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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)

Announcement of Interim Results 2020

The board of directors (the "**Board**") of China Power International Development Limited (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**We**") for the six months ended 30 June 2020. These financial statements prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" have been reviewed by the audit committee of the Company (the "**Audit Committee**") and Ernst & Young, the Company's auditor.

Financial Highlights

	Six months ended 30 June		
	2020	2019	Change
	RMB'000	*RMB'000*	*%*
Revenue	**13,055,829**	13,843,958	-5.69
Profit for the period	**1,915,706**	1,811,379	5.76
Profit attributable to owners of the Company	**1,172,986**	976,735	20.09
	RMB	*RMB*	*%*
Basic earnings per share	**0.12**	0.10	20.00
	MWh	*MWh*	*%*
Total power generation	**41,645,677**	43,949,665	-5.24
Total electricity sold	**39,979,532**	42,261,760	-5.40

- The main reasons for the increase in profit for the period as compared to the corresponding period last year were (i) the electricity sales and profits contribution from the Group's renewable energy projects continued to increase as their production capacity has been releasing gradually; and (ii) the decrease in the unit fuel cost for coal-fired power generation.
- As at 30 June 2020, the Group's clean energy attributable installed capacity in wind power and photovoltaic power increased by 66.7MW and 508.7MW respectively as compared with that of 31 December 2019. Among them, CP Chaoyang, as the first batch of photovoltaic grid parity demonstration projects in the country, was successfully put its 407MW into operation in the first half of the year.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2020

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	**As at 30 June 2020 Unaudited *RMB'000***	31 December 2019 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**102,867,621**	99,044,926
Right-of-use assets		**6,026,391**	6,685,104
Prepayments for construction of power plants		**5,078,292**	5,155,703
Goodwill		**1,187,214**	1,187,214
Other intangible assets		**1,023,160**	1,054,130
Interests in associates		**3,010,794**	2,780,410
Interests in joint ventures		**1,084,212**	550,774
Equity instruments at FVTOCI		**3,088,305**	3,362,808
Deferred income tax assets		**762,946**	719,142
Restricted deposits		**1,803**	11,800
Other non-current assets		**8,178,946**	6,758,646
		132,309,684	127,310,657
Current assets			
Inventories		**628,528**	689,862
Accounts receivable	12	**3,109,863**	3,412,791
Prepayments, deposits and other receivables		**2,069,019**	2,282,625
Amounts due from related parties		**1,088,988**	506,557
Tax recoverable		**80,624**	82,283
Debt instruments at FVTOCI		**325,727**	112,418
Restricted deposits		**26,587**	27,250
Cash and cash equivalents		**2,049,235**	1,238,290
		9,378,571	8,352,076
Assets associated with disposal group classified as held for sale	13	**4,432,257**	4,626,965
Total assets		**146,120,512**	140,289,698

	Note	**As at 30 June 2020 Unaudited** ***RMB'000***	As at 31 December 2019 Audited *RMB'000*
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**17,268,192**	17,268,192
Reserves		**12,732,101**	13,051,883
		30,000,293	30,320,075
Non-controlling interests		**14,638,720**	14,813,134
Total equity		**44,639,013**	45,133,209
LIABILITIES			
Non-current liabilities			
Deferred income		**69,733**	70,722
Bank borrowings		**22,077,202**	22,547,366
Borrowings from related parties	14	**28,805,492**	26,444,744
Other borrowings	15	**4,000,000**	4,000,000
Lease liabilities	16	**3,456,149**	3,740,809
Deferred income tax liabilities		**1,686,489**	1,743,183
Provisions for other long-term liabilities	17	**1,893,669**	1,074,477
		61,988,734	59,621,301

	Note	As at 30 June 2020 Unaudited *RMB'000*	31 December 2019 Audited *RMB'000*
Current liabilities			
Accounts and bills payables	18	**1,299,306**	874,076
Construction costs payable		**6,082,035**	6,172,925
Other payables and accrued charges		**1,852,419**	1,678,192
Amounts due to related parties		**1,815,306**	1,680,820
Bank borrowings		**15,272,250**	11,333,147
Borrowings from related parties	14	**8,782,621**	9,292,725
Other borrowings	15	**535,000**	528,000
Lease liabilities	16	**529,899**	681,477
Tax payable		**375,009**	195,600
		36,543,845	32,436,962
Liabilities associated with disposal group classified as held for sale	13	**2,948,920**	3,098,226
Total liabilities		**101,481,499**	95,156,489
Total equity and liabilities		**146,120,512**	140,289,698
Net current liabilities		**25,681,937**	22,556,147
Total assets less current liabilities		**106,627,747**	104,754,510

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Unaudited Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Cash flows from operating activities		
Cash generated from operations	**5,567,782**	5,030,405
Interest paid	**(1,772,289)**	(1,596,909)
Income tax paid	**(205,983)**	(260,064)
Net cash generated from operating activities	**3,589,510**	3,173,432
Cash flows from investing activities		
Payments for property, plant and equipment and prepayments for construction of power plants	**(6,543,627)**	(4,186,097)
Payments for right-of-use assets	**(129,961)**	(61,407)
Proceeds from disposal of property, plant and equipment	**69,761**	8,595
Net cash outflow on disposal of subsidiaries, net of cash	**(10,735)**	-
Net cash outflow on acquisition of subsidiaries	**-**	(115,574)
Investments in an associate	**(60,000)**	(10,000)
Investments in a joint venture	**(27,646)**	-
Repayment from related parties	**-**	449,650
Advance to related parties	**-**	(184,000)
Purchase of equity instruments at FVTOCI	**(4,511)**	-
Asset-related government grants received	**440**	-
Dividend received	**227,356**	262,816
Interest received	**21,598**	68,854
Increase in restricted deposits	**-**	(226)
Decrease in restricted deposits	**663**	9,857
Net cash used in investment activities	**(6,456,662)**	(3,757,532)

	Unaudited Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Cash flows from financing activities		
Drawdown of bank borrowings	**11,781,999**	7,575,604
Drawdown of other borrowings	**510,000**	3,000
Drawdown of borrowings from related parties	**10,507,366**	14,515,784
Contributions from non-controlling interests	**177,873**	89,797
Repayment of bank borrowings	**(8,110,753)**	(8,479,895)
Repayment of borrowings from related parties	**(7,851,993)**	(9,261,188)
Repayment of other borrowings	**(503,000)**	(1,000,000)
Payments for leases liabilities	**(916,753)**	(1,607,456)
Dividend paid	**(1,274,895)**	(1,079,241)
Dividends paid to non-controlling interests	**(633,764)**	(238,561)
Proceeds from disposal of interests in subsidiaries without loss of control	**-**	531,066
Net cash generated from financing activities	**3,686,080**	1,048,910
Net increase in cash and cash equivalents	**818,928**	464,810
Cash and cash equivalents at the beginning of the period	**1,239,057**	1,855,235
Exchange loss, net	**(2,375)**	(17,191)
Cash and cash equivalents at the end of the period (note)	**2,055,610**	2,302,854

Note: Cash and cash equivalents included those cash and cash equivalents of RMB6,375,000 (30 June 2019: RMB2,246,000) from a disposal group classified as held for sale.

Notes to the Interim Condensed Consolidated Financial Statements

1 Basis of preparation

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

The financial information relating to the year ended 31 December 2019 that is included in this interim results announcement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. The Company's then auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2 Accounting policies

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

<u>Application of new and amendments to HKFRSs</u>

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

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

3 Revenue and segment information

Revenue recognized during the period is as follows:

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

Notes:

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

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

Segment information

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

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

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

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

	Unaudited					
	Six months ended 30 June 2020					
	Coal-fired electricity	**Hydropower electricity**	**Wind power electricity**	**Photovoltaic power electricity**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue						
Sales of electricity	**7,827,768**	**2,995,129**	**1,008,735**	**1,187,054**	**-**	**13,018,686**
Provision of power generation	**32,132**	**-**	**-**	**5,011**	**-**	**37,143**
	7,859,900	**2,995,129**	**1,008,735**	**1,192,065**	**-**	**13,055,829**
Segment results	**1,013,094**	**1,717,786**	**637,590**	**631,943**	**-**	**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**	**(213,609)**	**3,786,804**
Finance income	**3,322**	**19,346**	**12,168**	**78,205**	**3,479**	**116,520**
Finance costs	**(606,745)**	**(452,860)**	**(185,822)**	**(361,760)**	**(77,112)**	**(1,684,299)**
Share of results of associates	**108,946**	**-**	**-**	**10,014**	**28,991**	**147,951**
Share of results of joint ventures	**17,151**	**-**	**-**	**(5)**	**(3,708)**	**13,438**
Profit/(loss) before taxation	**535,768**	**1,284,272**	**463,936**	**358,397**	**(261,959)**	**2,380,414**
Income tax expense	**(178,647)**	**(225,492)**	**(21,536)**	**(19,002)**	**(20,031)**	**(464,708)**
Profit/(loss) for the period	**357,121**	**1,058,780**	**442,400**	**339,395**	**(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**	**183,389**	**8,219,799**
Depreciation of property, plant and equipment	**930,717**	**733,728**	**339,098**	**354,139**	**16,146**	**2,373,828**
Depreciation of right-of-use assets	**58,558**	**26,763**	**5,855**	**73,872**	**19,551**	**184,599**
Amortization of other intangible assets	**-**	**-**	**-**	**30,970**	**-**	**30,970**
(Gain)/loss on disposal of property, plant and equipment, net	**(7,361)**	**(46)**	**5,334**	**(10,344)**	**(9)**	**(12,426)**

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

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

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

4 Other income

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

5 Other gains and losses, net

	Unaudited Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Amortization of deferred income	**2,716**	2,563
Government subsidies	**21,072**	4,033
Gain on disposal of property, plant and equipment, net	**12,426**	8,346
Sales of unused power production quota	**80,684**	96,588
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	**128,584**	69,971
Impairment of property, plant and equipment	**-**	(13,676)
Impairment of assets classified as held for sale	**-**	(80,920)
Gain on disposal of subsidiaries (pre-tax) (Note 19)	**32,732**	-
Others	**41,438**	5,555
	319,652	92,460

6 Other operating expenses

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

7 Operating profit

Operating profit is stated after charging the following:

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

8 Finance income and finance costs

	Unaudited Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Finance income		
Interest income from bank deposits	**3,038**	3,901
Interest income from related parties	**18,560**	16,577
Interest income on discounting effect on clean energy power price premium receivable (Note 12(b))	**94,922**	48,376
	116,520	68,854
Finance costs		
Interest expense on		
- bank borrowings	**831,253**	727,786
- long-term borrowings from related parties	**724,797**	580,029
- short-term borrowings from related parties	**95,340**	82,139
- long-term other borrowings	**78,920**	55,785
- short-term other borrowings	**9,101**	607
- amounts due to related parties	**10,134**	43,376
- lease liabilities	**149,743**	173,423
- provisions for other long-term liabilities (Note 17)	**51,960**	44,696
	1,951,248	1,707,841
Less: amounts capitalized	**(311,697)**	(197,230)
	1,639,551	1,510,611
Exchange losses, net	**44,748**	33,295
	1,684,299	1,543,906

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

9 Income tax expense

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

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

The amount of income tax recognized represents:

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

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

10 Earnings per share

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

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

Note: The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2020 and 2019.

11 Dividend

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

12 Accounts receivable

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

Notes:

The analysis below included those accounts receivable from a disposal group classified as held for sale (Note 13) of RMB142,779,000 (31 December 2019: RMB152,005,000).

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

	As at	
	30 June 2020	31 December 2019
	Unaudited	Audited
	RMB'000	*RMB'000*
Unbilled	**5,450,674**	4,419,540
1 to 3 months	**3,200,038**	3,128,105
	8,650,712	7,547,645

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

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

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

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

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

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

(d) As at 30 June 2020, certain bank borrowings, borrowings from related parties (including SPIC Financial Company Limited* (國家電投集團財務有限公司) ("**SPIC Financial**"), Industrial and Commercial Bank of China Limited ("**ICBC**") and Agricultural Bank of China Limited ("**ABC**")) (Notes 14(b), 14(c) and 14(h)), and certain lease liabilities were secured by the rights on accounts receivable of certain subsidiaries. The accounts receivable pledged under these debts as at 30 June 2020 amounted to RMB4,088,423,000 (31 December 2019: RMB3,760,170,000).

13 Assets and liabilities associated with a disposal group classified as held for sale

During the year ended 31 December 2018, Shanxi Shentou Power Generating Company Limited* (山西神頭發電有限責任公司), a wholly-owned subsidiary of the Company, entered into a joint venture agreement to form Sujin Energy Holding Company Limited* (蘇晉能源控股有限公司) ("**Sujin Energy**"), an associate of the Group, in Shanxi Province of the PRC. And the Company will use its 80% equity interest in China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司) ("**CP Shentou**") as part of the capital contribution to Sujin Energy.

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

14 Borrowings from related parties

	As at	
	30 June 2020	31 December 2019
	Unaudited	Audited
	RMB'000	*RMB'000*
Non-current		
Long-term borrowings from State Power Investment Corporation Limited* ("**SPIC**") (note (a))	**5,280,000**	5,380,000
Long-term borrowings from SPIC Financial (note (b))	**3,305,000**	3,328,000
Long-term borrowings from ICBC and ABC (note (c))	**23,854,458**	21,615,279
Long-term borrowings from other related parties (note (d))	**295,000**	50,000
	32,734,458	30,373,279
Less: Current portion of long-term borrowings from SPIC	**(810,000)**	(1,180,000)
Less: Current portion of long-term borrowings from SPIC Financial	**(1,272,000)**	(796,800)
Less: Current portion of long-term borrowings from ICBC and ABC	**(1,796,966)**	(1,951,735)
Less: Current portion of long-term borrowing from other related party	**(50,000)**	-
	28,805,492	26,444,744

Current		
Short-term borrowings from SPIC (note (e))	**1,000,000**	1,100,000
Short-term borrowings from China Power International Holding Limited ("**CPI Holding**") (note (f))	**450,000**	550,000
Short-term borrowings from SPIC Financial (note (g))	**525,000**	550,000
Short-term borrowings from ICBC and ABC (note (h))	**2,280,042**	2,654,794
Short-term borrowings from other related party (note (i))	**598,613**	509,396
Current portion of long-term borrowings from SPIC (note (a))	**810,000**	1,180,000
Current portion of long-term borrowings from SPIC Financial (note (b))	**1,272,000**	796,800
Current portion of long-term borrowings from ICBC and ABC (note (c))	**1,796,966**	1,951,735
Current portion of long-term borrowing from other related party (note (d))	**50,000**	-
	8,782,621	9,292,725
	37,588,113	35,737,469

Notes:

The analysis below included those borrowings from related parties included in the disposal group classified as held for sale (Note 13) of RMB1,491,000,000 (31 December 2019: RMB1,492,000,000).

(a) The long-term borrowings from SPIC were unsecured, interest bearing from 3.37% to 5.15% (31 December 2019: 2.94% to 5.15%) per annum and were wholly repayable within five years.

(b) The long-term borrowings from SPIC Financial of RMB7,000,000 (31 December 2019: RMB7,000,000) was secured against the rights on accounts receivable of a subsidiary (Note 12(d)), interest bearing at 4.41% (31 December 2019: 4.41%) per annum. The remaining balances were unsecured and interest bearing from 4.27% to 4.99% (31 December 2019: 4.28% to 5.23%) per annum.

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

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

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

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

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

(h) Except for RMB50,000,000 (31 December 2019: Nil) which were secured against the rights on accounts receivable of certain subsidiaries (Note 12(d)) and interest bearing at 4.75% (31 December 2019: Nil) per annum, the remaining balance of the short-term borrowings from ICBC and ABC as at 30 June 2020 were unsecured, interest bearing from 3.35% to 4.90% (31 December 2019: 3.91% to 5.50%) per annum and repayable within one year.

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

15 Other borrowings

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

Notes:

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

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

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

16 Lease liabilities

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

17 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 were 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 was recognized as interest expense.

Analysis of the provisions for inundation compensations as at 30 June 2020 and 31 December 2019 is as follows:

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

The movements of the provisions for inundation compensations for the six months ended 30 June 2020 and 2019 are as follows:

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

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

18 Accounts and bills payables

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

Notes:

The analysis below included those accounts and bills payable as part of a disposal group classified as held for sale (Note 13) of RMB108,782,000 (31 December 2019: RMB110,283,000).

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

	As at	
	30 June	31 December
	2020	2019
	Unaudited	Audited
	RMB'000	*RMB'000*
1 to 6 months	**1,010,503**	763,627
7 to 12 months	**109,220**	1,544
Over 1 year	**5,203**	55,787
	1,124,926	820,958

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

19 Loss of control over subsidiaries

(a) Formation of a joint venture

On 30 June 2020, SPIC Guangxi Power Company Limited* (國家電投集團廣西電力有限公司) ("**Guangxi Company**"), a wholly-owned subsidiary of the Company entered into a joint venture agreement (the "**Joint Venture Agreement**") with Jilin Electric Power Co., Ltd.* (吉林電力股份有限公司) ("**Jilin Electric**"), China Power Complete Equipment Co., Ltd.* (中國電能成套設備有限公司) ("**CEC**") and Sinohydro Bureau 11 Co., Ltd* (中國水利水電第十一工程局有限公司) ("**Sinohydro B11**"), pursuant to which the parties agreed to form Guangxi SPIC Overseas Energy Investment Co., Ltd.* (廣西國電投海外能源投資有限公司) ("**Guangxi Overseas**"), a joint venture in Nanning, Guangxi Zhuang Autonomous Region of the PRC.

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

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

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

The Group further disposed 45% of interest retained in Lingshan Wind Power to Guangxi Overseas on 29 July 2020 (Note 20).

(b) Loss of control in other subsidiaries

(i) During the six months ended 30 June 2020, the Group disposed of its 65% equity interest in a subsidiary - Xinlongxida Hydroelectricity Development Company Limited* (新龍西達水電開發有限公司), at a consideration of RMB8,000,000 and recorded a disposal gain (pre-tax) of RMB715,000.

(ii) At the meeting on 18 March 2020, the shareholders of SPIC Anhui Hailuo Electricity Power Sales Co., Ltd.* (國家電投集團安徽海螺售電有限公司) ("**Hailuo Power Sales**", a then subsidiary of the Group) resolved that the Group can appoint two directors in the 5-member board of directors of Hailuo Power Sales whereas the other shareholder can appoint three directors. Accordingly, the Group could not exercise control on Hailuo Power Sales after the reassignment of board seating and Hailuo Power Sales is accounted for as an associate since then.

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

20 Event after the reporting period

On 29 July 2020, SPIC Guangxi Changzhou Hydropower Development Co., Ltd.* (國家電投集團廣西長洲水電開發有限公司) ("**Changzhou Hydropower**") entered into an Equity Transfer Agreement with Guangxi Overseas, pursuant to which Changzhou Hydropower has agreed to sell, and Guangxi Overseas has agreed to acquire the 45% of equity interest of Lingshan Wind Power at a consideration of RMB93,618,000. The Group did not recognize any gain or loss from the equity transfer as the consideration approximated the carrying amount of Lingshan Wind Power as at the transaction date. The carrying amount of Lingshan Wind Power has already been adjusted to its fair value following the disposal transaction described in Note 19(a).

For details, please refer to the Company's announcement dated 29 July 2020.

BUSINESS REVIEW

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

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

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

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

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

Attributable Installed Capacity

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

During the period from 1 July 2019 to 30 June 2020, the Group's attributable installed capacity from new wind power plants and photovoltaic power stations that commenced commercial operation were 298.0MW and 623.9MW respectively.

Project Development

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

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

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

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

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

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

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

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

Electricity Sold

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

	First half of 2020 *MWh*	First half of 2019 *MWh*	Changes %
Total electricity sold	**39,979,532**	42,261,760	-5.40
- Hydropower	**11,780,203**	13,204,537	-10.79
- Wind power	**2,078,356**	1,627,093	27.73
- Photovoltaic power	**2,132,468**	1,533,232	39.08
- Coal-fired power	**23,988,505**	25,896,898	-7.37

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

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

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

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

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

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

	First half of 2020 *MWh*	First half of 2019 *MWh*	Changes *%*
Total electricity sold	**7,743,101**	9,201,867	-15.85
Associates			
- Coal-fired power	**6,163,161**	7,527,411	-18.12
- Photovoltaic power	**49,831**	49,466	0.74
Joint venture			
- Coal-fired power	**1,530,109**	1,624,990	-5.84

Heat Sold

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

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. However, as the direct power supply users are mainly commercial and industrial users, the suspension of work and production during the first quarter of this year posed an influence on the demand for electricity and directly affected the sales, resulting in a decrease in the direct power supply as compared with the corresponding period last year.

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

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

Average On-Grid Tariff

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

- Hydropower was RMB254.25/MWh, representing a decrease of RMB24.09/MWh. It was mainly attributable to the reduction of on-grid tariff of hydropower in Hunan Province since 1 July 2019 as promulgated by the Development and Reform Commission of Hunan Province.

- Wind power was RMB485.35/MWh, representing an increase of RMB16.40/MWh. It was mainly attributable to the higher average tariff during the period as a result of the Group's newly operating wind power plants which charged a relatively higher average on-grid tariffs than that of the existing wind power plants, and the reduction in value-added tax rate from 1 April 2019.

- Photovoltaic power was RMB559.01/MWh, representing a decrease of RMB43.45/MWh. It was mainly attributable to the impact of subsidies reduction policy for photovoltaic tariff and the commencement of operation of the photovoltaic grid parity projects by the Group, which resulted in lower average tariff.

- Coal-fired power was RMB327.65/MWh, representing an increase of RMB0.13/MWh. It was mainly attributable to the reduction in the value-added tax rate from 1 April 2019 and the decline in the proportion of market trading electricity.

Average Utilization Hours of Power Generating Units

For the first half of 2020, the changes in utilization hours of power generating units of each of the Group's power segment were as follows:

- The average utilization hours of hydropower generating units was 2,174 hours, representing a decrease of 271 hours as compared with the corresponding period last year, which was mainly attributable to the decrease in power generation as a result of inadequate rainfall in the river basins where most of the Group's hydropower plants are located.

- The average utilization hours of wind power generating units was 1,087 hours, representing an increase of 15 hours as compared with the corresponding period last year, which was mainly attributable to the higher average utilization hours of the newly operating generating units.

- The average utilization hours of photovoltaic power stations was 733 hours, representing an increase of 37 hours as compared with the corresponding period last year, which was mainly attributable to the results achieved from effective facility maintenance.

- The average utilization hours of the coal-fired power generating units was 1,835 hours, representing a decrease of 230 hours as compared with the corresponding period last year, which was attributable to the decrease in electricity consumption due to the COVID-19 pandemic and the increase in the consumption of clean energy that squeezed the demand for coal-fired power.

OPERATING RESULTS OF THE FIRST HALF OF 2020

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

In the first half of 2020, the net profit (loss) of each business segment were as follows:

Business Segment	**First half of 2020** **RMB'000**	First half of 2019 RMB'000	Changes %
- Hydropower	**1,058,780**	1,297,861	-18.42
- Wind power	**442,400**	263,154	68.11
- Photovoltaic power	**339,395**	290,844	16.69
- Coal-fired power	**357,121**	88,024	305.71
- Unallocated	**(281,990)**	(128,504)	119.44

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

Revenue

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

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

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

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

Operating Costs

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

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

Total Fuel costs

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

Unit Fuel Cost

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

Net Coal Consumption Rate

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

Depreciation and Staff Costs

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

Other Gains and Losses, Net and Other Operating Expenses

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

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

Operating Profit

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

Finance Costs

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

Share of Results of Associates

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

Share of Results of Joint Ventures

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

Income Tax Expense

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

Interim Dividend

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

EQUITY INSTRUMENTS AT FVTOCI

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

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

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

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

EVENT AFTER THE REPORTING PERIOD

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

LIQUIDITY, CASH FLOW AND FINANCIAL RESOURCES

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

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

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

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

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

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

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

DEBTS

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

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

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

SIGNIFICANT FINANCING

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

CAPITAL EXPENDITURE

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITES

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

FOREIGN EXCHANGE RISKS

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

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

FUNDING RISKS

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

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

SOCIAL AND ENVIRONMENTAL GOVERNANCE

Operational Safety

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

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

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

During summer this year, China faced huge pressure from flood control given the exceptionally critical condition of flood prevention along the Yangtze River. During the flood seasons, Wu Ling Power strengthened its management and control on flooding and established alert mechanism for typhoons, rainstorms and mudslides to closely monitor hazards arising from rainfall, flooding and geological conditions. It has also reduced risks relating to natural disasters and earnestly fulfilled its social responsibilities by fully exerting the advantage of our power system in terms of overall basin organization and dispatchment management while safeguarding the production safety of power plants in the river basins at the same time, thus achieving the win-win situation of both flood control and power generation.

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.

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

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

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

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

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

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

OUTLOOK FOR THE SECOND HALF OF 2020

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

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

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

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

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

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

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

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

REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditor of the Company, Ernst & Young, the interim condensed consolidated financial statements for the six months ended 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

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

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

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

Mr. Tian Jun already ceased to hold the position of the President of the Company with effect from 28 July 2020, the same date Mr. He Xi was appointed as an executive Director and the President of the Company. The Board and the Remuneration and Nomination Committee of the Company considered that this arrangement would allow segregation of the roles of chairman and chief executive (being the President of the Company), and therefore complying with the CG Code provision A.2.1 as set out in Appendix 14 to the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by 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 as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have fully complied with the Code of Conduct throughout the six months ended 30 June 2020.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the Company's websites at www.chinapower.hk and www.irasia.com/listco/hk/chinapower/index.htm respectively.

The interim report 2020 will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the interim report will also be made available for review on the above websites in due course.

* *English or Chinese translation, as the case may be, is for identification only*

By Order of the Board
China Power International Development Limited
Tian Jun
Chairman

Hong Kong, 27 August 2020

As at the date of this announcement, the directors of the Company are: executive directors Tian Jun and He Xi, non-executive directors Guan Qihong and Wang Xianchun, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Yau Ka Chi.