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(Stock Code: 1133)

INTERIM RESULTS ANNOUNCEMENT 2014

The Board of Directors of Habeco Limited (the Company) has approved the interim consolidated financial statements for the six months ended 30 June 2014, which are prepared in accordance with the applicable accounting standards of the Hong Kong Securities Commission and the Hong Kong Accounting Standards (HK) CPA Limited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

30 2014

		Six months ended	
		30.6.2014	30.6.2013
		RMB'000	'000
		(unaudited)	(audited)
			(revised)
Revenue	3	11,390,242	9,468,102
Cost of sales		(9,558,654)	(7,647,119)
Gross profit		1,831,588	1,820,983
Other income and gains		237,232	153,287
Finance (expense)/income		(137,800)	73,500
Dividend income		(216,828)	(253,623)
Administrative expenses	4	(1,308,580)	(1,196,735)
Other expenses		(42,476)	(46,843)
Finance cost		(149,491)	(95,159)
Share of profit of associates		9,321	1,516
Profit before taxation	6	222,966	456,926
Income tax	5	(86,733)	(92,286)
Profit for the period		136,233	364,640

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

30 2014

	Six months ended	
	30.6.2014	30.6.2013
	<i>RMB'000</i>	<i>'000</i>
	(unaudited)	(audited)
		(revised)
Profit for the period	136,233	364,640
Other comprehensive (loss)/income for the period, net of income tax		
Item that may be subsequently reclassified to profit or loss:		
Available-for-sale financial assets	(193,207)	(2,641)
Income tax effects of available-for-sale financial assets	28,981	396
	(164,226)	(2,245)
Total comprehensive (loss)/income for the period	(27,993)	362,395
Attributable to:		
Equity holders of the Company	(24,124)	382,315
Non-controlling interests	(3,869)	(19,920)
	(27,993)	362,395

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 2014

	30.6.2014 RMB'000 (unaudited)	31.12.2013 '000 (audited)
Non-current assets		
Intangible assets	4,448	4,448
Property, plant and equipment	6,557,510	6,633,287
Prepaid expenses and deposits	489,256	492,512
Intangible assets	209,145	218,357
Deferred tax assets	308,979	297,354
Intangible assets	243,218	234,614
Other non-current financial assets	70,538	70,538
Other financial assets	-	51,095
	7,883,094	8,002,205
Current assets		
Intangible assets	16,567,604	14,346,742
Trade receivables	14,787,989	14,452,023
Bank receivables	1,792,586	1,997,282
Discounted bills and trade receivables	181,668	21,855
Other receivables, deposits and advances	5,592,735	5,673,638
Prepaid expenses and deposits	11,695	14,286
Available-for-sale financial assets	1,945,017	970,378
Available-for-sale financial assets	254,806	175,206
Other financial assets	897,645	528,040
Trade receivables	1,362,777	1,532,390
Trade receivables	313,067	43,402
Receivables and other bills	125,709	219,456
Deposits and other bills	541,004	519,145
Bills	2,047,200	1,326,913
Cash and cash equivalents	7,268,440	10,538,171
	53,689,942	52,358,927

	30.6.2014	31.12.2013
	<i>RMB'000</i>	<i>'000</i>
	(unaudited)	(audited)
Current liabilities		
Accounts payable	3,046,032	1,128,844
Deferred income	36,095	
Trade payables	15,856,931	15,071,799
Bank payables	3,589,853	4,018,619
Other payables, accounts and bills payable	1,427,823	1,564,735
Deferred income	8,974,959	10,331,026
Accounts payable	42,645	65,336
Advance fees and commissions	1,767,970	1,768,182
Contract deposits	817,152	454,236
Bank deposits	625,796	738,464
Trade payables	79,031	254,009
Other deferred income	40,492	39,289
	36,304,779	35,434,539
Net current assets	17,385,163	16,924,388
Total assets less current liabilities	25,268,257	24,926,593
Non-current liabilities		
Deferred income	41,819	
Deferred income	6,955,928	6,533,021
Advance fees and commissions	3,500	3,500
Bank deposits	1,030,991	988,200
Other deferred income	76,735	97,245
Contract deposits	2,993,670	2,992,688
Deferred income	-	17,690
	11,102,643	10,632,344
NET ASSETS	14,165,614	14,294,249
CAPITAL AND RESERVES		
Share capital	1,376,806	1,376,806
Reserves	11,019,689	11,150,277
Trade payables	12,396,495	12,527,083
Net contract deposits	1,769,119	1,767,166
TOTAL EQUITY	14,165,614	14,294,249

The Group has adopted the effective date of the amendments, and the amendments are effective from the beginning of the reporting period on 1 January 2014:

Amendments to HKFRS	Annual Improvements to HKFRS 2010-2012 Cycle ¹
Amendments to HKFRS	Annual Improvements to HKFRS 2011-2013 Cycle ⁴
HKFRS 9	Financial Instruments ²
HKFRS 14	Revised Definition of Assets ³
HKFRS 15	Revenue from Contracts with Customers ⁶
Amendments to HKFRS 9 and HKFRS 7	Materiality and Effectiveness of Disclosures ²
Amendments to HKFRS 11	Accounting for Acquired Intangible Assets ⁵
Amendments to HKAS 16 and HKAS 38	Classification of Intangible Assets and Derecognition of Intangible Assets ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴

1. Effective from the beginning of the reporting period on 1 January 2014, the amendments are effective from the beginning of the reporting period on 1 January 2014.
2. The amendments are effective from the beginning of the reporting period on 1 January 2016.
3. Effective from the beginning of the reporting period on 1 January 2016, the amendments are effective from the beginning of the reporting period on 1 January 2016.
4. Effective from the beginning of the reporting period on 1 January 2014, the amendments are effective from the beginning of the reporting period on 1 January 2014.
5. Effective from the beginning of the reporting period on 1 January 2016, the amendments are effective from the beginning of the reporting period on 1 January 2016.
6. Effective from the beginning of the reporting period on 1 January 2017, the amendments are effective from the beginning of the reporting period on 1 January 2017.

The directors of the Group are of the opinion that the amendments are applied on a retrospective basis, and the amendments are applied on a retrospective basis.

3. REVENUE AND SEGMENT INFORMATION

The following table summarizes the Group's revenue and the revenue from the operations:

Six months ended 30 June 2014

	Main thermal power equipment RMB'000 (unaudited)	Main hydro power equipment RMB'000 (unaudited)	Engineering services for power stations RMB'000 (unaudited)	Ancillary equipment for power stations RMB'000 (unaudited)	AC/DC motors and others RMB'000 (unaudited)	Total RMB'000 (unaudited)
SEGMENT REVENUE						
Revenue from operations	6,032,904	1,648,613	1,825,361	786,879	1,096,485	11,390,242
Interest income	901,684	-	-	-	-	901,684
Revenue from other operations	6,934,588	1,648,613	1,825,361	786,879	1,096,485	12,291,926
Revenue from other operations	1,041,856	417,068	133,034	142,273	95,507	1,829,738
Extraordinary items - income						1,850
Revenue from operations of discontinued operations						1,831,588
Gain on disposal of subsidiaries						(1,468,452)
Finance costs						(149,491)
Sales of non-current assets						9,321
Change in deferred tax assets						222,966

Schedule 30 June 2013

	Ma e e '000 (a d ed)	Ma d e '000 (a d ed)	E e ce '000 (a d ed)	A c a e '000 (a d ed)	AC/DC a d '000 (a d ed)	T a '000 (a d ed) (e a ed)
SEGMENT REVENUE						
Re e f e e a c e I e - e e e e	5,690,920 775,392	1,544,989	687,966	392,151	1,152,076	9,468,102 775,392
Re a b e e e e e	6,466,312	1,544,989	687,966	392,151	1,152,076	10,243,494
Re a b e e e e	1,051,918	356,656	154,091	68,337	189,150	1,820,152
E a e e e - e e e						831
Re a b e e e e d e d f e G e e a c e U a e a e d e a d f f c e a d c a e e e e F a c e c S a e e e e e e a e a e						1,820,983 (1,270,414) (95,159) 1,516
C a d e d e b e e a a						456,926

4. ADMINISTRATIVE EXPENSES

Impairment of trade receivables and bills receivable

Incurred and provided for impairment of trade receivables and bills receivable of RMB279,437,000 (Schedule 30 June 2013: RMB219,017,000), net of recoveries of RMB1,270,414 and RMB95,159, respectively, in the period ended 30 June 2014 and 2013.

5. INCOME TAX

(a) Net profit made from HK K P Ta a e G d d e a a c b e c
HK K P Ta d e, Schedule 30 June 2014 and 2013.

(b) On 21 November 2008, the Company announced the H and Ne Tec E e (高新技术企業). According to the PRC Law E e e I c e Ta a e d 16 Ma c 2007, the Company is entitled to a c e. a a e e E e e I c e Ta a 15% e 3 e a, be e e 17 Oc be 2011.

Effective from the beginning of the year, the I c e Ta a e e 15% (Schedule 30 June 2013: 15%), the beginning of the year PRC a e b e c e PRC E e e I c e Ta a a e e 25% (Schedule 30 June 2013: 25%) a e a b e e.

(c) According to C c a G a 2008 N. 897, Net profit e e a b e e d E e e I c e Ta e d d e d a d b C e e e d e e e e e e a e d e e e e H- a e e d e b S a e Ad a e e Ta a e 6 N e b e 2008, e e a C e e

6. PROFIT BEFORE TAXATION

Profit before tax as determined after tax effect (continued):

	Six months ended	
	30.6.2014	30.6.2013
	RMB'000	'000
	(unaudited)	(audited)
Decrease in prepaids, allowances and other assets	343,247	334,120
Amortisation of intangible assets	5,847	6,088
Amortisation of investment properties	14,423	17,800
Accruals and other liabilities	26,917	12,739
Interest on bank borrowings	279,437	219,017
Interest on other borrowings	(90,651)	(105,513)
Loss/(gain) on disposal of assets, allowances and other assets	333	(2,905)

7. DIVIDENDS

	Six months ended	
	30.6.2014	30.6.2013
	RMB'000	'000
	(unaudited)	(audited)
Final dividend declared for 2013 of RMB 0.08 per share	110,144	
Final dividend declared for 2012 of RMB 0.10 per share	-	137,681
	110,144	137,681

The dividend declared for the period ended 30 June 2014 (audited 30 June 2013: RMBN).

8. EARNINGS PER SHARE

The basic earnings per share is based on the share attributable to the shareholders of the Company for the period of RMB140,102,000 (audited 30 June 2013 (audited): RMB384,560,000) and the weighted average number of shares of 1,376,806,000 (audited 30 June 2013: 1,376,806,000) during the period.

The diluted earnings per share is based on the weighted average number of shares of 1,376,806,000 (audited 30 June 2014 and 2013, and diluted earnings per share is based on the weighted average number of shares of 1,376,806,000 (audited 30 June 2013: 1,376,806,000) during the period.

9. TRADE RECEIVABLES AND BILLS RECEIVABLE

Trade receivables and bills receivable are measured at fair value less expected credit losses. Impairment losses are recognized when there is objective evidence that trade receivables and bills receivable are impaired.

Trade receivables and bills receivable are classified as follows:

	30.6.2014	31.12.2013
	RMB'000	'000
	(unaudited)	(audited)
Within 1 year	9,712,058	9,872,023
1 to 2 years	3,417,240	3,175,794
2 to 3 years	1,146,320	1,607,802
Over 3 years	2,304,957	1,793,686
	<u>16,580,575</u>	<u>16,449,305</u>

10. TRADE PAYABLES AND BILLS PAYABLE

Trade payables and bills payable are measured at fair value.

	30.6.2014	31.12.2013
	RMB'000	'000
	(unaudited)	(audited)
Within 1 year	16,193,237	16,758,609
1 to 2 years	1,672,992	1,547,078
2 to 3 years	1,167,359	371,421
Over 3 years	413,196	413,310
	<u>19,446,784</u>	<u>19,090,418</u>

11. COMPARATIVE AMOUNTS

Due to the change in the accounting policy of the Group, the comparative amounts for 2013, except for the amounts related to the change in the accounting policy, are restated.

PRODUCTION AND SERVICES

The capacity of the Group's power generation facilities increased by 12,438.1MW, a year-on-year increase of 8.45%, amounting to 2,755.9MW of new capacity. In addition, the Group's power generation facilities decreased by 53.3MW, a year-on-year decrease of 14.77%; amounting to 9,671MW of capacity, a year-on-year decrease of 17.42%. The Group's power generation capacity increased by 3,030MW, a year-on-year decrease of 25.83%, amounting to 20,000MW of capacity, a year-on-year increase of 42.43%.

TURNOVER AND COST

As at 30 June 2014, the Group's total revenue was RMB11,390.24 million, a year-on-year increase of 20.30% compared with the corresponding period of the previous year. In addition, the Group's total cost was RMB6,032.90 million, a year-on-year increase of 6.01% compared with the corresponding period of the previous year. The Group's gross profit was RMB1,648.61 million, a year-on-year increase of 6.71% compared with the corresponding period of the previous year. The Group's operating profit was RMB1,825.36 million, a year-on-year increase of 165.33% compared with the corresponding period of the previous year. The Group's operating profit margin was 16.08%, a year-on-year increase of 1.2 percentage points compared with the corresponding period of the previous year. The Group's operating profit margin was 16.08%, a year-on-year increase of 1.2 percentage points compared with the corresponding period of the previous year. The Group's operating profit margin was 16.08%, a year-on-year increase of 1.2 percentage points compared with the corresponding period of the previous year.

During the period, the Group's total revenue was RMB2,092.74 million, an increase of 18.37% compared with the corresponding period of the previous year. The Group's total cost was RMB1,096.49 million, a year-on-year decrease of 4.83% compared with the corresponding period of the previous year.

During the period, the Group's total revenue was RMB9,558.65 million, a year-on-year increase of 25.00% compared with the corresponding period of the previous year.

GROSS PROFIT AND GROSS PROFIT MARGIN

As at 30 June 2014, the Group's total revenue was RMB1,831.59 million, a year-on-year increase of 0.58% compared with the corresponding period of the previous year. The Group's total cost was RMB1,831.59 million, a year-on-year increase of 0.58% compared with the corresponding period of the previous year. The Group's gross profit was RMB1,831.59 million, a year-on-year increase of 0.58% compared with the corresponding period of the previous year.

As at 30 June 2014, the Group's total revenue was RMB1,043.71 million, a year-on-year increase of 17.30%, a year-on-year decrease of 1.2 percentage points compared with the corresponding period of the previous year. The Group's total cost was RMB417.07 million, a year-on-year increase of 25.30%, a year-on-year decrease of 2.22 percentage points compared with the corresponding period of the previous year. The Group's gross profit was RMB133.03 million, a year-on-year increase of 7.29%, a year-on-year decrease of 15.11 percentage points compared with the corresponding period of the previous year. The Group's gross profit margin was 12.55%, a year-on-year increase of 0.65 percentage points compared with the corresponding period of the previous year. The Group's gross profit margin was 12.55%, a year-on-year increase of 0.65 percentage points compared with the corresponding period of the previous year. The Group's gross profit margin was 12.55%, a year-on-year increase of 0.65 percentage points compared with the corresponding period of the previous year.

GEARING RATIO

As at 30 June 2014, the gearing ratio (calculated as debt divided by equity) is 0.90:1 as compared to 0.85:1 as at the end of 2013.

INCOME TAX

According to the relevant provisions of the Measures for the Recognition and Management of High-tech Enterprises (《高新技术企业认定管理办法》) and the Measures for the Recognition and Management of High-tech Enterprises (《高新技术企业认定管理工作指引》), the company is eligible for the preferential tax rate of 15% for the year ended 31 December 2014. The company is also eligible for the preferential tax rate of 15% for the year ended 31 December 2013.

STAFF

As at 30 June 2014, the company has 19,235 employees.

PROSPECTS

The company is committed to the development of the business and the expansion of the market. The company will continue to invest in research and development to improve the quality of the products and services. The company will also expand its production capacity and strengthen its marketing network. The company is confident that it will achieve a steady and sustainable growth in the future.

Under the current market conditions, the company will continue to focus on the development of the business and the expansion of the market. The company will continue to invest in research and development to improve the quality of the products and services. The company will also expand its production capacity and strengthen its marketing network. The company is confident that it will achieve a steady and sustainable growth in the future.

The Board of Directors and the Company have adopted the following policy regarding the issuance of shares to the public:

THE SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, the following table sets out the shareholdings of the Company's substantial shareholders:

Name of Shareholders	Class of Shares	Number of Shares	Percentage to total share capital (%)	Position held
Habib Eec CFA	Shareholder	701,235,000	50.93%	Director
HKSCC NEE Limited	Shareholder	636,452,597	46.23%	Director

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS IN SHARE CAPITAL

As at 30 June 2014, the following table sets out the interests in the share capital of the Company of the Directors, Supervisors and Senior Management:

MODEL CODE

The Company, as a listed company, is committed to the highest standards of corporate governance and has adopted the Model Code for Directors' and Supervisors' Interests in the Company's Securities as set out in the Listing Rules of the Exchange.

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

The Company has not purchased, sold or redeemed any of its listed securities during the reporting period.

THE AUDIT COMMITTEE