these borrowings amounted to RMB3,823,536,000 (including accounts receivable as part of disposal groups classified as held for sale) (31 December 2020: RMB2,476,191,000).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material contingent liabilities.

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 management and sustainable development strategy, 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. Volatility of RMB exchange rate against JPY and USD may increase the exchange risks of the Group, thus affecting its financial position and operating results. As at 30 June 2021, the Group's borrowings denominated in foreign currencies amounted to RMB3,011,489,000 (31 December 2020: RMB3,038,381,000).

In order to prevent the risk of exchange rate fluctuations, the Company entered into a USD forward contract at the beginning of the year. Pursuant to the contract, the Company bought an amount of USD410 million at the agreed price of RMB6.53 for USD1 on 26 July 2021 to repay the Company's bank borrowings of USD410 million due on the same day. No fees were charged in any form under the contract.

The Group will continue to keep track on the movements of exchange rate and, if necessary, take responsive measures to avoid excessive foreign exchange rate risks.

Funding Risks

With the Group's strengthened efforts in developing 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 capability 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 2021, the Group had sufficient available undrawn financing facilities amounting to RMB17,148,419,000 to safeguard against funding risks.

Risks Relating to Policy Changes

Based on the Administrative Measures for Carbon Emission Rights Trading (Trial) (《碳排放權交易管理辦法（試行）》), the Ministry of Ecology and Environment of the PRC formulated relevant systems and measures to further regulate the registration, trading and settlement of carbon emission rights across the country and protect the legal rights of participants of the national carbon emission rights trading market during the period, including the Rules for the Administration of Carbon Emission Rights Registration (Trial) (《碳排放權登記管理規則（試行）》), the Rules for the Administration of Carbon Emission Rights Trading (Trial) (《碳排放權交易管理規則（試行）》) and the Rules for the Administration of Carbon Emission Rights Settlement (Trial) (《碳排放權結算管理規則（試行）》).

In response to the carbon trading market, the Group made various targeted efforts to plan ahead for carbon trading. Dabieshan Power Plant, a subsidiary of the Company located in Hubei Province, commenced the trading of carbon emission rights in 2014. In recent years, it has been actively engaging in carbon trading to gain market experience. It established the carbon assets and carbon trading special study group, specified the functions of all departments, estimated and measured the carbon emission indicators of different units in a scientific manner, examined future carbon trading strategy, and conducted researches on the development of carbon assets management policies, carbon assets management practices, performance of carbon trading contracts and experience on the pilot carbon market, etc.

SOCIAL AND ENVIRONMENTAL GOVERNANCE

Operational Safety

The Group sets the goal of "Zero death, Zero accident" and strives to enhance the production safety management capability of the management personnel. During the period under review, the Company continued to organize training courses for environmental management and quality control officers, and held production safety meetings on a regular basis. It offered training to the person-in-charge of the safety, production and engineering departments, the chief safety officers and division managers of all units, so as to strengthen safety management and curb major risks and potential safety threats at an early stage.

During the period under review, the Group continued to improve the conditions for operation in strict compliance with the Production Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws and regulations relating to safety and hygiene.

The Quality, Occupational Health and Safety, and Environment (QHSE) "three standards" management system established by the Group maintained a stable operation. In order to further enhance its core competitiveness and promote sustainable development, the Group has carried out annual supervision and review, which ensured the compliance with international standards and played an important role in enhancing management level and implementing transformational development.

In the first half of 2021, 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.

The Group has also attached great importance to the learning and training of employees and to the communication between employees in different positions. It has improved the professional and technical capabilities and overall competence of its employees on an on-going basis, so as to satisfy the needs of its continuously expanding businesses.

As at 30 June 2021, the Group had a total of 10,413 (2020: 10,337) 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.

Stakeholder Engagement

The Group has been actively responding to the local policy requirements of the places where it operates by supporting local communities in terms of green development and environmental protection, providing reliable electricity to cope with challenges arising from extreme weather such as flooding, typhoon and cold wave, establishing sound cooperation with the governments, universities and enterprises in terms of energy, science and technology and talents development, making concerted efforts with local governments for pandemic prevention and control, etc.

Climate Change

The Group recognizes the real and present danger of climate change and assumes the important mission of promoting the transformation of the power and energy industry and the development of clean energy. In recent years, the Group continued to vigorously develop new energy, optimized the operation of various power plants, actively carried out optimization for carbon reduction and efficiency enhancement, and continuously promoted the elimination of traditional coal-fired power generating units with backward production capacity or carried out energy saving upgrade and transformation.

The Company published its latest Sustainability Report in May 2021. The report identified and analyzed corporate climate risks in line with the framework of "Climate-Related Risks, Opportunities and Financial Impacts" put forward by the TCFD and highlighted the Group's efforts in maintaining sustainable growth.

Energy Saving and Emission Reduction

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.

For the first half of 2021, the net coal consumption rate of the Group was 301.35g/kWh, representing a slight decrease of 0.70g/kWh as compared with the corresponding period last year. It was mainly due to the successive commencement of operation of natural gas power projects, which optimized the power generation structure, and hence lowered the average net coal consumption rate.

For emission reduction, there are more than 90% of the Group's operating coal-fired power generating units have currently met the standards of ultra-low emission.

For the first half of 2021, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2020: 100%), and the efficiency ratio of desulphurization reached 99.36% (2020: 99.29%); while the operational ratio of denitration facilities was 100% (2020: 100%) and the efficiency ratio of denitration reached 88.89% (2020: 88.70%).

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 0.082g/kWh, representing a decrease of 0.008g/kWh as compared with the corresponding period last year;

- the emission rate of nitrogen oxide (NO_x) at 0.148g/kWh, representing a decrease of 0.008g/kWh as compared with the corresponding period last year; and

- the emission rate of flue gas and dusts at 0.009g/kWh, which remained at the same level as that of the corresponding period last year.

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 2021

In the second half of 2020, the Chinese government proposed the "30•60" target for achieving "Carbon Peak" and "Carbon Neutrality", which clearly stated that a new power system will be established with new energy as its core. Since 2021, the Chinese government has accelerated the development of the carbon emissions trading market. The relevant strategic goal and policy guidance will bring profound changes to the power industry in its entirety. Given this new market landscape, the Group will face new development opportunities and competitive pressure at the same time.

As such, the Group will prioritize the following tasks in the second half of the year:

Accelerating the development of clean energy to continuously transform into a low-carbon enterprise. The Group will step up its efforts in clean energy development to increase the share of clean energy in terms of installed capacity and revenue. Adhering to the principle of controlling and reducing coal consumption and cutting carbon emission, the Group intends to dispose of part of its equity interests in coal-fired power enterprises with a view to gradually divesting its coal-fired power assets in an orderly manner and achieving the targets of "Carbon Peak" and "Carbon Neutrality" as soon as possible. According to the current development plan, the Group is confident about increasing the proportion of consolidated installed capacity of on-grid clean energy to reach over 50% of the total installed capacity by the end of 2021. The Group aims to be the first enterprise with its proportion of clean energy installed capacity higher than that of coal-fired power among existing major PRC power producers listed in Hong Kong that principally engaged in traditional coal-fired power generation.

Creating the new landscape of development with a focus on energy transformation. The Group will accelerate the acquisition of clean energy and integrated intelligent energy projects in various counties, and intensify the cooperation with upstream and downstream strategic partners to tap into the new battlefield of cross-sector and innovative collaboration. Meanwhile, it will promote the implementation of the "green power transportation" and "new energy storage" businesses by fully leveraging the advantages of the Group's two newly formed platform companies, namely Qiyuanxin Power and Xinyuan Smart Storage. It will also actively develop diversified energy services for asset-light operation including high-end inspection and repair of nuclear energy and establish a high-end electricity services market represented by the inspection and repair business of nuclear power stations, with an aim to expand and strengthen its platform companies of new energy services to further open up new rooms for comprehensive development. At the same time, it will thoroughly study the government's new energy policies in relation to carbon emissions and carbon emission trading, and strengthen the management of its carbon assets.

Unlocking potentials and enhancing efficiency to improve the Company's overall performance. The Group will strive to increase revenue and reduce costs by putting more efforts in electricity sales and the expansion into energy services market to broaden the sources of revenue. The Group will continue to enhance efficiency of capital use and control its gearing ratio to maintain a healthy capital structure. More importantly, the Group will maintain safe and stable production and operation to ensure highly reliable performance and highly efficient operation of the power generating units.

The Group will actively adapt to the new landscape of the energy market by accelerating its transformation towards clean energy, so as to preserve the growth momentum for production, operation and development, and reward its shareholders.

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 2020. 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 2021.

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. The Company briefly deviated from the said provision when Mr. HE Xi concurrently served as both the Chairman of the Board and the President (being the chief executive) of the Company from 12 April 2021 to 23 July 2021.

Upon appointment of Mr. GAO Ping as an executive Director and the President of the Company with effect from 23 July 2021, Mr. HE Xi ceased to hold the role of the President of the Company while still remains as the Chairman of the Board.

Subsequent to the above change, 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.

UPDATED DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the updated information of the Directors that required to be disclosed since the date of the annual report 2020 to the date of this Report are as follows:

Mr. WANG Xianchun and Mr. ZHOU Jie were appointed as the director of China Power International Holding Limited ("CPI Holding"), the controlling shareholder of the Company, with effect from 6 April 2021.

Mr. YAU Ka Chi was appointed:

- as the Chairman of the Audit Committee after Mr. KWONG Che Keung, Gordon retired as an independent non-executive Director on 3 June 2021; and
- as an independent non-executive director of HBM Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") with effect from 9 June 2021.

Mr. HE Xi ceased to hold the position as the President of the Company with effect from 23 July 2021.

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 2021.

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 2021.

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 2021, and the "Independent Review Report" is set out on page 25 of this Report.

RISK MANAGEMENT AND INTERNAL CONTROL

For the six months ended 30 June 2021, the Company has strictly complied with the relevant provisions of the CG Code regarding risk management and internal control. We have carried out works in this respect during the period which, amongst others, included the following:

Commencing various internal auditing tasks in close integration with the operation and development of the Company. With comprehensive audits as the main tasks, we have commenced specialized audit and inspections for auditing on certain selected key business areas. In regards to the issues identified during the auditing process, we commenced specialized actions of self-examination and rectification including continued tracking on the relevant issues and efforts of rectification. Besides, we conducted systematic self-examination on construction audit projects generally, rationalized the issues identified therefrom and completed self-correction works. In addition, we commenced preliminary preparation and inspections for the specialized audit on fuel management, power generation by-products, security of financial sharing fund and financial benefits therefrom, changes in contracts of infrastructure projects and investment in technological upgrade projects. In order to enhance the quality of audit, the Company has further strengthened the internal audit team by recruiting a number of employees who have extensive experience in auditing.

Preventing and eliminating major risks. The Company has implemented risk mitigation responsibility assignment, through which major risks were analyzed in detail with responsibilities assigned to individuals, thereby enhancing the awareness of personal responsibility of each and every staff. The management monitored major risks on an on-going basis, organized and commenced its efforts in comprehensive investigations according to the checklist of risks in a bid to rationalize and investigate on various risks faced by the Company in all aspects. Centering on our corporate strategy, we commenced specialized risk assessment and risk management activities to incorporate risk analysis into strategic decision-making and prepare risk assessment reports for proposed investment projects of the Company. Further, we made regular analyses on the implementation of risk management measures to realize closed-loop management over the risks involved.

Commencing efforts in post-investment evaluation properly. During the first half of the year, the Company published the "Administrative Measures for Post-investment Evaluation (《投資後評價管理辦法》)" to commence work in relation to post-investment evaluation of key projects, conduct reports on and provide reminders of issues and conditions identified under the post-investment evaluation of the relevant projects on a continuous basis and carry out special training programs on post-evaluation. In addition, detailed analyses were conducted on the key issues regarding the investment projects' reviews and the main concerns over their post-evaluation in order to promote quality assurance of the investment projects.

Building an enhanced system for non-compliance accountability with consistent efforts. We have reviewed and enhanced the system for accountability relating to non-compliance, specified the terms of accountability for equity-holding companies and introduced the relevant terms of accountability in the employment contracts of directors, supervisors and professional managers. Meetings of various steering teams were periodically held to improve the communication mechanism. Furthermore, we have standardized the whistleblowing practices for non-compliance issues, including the improvement of channels for soliciting clues of accountability, communication and consultation, the manner and procedures for organizing the relevant materials and the specific verification work, etc.

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 2021, 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 as 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 2021, the Group organized the results press conference right after the publication of its annual results 2020. Due to restrictions on the epidemic prevention and control, 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 mainly participated in investors' exchange activities via teleconference, video conference and other online tools during the first half of the year. The investor relations team met and communicated with over 80 personnel from investment institutions, and maintained the activities of answering telephone consultations from investors on a daily basis and actively responded to investors' emails, 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 2021, 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 2021, 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.

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 2021.

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

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27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 68, 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 2021 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
19 August 2021

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	3	**16,543,056**	13,055,829
Other income	4	**182,430**	101,301
Fuel costs		**(7,480,785)**	(4,730,481)
Depreciation		**(2,902,521)**	(2,558,427)
Staff costs		**(1,171,728)**	(1,169,430)
Repairs and maintenance		**(245,048)**	(318,828)
Consumables		**(151,947)**	(130,868)
Other gains and losses, net	5	**459,696**	319,652
Other operating expenses	6	**(816,314)**	(781,944)
Operating profit	7	**4,416,839**	3,786,804
Finance income	8	**95,057**	116,520
Finance costs	8	**(1,966,549)**	(1,684,299)
Share of results of associates		**107,246**	147,951
Share of results of joint ventures		**(814)**	13,438
Profit before taxation		**2,651,779**	2,380,414
Income tax expense	9	**(428,738)**	(464,708)
Profit for the period		**2,223,041**	1,915,706
Attributable to:			
Equity holders of the Company		**1,372,152**	1,172,986
Non-controlling interests		**850,889**	742,720
		2,223,041	1,915,706
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in RMB per share) — Basic and diluted	10	**0.13**	0.12

The notes on pages 33 to 68 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 2021

	Note	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Profit for the period		**2,223,041**	1,915,706
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax	13	**(43,681)**	(221,841)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**170**	–
Fair value gain/(loss) on debt instruments at FVTOCI, net of tax		**2,497**	(1,481)
Other comprehensive income for the period, net of tax		**(41,014)**	(223,322)
Total comprehensive income for the period		**2,182,027**	1,692,384
Attributable to:			
Equity holders of the Company		**1,330,816**	955,113
Non-controlling interests		**851,211**	737,271
Total comprehensive income for the period		**2,182,027**	1,692,384

The notes on pages 33 to 68 are an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	119,520,919	112,954,766
Right-of-use assets	12	6,136,885	6,260,964
Prepayments for construction of power plants	12	1,129,577	3,373,851
Goodwill		1,102,615	1,102,615
Other intangible assets		962,234	989,673
Interests in associates		3,436,932	3,205,222
Interests in joint ventures		1,020,083	1,027,782
Equity instruments at FVTOCI	13	3,019,644	3,061,952
Deferred income tax assets		841,808	874,210
Restricted deposits		10,570	9,257
Other non-current assets	14	5,427,792	4,982,454
		142,609,059	137,842,746
Current assets			
Inventories		598,418	697,615
Accounts receivable	15	8,635,514	7,285,981
Prepayments, deposits and other receivables		2,614,011	2,562,193
Amounts due from related parties	28	3,194,899	1,739,484
Tax recoverable		24,346	64,651
Debt instruments at FVTOCI	16	340,464	428,856
Restricted deposits		9,725	26,136
Cash and cash equivalents		6,999,116	1,316,351
		22,416,493	14,121,267
Assets associated with disposal groups classified as held for sale	17	4,161,025	3,984,658
Total assets		169,186,577	155,948,671
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	17,268,192	17,268,192
Other equity instruments		2,997,600	3,015,740
Reserves	19	13,113,578	13,113,875
		33,379,370	33,397,807
Non-controlling interests		12,887,598	12,392,110
Total equity		46,266,968	45,789,917

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
LIABILITIES			
Non-current liabilities			
Deferred income		63,015	64,586
Bank borrowings	20	54,098,842	45,359,108
Borrowings from related parties	21	8,377,460	12,122,460
Other borrowings	22	4,412,378	2,100,000
Lease liabilities	23	3,262,746	3,337,342
Deferred income tax liabilities		1,866,834	1,916,206
Provisions for other long-term liabilities	24	1,885,365	1,868,610
Other non-current liabilities		93,813	112,575
		74,060,453	66,880,887
Current liabilities			
Accounts and bills payables	25	1,499,559	993,897
Construction costs payable		8,305,704	6,777,670
Other payables and accrued charges		2,763,157	2,109,049
Amounts due to related parties	28	1,146,915	1,874,152
Derivative financial instruments		24,257	–
Bank borrowings	20	20,364,823	21,212,428
Borrowings from related parties	21	7,568,560	2,827,210
Other borrowings	22	4,040,000	3,930,000
Lease liabilities	23	423,177	543,387
Tax payable		292,975	288,401
		46,429,127	40,556,194
Liabilities associated with disposal groups classified as held for sale	17	2,430,029	2,721,673
Total liabilities		122,919,609	110,158,754
Total equity and liabilities		169,186,577	155,948,671
Net current liabilities		22,281,638	25,171,942
Total assets less current liabilities		120,327,421	112,670,804

The notes on pages 33 to 68 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 2021

	Attributable to equity holders of the Company						
	Share capital (Note 18) RMB'000	Other reserves (Note 19) RMB'000	Other equity instruments RMB'000	Retained earnings (Note 19) RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	17,268,192	5,503,806	3,015,740	7,610,069	33,397,807	12,392,110	45,789,917
Profit for the period	–	–	–	1,372,152	1,372,152	850,889	2,223,041
Profit attributable to holders of other equity instruments	–	–	66,205	(66,205)	–	–	–
Other comprehensive income for the period:							
Fair value loss on equity instruments at FVTOCI, net of tax	–	(43,681)	–	–	(43,681)	–	(43,681)
Fair value loss on debt instruments at FVTOCI, net of tax	–	(3,609)	–	–	(3,609)	(904)	(4,513)
Release on derecognition of debt instruments at FVTOCI, net of tax	–	5,847	–	–	5,847	1,163	7,010
Exchange differences on translation of foreign operations	–	107	–	–	107	63	170
Total comprehensive income for the period	–	(41,336)	66,205	1,305,947	1,330,816	851,211	2,182,027
Capital injections from non-controlling shareholders of subsidiaries	–	–	–	–	–	113,442	113,442
Acquisitions of non-controlling interests	–	9,987	–	–	9,987	(13,250)	(3,263)
Cumulative distribution of other equity instruments	–	–	(84,345)	–	(84,345)	–	(84,345)
Dividends paid to non-controlling interests	–	–	–	–	–	(455,915)	(455,915)
2020 final dividend	–	–	–	(1,274,895)	(1,274,895)	–	(1,274,895)
Total transactions recognized directly in equity	–	9,987	(84,345)	(1,274,895)	(1,349,253)	(355,723)	(1,704,976)
At 30 June 2021 (unaudited)	17,268,192	5,472,457	2,997,600	7,641,121	33,379,370	12,887,598	46,266,968

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to equity holders 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	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 for the period:						
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
Disposals of interests in subsidiaries	–	–	–	–	(294,141)	(294,141)
Capital injections from non-controlling shareholders of subsidiaries	–	–	–	–	177,873	177,873
Acquisitions of non-controlling interests	–	–	–	–	(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

The notes on pages 33 to 68 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 2021

	Note	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Cash flows from operating activities			
Net cash generated from operating activities	30	**2,433,837**	3,589,510
Cash flows from investing activities			
Payments for property, plant and equipment and prepayments for construction of power plants		**(5,702,443)**	(6,543,627)
Payments for right-of-use assets		**–**	(129,961)
Proceeds from disposal of property, plant and equipment		**15,059**	69,761
Net cash outflow on disposal of subsidiaries		**–**	(10,735)
Net cash outflow on acquisitions of subsidiaries		**(3,103)**	–
Investments in associates		**(160,613)**	(60,000)
Investments in a joint venture		**–**	(27,646)
Purchase of equity instruments at FVTOCI		**(15,933)**	(4,511)
Asset-related government grants received		**–**	440
Dividend received		**73,660**	227,356
Interest received		**36,767**	21,598
Decrease in restricted deposits		**15,098**	663
Net cash used in investing activities		**(5,741,508)**	(6,456,662)
Cash flows from financing activities			
Drawdown of bank borrowings		**27,037,045**	11,781,999
Drawdown of borrowings from related parties		**3,946,355**	10,507,366
Drawdown of other borrowings		**3,790,000**	510,000
Capital injections from non-controlling shareholders of subsidiaries		**113,442**	177,873
Proceeds from sale and leaseback transactions		**404,001**	–
Acquisitions of non-controlling interests		**(3,263)**	–
Repayment of bank borrowings		**(19,340,615)**	(8,110,753)
Repayment of borrowings from related parties		**(3,560,180)**	(7,851,993)
Repayment of other borrowings		**(1,357,622)**	(503,000)
Payments for lease liabilities		**(369,461)**	(916,753)
Dividend paid		**(1,286,543)**	(1,274,895)
Dividends paid to non-controlling interests		**(363,808)**	(633,764)
Net cash generated from financing activities		**9,009,351**	3,686,080
Net increase in cash and cash equivalents		**5,701,680**	818,928
Cash and cash equivalents at 1 January		**1,318,331**	1,239,057
Exchange loss, net		**(15,075)**	(2,375)
Cash and cash equivalents at 30 June (note)		**7,004,936**	2,055,610

Note:

As at 30 June 2021, cash and cash equivalents included those cash and cash equivalents as part of disposal groups classified as held for sale of RMB5,820,000 (Note 17) (30 June 2020: RMB6,375,000).

The notes on pages 33 to 68 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 2021 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 2020 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 2020 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 2020 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 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 19 August 2021.

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

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the 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 2020, except for the adoption of the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") for the first time in the current period.

Application of amendments to HKFRSs

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions*

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of amendments to HKFRSs *(Continued)*

The nature and impact of the amendments to HKFRSs are described below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognize hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

As at 30 June 2021, the Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on various Interbank Offered Rates or the Loan Prime Rate announced by the People's Bank of China ("PBOC"). Since the interest rates of these borrowings were not replaced by RFRs during the current period, these amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met and does not expect the changes and the application of the amendments will result in significant gains or losses.

Amendment to HKFRS 16

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognized as an adjustment to the opening balance of retained earnings at the beginning of the current accounting period. Earlier application is permitted. The amendment did not have any impact on the interim financial position and performance of the Group as there were no lease payments reduced or waived by the lessors as a result of the COVID-19 pandemic during the current period.

3. REVENUE AND SEGMENT INFORMATION

Revenue recognized during the period is as follows:

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Types of goods:		
Sales of electricity to regional and provincial power grid companies (note (a))	16,497,519	13,018,686
Provision of power generation (note (b))	45,537	37,143
	16,543,056	13,055,829
Timing of revenue recognition:		
At a point in time	16,543,056	13,055,829

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, derivative financial instruments, tax payable and corporate liabilities, which are managed on a centralized basis.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Six months ended 30 June 2021 (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	10,331,464	3,164,292	1,477,709	1,524,054	16,497,519	–	16,497,519
Provision of power generation	40,156	–	–	5,381	45,537	–	45,537
	10,371,620	3,164,292	1,477,709	1,529,435	16,543,056	–	16,543,056
Segment results	874,317	1,901,037	863,874	802,337	4,441,565	–	4,441,565
Unallocated income	–	–	–	–	–	125,863	125,863
Unallocated expenses	–	–	–	–	–	(150,589)	(150,589)
Operating profit/(loss)	874,317	1,901,037	863,874	802,337	4,441,565	(24,726)	4,416,839
Finance income	2,521	6,497	8,492	57,834	75,344	19,713	95,057
Finance costs	(615,256)	(632,150)	(277,908)	(403,577)	(1,928,891)	(37,658)	(1,966,549)
Share of results of associates	30,423	4,937	10,584	14,619	60,563	46,683	107,246
Share of results of joint ventures	(40,099)	–	36,705	–	(3,394)	2,580	(814)
Profit before taxation	251,906	1,280,321	641,747	471,213	2,645,187	6,592	2,651,779
Income tax expense	(83,608)	(229,125)	(33,888)	(59,047)	(405,668)	(23,070)	(428,738)
Profit/(loss) for the period	168,298	1,051,196	607,859	412,166	2,239,519	(16,478)	2,223,041
Other segment information							
Capital expenditure							
— Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	1,773,732	148,897	3,373,345	1,385,860	6,681,834	118,131	6,799,965
Depreciation of property, plant and equipment	1,072,887	734,260	440,163	482,622	2,729,932	22,129	2,752,061
Depreciation of right-of-use assets	54,311	18,708	4,195	52,890	130,104	20,356	150,460
Amortization of other intangible assets	–	–	–	27,439	27,439	–	27,439
Loss on disposal of property, plant and equipment, net	–	3,330	–	–	3,330	3,271	6,601

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	As at 30 June 2021 (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	43,106,172	38,998,358	33,324,018	33,453,821	148,882,369	–	148,882,369
Assets associated with disposal groups classified as held for sale	3,994,449	166,576	–	–	4,161,025	–	4,161,025
Goodwill	67,712	788,266	–	246,637	1,102,615	–	1,102,615
Interests in associates	2,295,508	7,140	154,141	180,998	2,637,787	799,145	3,436,932
Interests in joint ventures	381,667	–	556,989	–	938,656	81,427	1,020,083
	49,845,508	39,960,340	34,035,148	33,881,456	157,722,452	880,572	158,603,024
Equity instruments at FVTOCI	–	–	–	–	–	3,019,644	3,019,644
Deferred income tax assets	–	–	–	–	–	841,808	841,808
Other unallocated assets	–	–	–	–	–	6,722,101	6,722,101
Total assets per interim condensed consolidated statement of financial position	49,845,508	39,960,340	34,035,148	33,881,456	157,722,452	11,464,125	169,186,577
Segment liabilities							
Other segment liabilities	(6,176,892)	(4,081,002)	(3,433,895)	(4,666,768)	(18,358,557)	–	(18,358,557)
Liabilities associated with disposal groups classified as held for sale	(2,426,511)	(3,518)	–	–	(2,430,029)	–	(2,430,029)
Borrowings	(34,494,729)	(28,834,053)	(17,148,843)	(16,506,617)	(96,984,242)	(1,877,821)	(98,862,063)
	(43,098,132)	(32,918,573)	(20,582,738)	(21,173,385)	(117,772,828)	(1,877,821)	(119,650,649)
Deferred income tax liabilities	–	–	–	–	–	(1,866,834)	(1,866,834)
Derivative financial instruments	–	–	–	–	–	(24,257)	(24,257)
Tax payable	–	–	–	–	–	(292,975)	(292,975)
Other unallocated liabilities	–	–	–	–	–	(1,084,894)	(1,084,894)
Total liabilities per interim condensed consolidated statement of financial position	(43,098,132)	(32,918,573)	(20,582,738)	(21,173,385)	(117,772,828)	(5,146,781)	(122,919,609)

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)	–	(715)	(32,017)	–	(32,732)	–	(32,732)

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	As at 31 December 2020 (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	41,898,139	38,246,694	28,572,751	30,650,832	139,368,416	–	139,368,416
Assets associated with disposal groups classified as held for sale	3,855,304	129,354	–	–	3,984,658	–	3,984,658
Goodwill	67,712	788,266	–	246,637	1,102,615	–	1,102,615
Interests in associates	2,271,342	12,000	97,889	160,124	2,541,355	663,867	3,205,222
Interests in joint ventures	421,766	–	527,169	–	948,935	78,847	1,027,782
	48,514,263	39,176,314	29,197,809	31,057,593	147,945,979	742,714	148,688,693
Equity instruments at FVTOCI	–	–	–	–	–	3,061,952	3,061,952
Deferred income tax assets	–	–	–	–	–	874,210	874,210
Other unallocated assets	–	–	–	–	–	3,323,816	3,323,816
Total assets per interim condensed consolidated statement of financial position	48,514,263	39,176,314	29,197,809	31,057,593	147,945,979	8,002,692	155,948,671
Segment liabilities							
Other segment liabilities	(4,893,083)	(4,524,373)	(2,676,620)	(4,457,855)	(16,551,931)	–	(16,551,931)
Liabilities associated with disposal groups classified as held for sale	(2,717,787)	(3,886)	–	–	(2,721,673)	–	(2,721,673)
Borrowings	(25,054,902)	(29,442,542)	(14,425,168)	(11,366,615)	(80,289,227)	(7,261,979)	(87,551,206)
	(32,665,772)	(33,970,801)	(17,101,788)	(15,824,470)	(99,562,831)	(7,261,979)	(106,824,810)
Deferred income tax liabilities	–	–	–	–	–	(1,916,206)	(1,916,206)
Tax payable	–	–	–	–	–	(288,401)	(288,401)
Other unallocated liabilities	–	–	–	–	–	(1,129,337)	(1,129,337)
Total liabilities per interim condensed consolidated statement of financial position	(32,665,772)	(33,970,801)	(17,101,788)	(15,824,470)	(99,562,831)	(10,595,923)	(110,158,754)

4. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Rental income	**6,072**	2,308
Hotel operations income	**1,540**	3,655
Income from provision of repairs and maintenance services	**30,753**	26,143
Dividend income	**39,962**	47,228
Income from provision of IT and other services	**104,103**	21,967
	182,430	101,301

5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of deferred income	**4,581**	2,716
Government subsidies	**47,437**	21,072
(Loss)/gain on disposal of property, plant and equipment, net	**(6,601)**	12,426
Sales of unused power production quota	**66,212**	80,684
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	**261,514**	128,584
Gain on disposal of subsidiaries (pre-tax)	**–**	32,732
Others	**86,553**	41,438
	459,696	319,652

6. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of other intangible assets	**27,439**	30,970
Research and development expenses	**14,081**	4,247
Lease expenses	**7,880**	4,757
Reservoir maintenance and usage fees	**37,669**	42,264
Administrative and selling related expenses	**187,750**	195,932
Taxes and surcharges	**159,504**	164,434
Power and heat generation costs	**299,551**	228,697
Others	**82,440**	110,643
	816,314	781,944

7. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Amortization of other intangible assets	**27,439**	30,970
Depreciation:		
— Property, plant and equipment	**2,752,061**	2,373,828
— Right-of-use assets	**150,460**	184,599
Lease expenses:		
— Equipment	**1,025**	1,213
— Leasehold land and buildings	**6,855**	3,544
Key management personnel remuneration (Note 28(e))	**7,477**	8,057

8. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Finance income		
Interest income from bank deposits	**30,343**	3,038
Interest income from related parties (Note 28(a))	**12,757**	18,560
Interest income from discounting effect on clean energy power price premium receivable (Note 15(b))	**51,957**	94,922
	95,057	116,520
Finance costs		
Interest expense on		
— bank borrowings	**1,613,093**	831,253
— borrowings from related parties (Note 28(b))	**328,316**	820,137
— other borrowings	**127,136**	88,021
— amounts due to related parties (Note 28(b))	**2,793**	10,134
— lease liabilities	**99,700**	149,743
— provisions for other long-term liabilities (Note 24)	**52,022**	51,960
	2,223,060	1,951,248
Less: amounts capitalized to property, plant and equipment	**(231,435)**	(311,697)
	1,991,625	1,639,551
Exchange (gain)/loss, net	**(25,076)**	44,748
	1,966,549	1,684,299

The weighted average interest rate on capitalized borrowings is approximately 4.13% (2020: 4.24%) per annum.

9. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been provided as the Group did not have any estimated assessable profits arising in Hong Kong for the six months ended 30 June 2021 (2020: Nil).

The provision for PRC enterprise income tax is calculated based on the statutory tax rate of 25% (2020: 25%) on the estimated assessable profits for the six months ended 30 June 2021 except that certain subsidiaries were either exempted from PRC enterprise income tax or entitled to the preferential tax rates of 7.5%, 12.5% or 15% (2020: 7.5%, 12.5% or 15%).

9. INCOME TAX EXPENSE *(Continued)*

The amount of income tax recognized represents:

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
PRC enterprise income tax		
Charge for the period	**420,069**	399,100
Under/(over) provision in prior years	**11,911**	(5,220)
	431,980	393,880
Deferred income tax		
(Credit)/charge for the period	**(3,242)**	70,828
	428,738	464,708

Share of income tax charge attributable to associates and joint ventures for the six months ended 30 June 2021 of RMB54,873,000 (2020: RMB48,295,000) and RMB1,888,000 (2020: RMB4,782,000) were included in the Group's share of results of associates and joint ventures respectively for the current period.

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Profit for the period attributable to equity holders of the Company (RMB'000)	**1,372,152**	1,172,986
Profit for the period attributable to holders of other equity instruments (RMB'000)	**(66,205)**	–
Profit for the period attributable to ordinary shareholders of the Company used in the basic earnings per share calculation (RMB'000)	**1,305,947**	1,172,986
Weighted average number of shares in issue (shares in thousands)	**9,806,886**	9,806,886
Basic and diluted earnings per share (RMB) (note)	**0.13**	0.12

Note:

The Group had no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2021 and 2020.

11. DIVIDEND

During the six months ended 30 June 2021, a final dividend of RMB0.130 (equivalent to HK$0.1556) per ordinary share for the year ended 31 December 2020 (2020: final dividend of RMB0.130 (equivalent to HK$0.1426) per ordinary share for the year ended 31 December 2019) was declared and paid to the ordinary shareholders of the Company.

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2021 (2020: Nil).

12. CAPITAL EXPENDITURE

During the six months ended 30 June 2021, 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 RMB6,799,965,000 (2020: RMB8,219,799,000) in total. The Group acquired property, plant and equipment and made prepayments for construction of power plants which in aggregate amounted to RMB6,679,964,000 (2020: RMB7,813,416,000).

During the six months ended 30 June 2021, the Group entered into new lease agreements for leasehold land and buildings with lease terms ranging from 2 to 29 years and certain equipment with lease terms ranging from 5 to 11 years. The Group is required to make fixed payments. On lease commencement, the Group recognized right-of-use assets of RMB120,001,000 (2020: RMB406,383,000) and lease liabilities of RMB74,599,000 (2020: RMB331,824,000).

As at 30 June 2021, certain property, plant and equipment of the Group with carrying amounts of RMB395,640,000 (31 December 2020: RMB262,915,000) were pledged as security for certain long-term bank borrowings (Note 20(d)) of the Group.

13. EQUITY INSTRUMENTS AT FVTOCI

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Unlisted equity investments in the PRC	**509,295**	475,312
Listed equity securities in the PRC		
— Shanghai Electric Power Co., Ltd. ("Shanghai Power")	**2,510,349**	2,586,640
	3,019,644	3,061,952

The fair value loss on equity instruments at FVTOCI (net of tax) for the six months ended 30 June 2021 of RMB43,681,000 (2020: loss of RMB221,841,000) was recognized in the interim condensed consolidated statement of comprehensive income.

14. OTHER NON-CURRENT ASSETS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Deductible value-added tax ("VAT") and other taxes	**3,944,963**	3,554,211
Accounts receivable (Note 15)	**1,271,600**	1,217,308
Others (note)	**211,229**	210,935
	5,427,792	4,982,454

Note:

As at 30 June 2021, the balance included the other non-current assets recognized by the Group in respect of the transferred assets to the extent of its continuing involvement of RMB93,813,000 (31 December 2020: RMB112,575,000).

15. ACCOUNTS RECEIVABLE

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Accounts receivable from regional and provincial power grid companies (note (b))	**9,712,212**	8,309,429
Accounts receivable from other companies (note (b))	**27,669**	14,691
	9,739,881	8,324,120
Notes receivable (note (c))	**167,233**	179,169
	9,907,114	8,503,289
Analyzed for reporting purposes as:		
— Non-current (included in other non-current assets (Note 14)) (note (b))	**1,271,600**	1,217,308
— Current	**8,635,514**	7,285,981
	9,907,114	8,503,289

Notes:

The analysis below includes those accounts receivable as part of disposal groups classified as held for sale of RMB207,666,000 (31 December 2020: RMB117,141,000) (Note 17), which composed of accounts receivable of RMB205,902,000 (31 December 2020: RMB117,141,000) and notes receivable of RMB1,764,000 (31 December 2020: Nil).

(a) To measure the expected credit loss of accounts receivable, accounts receivable and notes receivable have been assessed individually upon the application of HKFRS 9. The loss allowance of the accounts receivable as at 30 June 2021 and 31 December 2020 was insignificant.

15. ACCOUNTS RECEIVABLE *(Continued)*

Notes: (Continued)

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Unbilled	**1,271,600**	1,217,308
1 to 3 months	**8,674,183**	7,223,953
	9,945,783	8,441,261

The accounts receivable that are neither past due nor impaired have been assessed by reference to the historical information about counterparty default rates. The existing counterparties did not have significant default in the past.

As at 30 June 2021, accounts receivable from regional and provincial power grid companies included clean energy power price premium receivable of RMB1,271,600,000 (31 December 2020: RMB1,217,308,000), which was unbilled and was 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 is 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 have come 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 the form of announcing renewable energy subsidy catalogues (the "Subsidy Catalogues").

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 as 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 Catalogues to be published for tariff premium and as an alternative, power grid companies will publish lists of renewable energy projects qualified for tariff premium (the "Subsidy Lists") periodically after the renewable energy generators have gone through certain approval and information publicity process.

15. ACCOUNTS RECEIVABLE *(Continued)*

Notes: (Continued)

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

Based on the above New Guidelines 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 Catalogues or the Subsidy Lists. It is expected that the Group's wind and photovoltaic power projects will be listed as qualified projects for tariff premium after 30 June 2022 (31 December 2020: after 31 December 2021) and the corresponding premium receivables are estimated to be recovered after twelve months from the reporting date. Therefore, the Directors consider the electricity sales contract for renewable energy projects before entering into the Subsidy Catalogues or the Subsidy Lists contains a significant financing component. During the six months ended 30 June 2021, the respective clean energy power price premiums were adjusted for this financing component based on an effective interest rate of 4.75% (2020: 4.75%) per annum. During the current period, the Group's revenue was adjusted by RMB58,696,000 (2020: RMB164,284,000) and interest income amounting to RMB51,957,000 (2020: RMB94,922,000) (Note 8) was recognized.

(c) As at 30 June 2021, notes receivable were bank acceptance notes issued by third parties and were normally with maturity period within 360 days (31 December 2020: 360 days).

(d) As at 30 June 2021, certain bank borrowings, long-term borrowings from related parties, and lease liabilities (Notes 20(d), 21(b) and 23) were secured by the rights on certain accounts receivable. The accounts receivable pledged under these debts as at 30 June 2021 amounted to RMB3,823,536,000 (31 December 2020: RMB2,476,191,000).

(e) Apart from certain clean energy power price premium receivables which are stated after discounting, the fair values of the remaining 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.

16. DEBT INSTRUMENTS AT FVTOCI

As at 30 June 2021, debt instruments at FVTOCI (included those debt instruments at FVTOCI as part of disposal groups classified as held for sale) represented certain notes receivable issued by third parties and were normally with a maturity period within 360 days (31 December 2020: 360 days). For the six months ended 30 June 2021, notes receivable discounted and endorsed to banks and suppliers of RMB95,470,000 and RMB470,967,000 (2020: RMB159,354,000 and RMB495,724,000) respectively were derecognized by the Group.

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

China Power Shentou Power Generating Company Limited ("CP Shentou")

In 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. The Company would use its 80% equity interest in CP Shentou as part of the capital contribution to Sujin Energy. Accordingly, the assets and liabilities attributable to CP Shentou had been classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position as at 31 December 2018.

During the six months ended 30 June 2021 and the year ended 31 December 2020, the above-mentioned capital contribution has not yet completed due to certain events which are beyond the Group's control, including the outbreak of COVID-19 pandemic. There have been epidemic preventive measures going on throughout Mainland China to cope with COVID-19 pandemic since the outbreak. Because the Group remains committed to the sale of CP Shentou, timely actions necessary to respond to the unexpected conditions have been taken, a favourable resolution is expected, and other alternative plans have been considered, the transaction is highly probable to be completed within one year, therefore, the assets and liabilities attributable to CP Shentou continued to be classified as a disposal group held for sale and were separately presented in the interim condensed consolidated statement of financial position as at 30 June 2021.

Sichuan Xingtie Electrical Equipment Co., Ltd. ("Sichuan Xingtie")

In December 2020, Wu Ling Power Corporation ("Wu Ling Power"), a subsidiary of the Company, entered into a transfer agreement, pursuant to which Wu Ling Power transferred its 70% equity interest in Sichuan Xingtie to Beijing Guangyao Chunxi Enterprise Management Consulting Partnership (limited partnership), a third party. The transaction is highly probable to be completed within one year, and therefore, the assets and liabilities attributable to Sichuan Xingtie are classified as a disposal group held for sale and are separately presented in the interim condensed consolidated statement of financial position as at 30 June 2021.

During the six months ended 30 June 2021 and the year ended 31 December 2020, the operation of CP Shentou was included in the Group's "Coal-fired electricity" segment for segment reporting.

During the six months ended 30 June 2021 and the year ended 31 December 2020, the operation of Sichuan Xingtie was included in the Group's "Hydropower electricity" segment for segment reporting.

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

Major classes of assets and liabilities of CP Shentou and Sichuan Xingtie as at 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Property, plant and equipment	**4,323,143**	4,246,775
Right-of-use assets	**152,216**	152,216
Equity instruments at FVTOCI — unlisted equity investments in the PRC	**17,877**	17,877
Accounts receivable (Note 15)	**207,666**	117,141
Prepayments, deposits and other receivables	**34,746**	18,329
Amounts due from related parties (Note 28)	**22,968**	14,322
Debt instruments at FVTOCI (Note 16)	**7,814**	56,654
Cash and cash equivalents	**5,820**	1,980
Other assets	**61,623**	32,212
Impairment of assets classified as held for sale	**(672,848)**	(672,848)
Total assets associated with disposal groups classified as held for sale	**4,161,025**	3,984,658
Deferred income	**19,460**	20,160
Long-term bank borrowings (Note 20)	**820,143**	928,435
Long-term borrowings from State Power Investment Corporation Limited ("SPIC") (Note 21(a))	**200,000**	200,000
Other non-current liabilities	**404,001**	–
Deferred income tax liabilities	**265**	265
Accounts payable (Note 25)	**59,421**	73,738
Construction costs payable	**58,124**	83,906
Other payables and accrued charges	**73,042**	97,004
Tax payable	**–**	115
Amounts due to related parties (Note 28)	**10,573**	18,750
Short-term bank borrowings (Note 20)	**585,000**	699,300
Short-term borrowings from SPIC (Note 21(d))	**200,000**	600,000
Total liabilities associated with disposal groups classified as held for sale	**2,430,029**	2,721,673

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 to 30 June 2021.

19. RESERVES

	Merger reserve RMB'000	Capital reserve RMB'000	FVTOCI reserve RMB'000	Exchange fluctuation 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 2021	306,548	2,299,142	903,760	–	1,605,070	389,286	5,503,806	7,610,069	13,113,875
Profit for the period	–	–	–	–	–	–	–	1,372,152	1,372,152
Profit attributable to holders of other equity instruments	–	–	–	–	–	–	–	(66,205)	(66,205)
Fair value loss on equity instruments at FVTOCI, net of tax	–	–	(43,681)	–	–	–	(43,681)	–	(43,681)
Fair value loss on debt instruments at FVTOCI, net of tax	–	–	(3,609)	–	–	–	(3,609)	–	(3,609)
Release on derecognition of debt instruments at FVTOCI, net of tax	–	–	5,847	–	–	–	5,847	–	5,847
Exchange differences on translation of foreign operations	–	–	–	107	–	–	107	–	107
Acquisitions of non-controlling interests	–	9,987	–	–	–	–	9,987	–	9,987
2020 final dividend	–	–	–	–	–	–	–	(1,274,895)	(1,274,895)
At 30 June 2021 (unaudited)	306,548	2,309,129	862,317	107	1,605,070	389,286	5,472,457	7,641,121	13,113,578
At 1 January 2020	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

20. BANK BORROWINGS

Bank borrowings are analyzed as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Non-current		
Long-term bank borrowings		
— Secured (note (d))	18,039,757	17,008,281
— Unsecured (note (e))	43,180,686	38,066,320
	61,220,443	55,074,601
Less: Current portion of long-term bank borrowings	(7,121,601)	(9,715,493)
	54,098,842	45,359,108
Current		
Short-term bank borrowings		
— Secured (note (d))	669,988	848,777
— Unsecured	12,573,234	10,648,158
Current portion of long-term bank borrowings	7,121,601	9,715,493
	20,364,823	21,212,428
	74,463,665	66,571,536

Notes:

The analysis below includes those bank borrowings as part of disposal groups classified as held for sale (Note 17).

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
RMB	72,857,319	65,160,890
United States Dollars	2,706,074	2,707,834
Japanese Yen	305,415	330,547
	75,868,808	68,199,271

20. BANK BORROWINGS *(Continued)*

Notes: (Continued)

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within one year	**7,125,601**	10,005,493
Between one and two years	**5,110,762**	4,153,258
Between two and five years	**14,274,880**	10,206,927
Over five years	**35,529,343**	31,637,358
	62,040,586	56,003,036

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Short-term bank borrowings	**3.34%**	3.58%
Long-term bank borrowings (including current portion)	**4.29%**	4.30%

(d) As at 30 June 2021 and 31 December 2020, the bank borrowings of the Group are secured as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Secured by the equity of a non-controlling shareholder of a subsidiary	**195,550**	202,500
Secured by certain property, plant and equipment (Note 12)	**157,645**	129,620
Secured by the rights on certain accounts receivable (Note 15(d))	**18,607,360**	17,962,063

(e) As at 30 June 2021, bank borrowings amounting to RMB305,415,000 (31 December 2020: RMB330,547,000) were guaranteed by Hunan Provincial Finance Bureau.

21. BORROWINGS FROM RELATED PARTIES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Non-current		
Long-term borrowings from SPIC (note (a))	9,203,020	8,758,020
Long-term borrowings from SPIC Financial Company Limited ("SPIC Financial") (note (b))	3,539,840	3,759,840
Long-term borrowings from other related parties (note (c))	444,600	584,600
	13,187,460	13,102,460
Less: Current portion of long-term borrowings from SPIC	(3,950,000)	(500,000)
Less: Current portion of long-term borrowings from SPIC Financial	(860,000)	(480,000)
	8,377,460	12,122,460
Current		
Short-term borrowings from SPIC (note (d))	900,000	900,000
Short-term borrowings from China Power International Holding Limited ("CPI Holding") (note (e))	450,000	–
Short-term borrowings from SPIC Financial (note (f))	550,000	300,000
Short-term borrowings from other related parties (note (g))	858,560	647,210
Current portion of long-term borrowings from SPIC (note (a))	3,950,000	500,000
Current portion of long-term borrowings from SPIC Financial (note (b))	860,000	480,000
	7,568,560	2,827,210
	15,946,020	14,949,670

Notes:

The analysis below includes those borrowings from related parties as part of disposal groups classified as held for sale (Note 17).

(a) The long-term borrowings from SPIC are unsecured and interest bearing from 3.35% to 4.65% (31 December 2020: 3.45% to 5.15%) per annum.

The repayment terms of these borrowings are analyzed as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within one year	4,150,000	500,000
Between one and two years	630,000	3,900,000
Between two and five years	2,000,000	1,600,000
Over five years	2,623,020	2,958,020
	9,403,020	8,958,020

21. BORROWINGS FROM RELATED PARTIES *(Continued)*

Notes: (Continued)

(b) The long-term borrowings from SPIC Financial of RMB50,000,000 (31 December 2020: RMB50,000,000) are secured against the rights on accounts receivable of a subsidiary (Note 15(d)), interest bearing at 4.51% (31 December 2020: 4.51%) per annum. The remaining balances are unsecured and interest bearing from 3.25% to 4.99% (31 December 2020: 3.50% to 5.23%) per annum.

The repayment terms of these borrowings are analyzed as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Within one year	**860,000**	480,000
Between one and two years	**1,370,000**	1,360,000
Between two and five years	**1,234,840**	1,144,840
Over five years	**75,000**	775,000
	3,539,840	3,759,840

(c) The long-term borrowings from other related parties as at 30 June 2021 are unsecured and interest bearing from 4.45% to 5.95% (31 December 2020: 4.66% to 5.95%) per annum.

(d) The short-term borrowings from SPIC as at 30 June 2021 are unsecured, interest bearing from 1.85% to 2.33% (31 December 2020: 1.85% to 2.20%) per annum and repayable within one year.

(e) The short-term borrowings from CPI Holding as at 30 June 2021 are unsecured, interest bearing at 3.92% per annum and repayable within one year.

(f) The short-term borrowings from SPIC Financial as at 30 June 2021 are unsecured, interest bearing from 3.85% to 4.75% (31 December 2020: 3.92% to 4.34%) per annum and repayable within one year.

(g) The short-term borrowings from other related parties as at 30 June 2021 are unsecured, interest bearing from 3.47% to 4.42% (31 December 2020: 3.47% to 3.75%) per annum and repayable within one year.

22. OTHER BORROWINGS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Non-current		
Medium-term notes issued by the Company (note (a))	6,000,000	4,000,000
Long-term other borrowing from a third party	412,378	100,000
	6,412,378	4,100,000
Less: Current portion of medium-term notes issued by the Company	(2,000,000)	(2,000,000)
	4,412,378	2,100,000
Current		
Super & short-term commercial paper issued by a subsidiary (note (b))	1,000,000	1,000,000
Super & short-term commercial paper issued by the Company (note (c))	500,000	500,000
Short-term other borrowings from third parties (note (d))	540,000	430,000
Current portion of medium-term notes issued by the Company (note (a))	2,000,000	2,000,000
	4,040,000	3,930,000
	8,452,378	6,030,000

Notes:

(a) The balance represents three unsecured RMB denominated medium-term notes issued by the Company in October 2018, September 2019 and April 2021 respectively for a term of three years of RMB2,000,000,000 each, which are interest bearing at 4.15%, 3.55% and 3.54% per annum respectively. As at 30 June 2021 and 31 December 2020, the medium-term note issued in October 2018 was classified and presented as current.

(b) The balance represents unsecured RMB denominated super & short-term commercial paper of RMB1,000,000,000 (31 December 2020: RMB1,000,000,000) issued by Wu Ling Power in May 2021 (31 December 2020: August 2020) for a term of 260 days (31 December 2020: 270 days), which is interest bearing at 3.00% (31 December 2020: 2.50%) per annum.

(c) The balance represents unsecured RMB denominated super & short-term commercial paper of RMB500,000,000 (31 December 2020: RMB500,000,000) issued by the Company in February 2021 (31 December 2020: May 2020) for a term of 179 days (31 December 2020: 270 days), which is interest bearing at 3.20% (31 December 2020: 2.00%) per annum.

(d) The balance is unsecured, interest bearing from 3.92% to 4.35% (31 December 2020: 3.92% to 4.35%) per annum and denominated in RMB.

23. LEASE LIABILITIES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Lease liabilities	**3,685,923**	3,880,729
Less: Current portion of lease liabilities	**(423,177)**	(543,387)
Non-current portion of lease liabilities	**3,262,746**	3,337,342

The balance as at 30 June 2021 included 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 RMB1,582,615,000 (31 December 2020: RMB1,616,156,000), of which RMB1,493,032,000 (31 December 2020: RMB1,533,944,000) is secured against the rights on certain accounts receivable (Note 15(d)).

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 2021 is as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Non-current liabilities	**1,885,365**	1,868,610
Current liabilities (included in other payables and accrued charges)	**103,836**	103,224
	1,989,201	1,971,834

24. PROVISIONS FOR OTHER LONG-TERM LIABILITIES *(Continued)*

The movements of the provisions for inundation compensations for the six months ended 30 June 2021 are as follows:

	30 June 2021 RMB'000 (unaudited)	30 June 2020 RMB'000 (unaudited)
At 1 January	**1,971,834**	1,173,786
Recognition during the period (Note 30) (note)	**–**	775,305
Interest expense (Note 8)	**52,022**	51,960
Payment	**(34,655)**	(15,243)
At 30 June	**1,989,201**	1,985,808

Note: The comparative in 2020 represents the adjustment arising from the Group's reassessment of the inputs used in the net present value model.

25. ACCOUNTS AND BILLS PAYABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Accounts payable (note (a))	**1,363,105**	657,443
Bills payable (note (b))	**136,454**	336,454
	1,499,559	993,897

Notes:

The analysis below includes those accounts payable as part of disposal groups classified as held for sale of RMB59,421,000 (31 December 2020: RMB73,738,000) (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 the invoice date is as follows:

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
1 to 6 months	**727,121**	678,832
7 to 12 months	**630,545**	74
Over 1 year	**64,860**	52,275
	1,422,526	731,181

(b) As at 30 June 2021, bills payable are bills of exchange with a maturity period ranging from 3 to 12 months (31 December 2020: ranging from 3 to 12 months).

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

26. CAPITAL COMMITMENTS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Contracted but not provided for in respect of:		
— Property, plant and equipment	**9,792,379**	11,049,244
— Capital contribution to associates	**1,198,323**	1,624,833
	10,990,702	12,674,077

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 2021, the Group had net current liabilities of RMB22,281,638,000. 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 2021, the Group had available unutilized facilities in writing from banks and related parties amounting to approximately RMB17,148,419,000. 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 2020 annual financial statements.

There has not been any change in the risk management department or risk management policies since the year end of 2020.

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

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).

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

The following table presents the Group's financial instruments that are measured at fair value (the analysis below includes those classified as part of disposal groups classified as held for sale):

	Fair value as at			
	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)	**Fair value hierarchy**	**Valuation technique and key inputs**
Equity instruments at FVTOCI — Shanghai Power	**2,510,349**	2,586,640	Level 1	Quoted market prices at the end of the reporting period (current bid price).
				Market approach — Fair value of such equity instruments is estimated by calculating the appropriate value ratio based on market multiples derived from a set of comparable listed companies in the same or similar industries.
Equity instruments at FVTOCI — Unlisted equity investments in the PRC	**527,172**	493,189	Level 3	Key inputs are market value of the equity interest, price-to-book ratio (0.43–2.96) of comparable companies and the marketability discount (25.60%–30.78%). The fair value measurement is positively correlated to the above ratios and negatively correlated to the discount for lack of marketability.
Debt instruments at FVTOCI	**348,278**	485,510	Level 3	Discounted cash flow at a comparable discount rate of 4.75% per annum.
Derivative financial instruments	**24,257**	–	Level 2	Forward quotation of counterparty bank at the end of the reporting period.

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 (unaudited)	Debt instruments at FVTOCI RMB'000 (unaudited)
At 1 January 2021	**493,189**	**485,510**
Additions	**15,933**	**435,222**
Derecognition	**–**	**(566,437)**
Total gain/(loss) in other comprehensive income	**18,050**	**(6,017)**
At 30 June 2021 (unaudited)	**527,172**	**348,278**
At 1 January 2020	455,785	185,436
Additions	7,709	799,904
Derecognition	–	(655,078)
Total losses in other comprehensive income	(46,072)	(4,535)
At 30 June 2020 (unaudited)	417,422	325,727

During the six months ended 30 June 2021, 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.

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 Enterprise Value ("EV")/ Earnings before Interest, Tax, Depreciation and Amortization ("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 RMB38,067,000
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 RMB549,000

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

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 as part of disposal groups classified as held for sale):

	30 June 2021		31 December 2020	
	Carrying amount RMB'000 (unaudited)	Fair value RMB'000 (unaudited)	Carrying amount RMB'000 (audited)	Fair value RMB'000 (audited)
Long-term borrowings (note (a))	81,840,424	81,359,597	73,405,496	72,970,011
Short-term borrowings (note (b))	18,826,782	18,826,782	16,573,445	16,573,445
	100,667,206	100,186,379	89,978,941	89,543,456

Notes:

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

(b) The balance represents the aggregate fair values of short-term bank borrowings, short-term borrowings from related parties and short-term other borrowings.

(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
- Lease liabilities

28. RELATED PARTY TRANSACTIONS

The Group is controlled by CPI Holding, an intermediate holding company which directly holds approximately 28.9% (31 December 2020: 28.9%) of the Company's shares, and indirectly holds approximately 27.1% (31 December 2020: 27.1%) of the Company's shares through China Power Development Limited ("CPDL"). As at 30 June 2021, CPI Holding owned approximately 56.0% (31 December 2020: 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 approximately 4.0% (31 December 2020: 4.0%) of the Company's share as at 30 June 2021. 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 users of financial statements. The Directors believe that the information of related party transactions has been adequately disclosed in these interim condensed consolidated financial statements.

In 2018, ABC Financial Asset Investment Co., Ltd. ("ABC Financial"), a subsidiary of Agricultural Bank of China Limited ("ABC"), and ICBC Financial Asset Investment Co., Ltd. ("ICBC Financial"), a subsidiary of Industrial and Commercial Bank of China Limited ("ICBC"), 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 through these subsidiaries and were identified as related parties to the Group accordingly. On 29 October 2020, Wu Ling Power re-purchased all 6.86% and 34.32% equity interests of Yuanjiang Power from ABC Financial and ICBC Financial respectively at a cash consideration of RMB3,000,000,000. In December 2020, Guangxi SPIC Overseas Energy Investment Co., Ltd. (a joint venture of the Group) acquired all 11.69% and 23.38% equity interests of Changzhou Hydropower from ABC Financial and ICBC Financial respectively. Upon completion of these transactions, ABC Financial and ICBC Financial ceased to hold any equity interest in the Group's subsidiaries and ceased to be related parties of the Group.

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.

28. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Income

	Notes	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest income from:	(i)		
— SPIC Financial (a company controlled by SPIC)		**9,898**	11,550
— ICBC and ABC		**–**	709
— associates		**2,859**	6,301
Dividend income from Shanghai Power, a company controlled by SPIC	(ii)	**39,962**	47,228
Income from provision of repairs and maintenance services to:	(iii)		
— fellow subsidiaries		**7,188**	995
— an associate		**2,193**	3,132
Income from provision of other services (entrusted management services) to:	(iii)		
— CPI Holding		**34,132**	15,208
— companies controlled by SPIC other than CPI Holding and SPIC Financial		**10,524**	5,258
Income from provision of IT services to:	(iii)		
— companies controlled by SPIC		**519**	106
— fellow subsidiaries		**9,767**	736
— associates		**4,639**	373
Sale of coal, coal by-products and spare parts to:	(iii)		
— companies controlled by SPIC other than CPI Holding and SPIC Financial		**1,754**	85
— associates		**109,096**	73,386
Sale of heat to non-controlling interests	(iii)	**21,796**	20,869
Sale of unused power production quota to companies controlled by SPIC	(iii)	**2,089**	2,315
Gain on disposal of subsidiaries (pre-tax)		**–**	32,017

Notes:

(i) The interest income from these related parties is charged at interest rates from 0.30% to 5.66% (2020: 0.35% to 5.66%) per annum.

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

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

28. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Expenses

	Notes	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Purchases of coal, coal by-products and spare parts from:	(i)		
— companies controlled by SPIC other than CPI Holding and SPIC Financial		**21,352**	244,691
— a joint venture		**19,105**	9,427
— non-controlling interests		**2,900,654**	2,867,770
Construction costs and other service fees to:	(ii)		
— companies controlled by SPIC other than CPI Holding and SPIC Financial		**256,905**	354,268
— non-controlling interests		**273,527**	697,096
Interest expenses to:	(iii)		
— SPIC		**181,905**	70,508
— CPI Holding		**8,386**	14,121
— SPIC Financial		**127,206**	160,572
— ICBC and ABC		**–**	568,860
— an associate		**562**	751
— companies controlled by SPIC other than CPI Holding and SPIC Financial		**13,050**	15,459
— companies controlled by SPIC on lease liabilities		**21,600**	22,267

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 1.85% to 7.00% (2020: 1.64% to 8.00%) per annum.

28. RELATED PARTY TRANSACTIONS *(Continued)*

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

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Prepayments for construction of power plants to companies controlled by SPIC other than SPIC Financial	(i)	**93,879**	72,464
Prepayments (included in prepayments, deposits and other receivables) to non-controlling interests		**–**	21,270
Deposits at SPIC Financial	(ii)	**2,705,908**	523,752
Amounts due from related parties:			
— CPDL		**14,120**	14,120
— CPI Holding	(vii)	**191,578**	62,285
— SPIC Financial	(vii)	**30,095**	2,420
— companies controlled by SPIC other than CPI Holding and SPIC Financial	(vii)	**469,175**	597,811
— associates	(iii)	**359,997**	334,121
— joint ventures	(iv)	**957,163**	654,745
— non-controlling interests	(vi)	**1,172,771**	73,982
		3,194,899	1,739,484
Amounts due to related parties:	(ix)		
— SPIC		**64,331**	72,438
— CPI Holding		**119,812**	127,946
— SPIC Financial	(viii)	**113,159**	357,605
— companies controlled by SPIC other than CPI Holding and SPIC Financial	(vii)	**488,382**	708,687
— joint ventures	(vii)	**–**	20
— associates	(v)	**75,401**	54,466
— non-controlling interests	(vi)	**285,830**	552,990
		1,146,915	1,874,152

28. RELATED PARTY TRANSACTIONS *(Continued)*

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

Notes:

The analysis below includes those classified as part of disposal groups classified as held for sale.

(i) Balances represent prepayments for the 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 at 1.38% (31 December 2020: 1.38%) per annum.

(iii) The amounts due from associates are unsecured. Except for a balance of RMB55,080,000 (31 December 2020: RMB55,080,000) which is interest bearing at 1.75% (31 December 2020: 1.75%) per annum and a balance of RMB100,000,000 (31 December 2020: RMB100,000,000) which is interest bearing at 4.34% (31 December 2020: 4.34%) per annum and repayable within one year, the remaining balances are interest-free and repayable on demand.

(iv) The amounts due from joint ventures are unsecured, interest-free and repayable on demand, except for the amount due from SPIC Guangxi Beibu Gulf (Qinzhou) Thermal Power Co., Ltd. of RMB261,300,000 (31 December 2020: RMB261,300,000) which is interest bearing at 5.66% (31 December 2020: 5.66%) per annum and repayable within one year. A loss allowance for the amount due from such joint venture of RMB261,300,000 was fully recognized in 2019 based on the impairment assessment under lifetime expected credit loss approach, as the Group considers that the joint venture is in severe financial difficulty and it has no realistic prospect of recovery.

(v) The amounts due to associates are unsecured and repayable on demand.

(vi) The balances include advanced payment to 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.

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

(viii) The balances as at 30 June 2021 represent interest payable on borrowings from these related parties.

(ix) 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.

28. RELATED PARTY TRANSACTIONS *(Continued)*

(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 2021 and 2020, the Group's significant transactions and balances with entities that are controlled, jointly-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 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.

(e) Key management personnel remuneration

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Fees, basic salaries, housing allowance, other allowances and benefits in kind, discretionary bonus, employer's contribution to pension schemes and other benefits	**7,477**	8,057

29. EVENT AFTER THE REPORTING PERIOD

On 12 July 2021, Wu Ling Power entered into three equity transfer agreements with Inner Mongolia Mingyang New Energy Development Company Limited ("Mingyang New Energy"), pursuant to which Wu Ling Power has conditionally agreed to acquire, and Mingyang New Energy has conditionally agreed to sell the entire equity interests and to assume the shareholder's loans of Qingshuihe County Mingyang New Energy Company Limited, Xilinhot City Mingyang Wind Power Company Limited and Xilinhot City Mingyang Intelligent Energy Company Limited (the "Target Companies") for an aggregate consideration of RMB1,490,283,000, which is subject to adjustments on completion. The Target Companies hold four wind power projects of a total power generation installed capacity of 203.6 MW located in the Inner Mongolia Autonomous Region of the PRC. All of the four wind power projects are now in commercial operation. The Board considers the acquisitions will establish the Group's clean energy development and presence in the Inner Mongolia Autonomous Region. For details, please refer to the announcements of the Company dated 12 July 2021 and 19 July 2021 respectively.

30. 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 classified as part of disposal groups classified as held for sale.

	Notes	Six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Cash flows generated from operating activities			
Profit before taxation		**2,651,779**	2,380,414
Adjustments for:			
Share of results of associates		**(107,246)**	(147,951)
Share of results of joint ventures		**814**	(13,438)
Finance income	8	**(95,057)**	(116,520)
Finance costs	8	**1,966,549**	1,684,299
Dividend income	4	**(39,962)**	(47,228)
Depreciation of property, plant and equipment	7	**2,752,061**	2,373,828
Depreciation of right-of-use assets	7	**150,460**	184,599
Amortization of other intangible assets	7	**27,439**	30,970
Amortization of deferred income	5	**(4,581)**	(2,716)
Loss /(gain) on disposal of property, plant and equipment, net	5	**6,601**	(12,426)
Gain on disposal of subsidiaries (pre-tax)	5	**–**	(32,732)
Loss on derivative financial instruments		**24,257**	–
Operating cash flows before working capital changes		**7,333,114**	6,281,099
Changes in working capital:			
Decrease in inventories		**99,197**	57,542
Increase in accounts receivable		**(1,439,171)**	(1,523,999)
(Increase)/decrease in prepayments, deposits and other receivables		**(203,424)**	282,059
Increase in amounts due from related parties		**(1,451,614)**	(681,865)
Decrease/(increase) in debt instruments at FVTOCI		**140,561**	(214,067)
Increase in accounts and bills payables		**491,345**	425,230
(Decrease)/increase in other payables and accrued charges		**(199,439)**	103,512
(Decrease)/increase in amounts due to related parties		**(29,407)**	838,711
Increase/(decrease) in deferred income		**2,310**	(440)
Cash generated from operations		**4,743,472**	5,567,782
Interest paid		**(1,714,471)**	(1,772,289)
Tax paid		**(595,164)**	(205,983)
Net cash generated from operating activities		**2,433,837**	3,589,510
Major non-cash transactions:			
Contribution of interests in subsidiaries to form a joint venture		**–**	492,354
Provisions for other long-term liabilities	24	**–**	775,305