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

(incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 2380)

Results Announcement for Year 2007

Financial Highlights

- Turnover amounted to approximately RMB5,907,301,000, representing an increase of approximately 13.54% over last year.
- Profit attributable to equity holders of the Company was approximately RMB592,435,000, representing a decrease of approximately 15.70% over previous year.
- Earnings per share was approximately RMB0.16.
- Final dividend of RMB0.054 per share was proposed.

The board of directors (the "**Board**") of China Power International Development Limited (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (the "**Group**" or "**We**") for the year ended 31 December 2007.

Consolidated Profit and Loss Account

	Note	For the year ended 31 December 2007 *RMB'000*	2006 *RMB'000*
Turnover	2	5,907,301	5,202,934
Other income	3	41,722	18,745
Fuel costs		(3,840,488)	(3,075,001)
Depreciation		(460,084)	(376,206)
Staff costs		(333,625)	(354,908)
Repairs and maintenance		(275,760)	(265,868)
Consumables		(72,918)	(67,863)
Other gains	4	15,935	87,370
Other operating expenses		(423,510)	(388,083)
Operating profit	5	558,573	781,120
Interest income from bank deposits		23,794	56,469
Finance costs	6	(184,950)	(133,489)
Share of (loss)/profit of associated companies		(47,909)	102,053
Gain on deemed disposal of interest in an associated company		311,398	—
Profit before taxation		660,906	806,153
Taxation	7	(69,477)	(104,478)
Profit for the year		591,429	701,675
Attributable to:			
Equity holders of the Company		592,435	702,767
Minority interests		(1,006)	(1,092)
		591,429	701,675
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
— basic	8	0.16	0.22
— diluted	8	0.16	0.22
Dividends	9	194,703	288,408

Consolidated Balance Sheet

	Note	As at 31 December 2007 RMB'000	2006 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		14,594,556	8,206,774
Prepayment for construction of power plants		881,858	3,374,073
Land use rights		43,334	18,518
Goodwill		166,939	166,939
Interest in an associated company		847,294	850,675
Prepayment for investment	10	—	1,665,133
Available-for-sale financial assets	10	3,775,865	—
Other long-term prepayments		58,668	28,980
		20,368,514	14,311,092
Current assets			
Inventories		277,843	287,142
Accounts receivable	11	1,283,074	860,804
Prepayments, deposits and other receivables		175,404	112,251
Amount due from an intermediate holding company		3,821	1,638
Amounts due from fellow subsidiaries		41,341	11,441
Dividends receivable from an associated company		65,699	98,751
Cash and cash equivalents		734,057	1,446,928
		2,581,239	2,818,955
Total assets		22,949,753	17,130,047

	Note	As at 31 December 2007 RMB'000	2006 RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		3,798,610	3,798,104
Share premium		2,755,361	2,754,586
Reserves		4,580,918	2,526,525
		11,134,889	9,079,215
Minority interests		44,458	25,826
Total equity		11,179,347	9,105,041
LIABILITIES			
Non-current liabilities			
Deferred income		163,028	158,156
Long-term bank borrowings		7,706,350	3,812,000
Long-term payable to CPI Financial Company ("**CPIF**")		270,295	395,562
Long-term payable to Shanxi Electric Power Corporation ("**SEPC**")		—	19,437
Deferred income tax liabilities		227,362	10,907
		8,367,035	4,396,062
Current liabilities			
Accounts payable	12	428,630	240,244
Construction cost payable		1,322,781	422,613
Other payables and accrued charges		318,813	304,520
Amount due to ultimate holding company		81,471	68,889
Amounts due to fellow subsidiaries		26,163	3,279
Current portion of long-term bank borrowings		466,000	996,000
Short-term bank and other borrowings		605,000	1,428,000
Current portion of long-term payable to CPIF		127,863	—
Short-term loan from CPIF		—	140,000
Taxation payable		26,650	25,399
		3,403,371	3,628,944
Total liabilities		11,770,406	8,025,006
Total equity and liabilities		22,949,753	17,130,047
Net current liabilities		(822,132)	(809,989)
Total assets less current liabilities		19,546,382	13,501,103

1 Basis of preparation

The consolidated accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") under the historical cost convention except that property, plant and equipment are stated at revalued amount less subsequent accumulated depreciation and accumulated impairment losses; and available-for-sale financial assets, and certain financial assets and financial liabilities (including derivative instruments) are measured at fair value, as appropriate.

The preparation of accounts in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following standards, amendments to standards and interpretations are mandatory for the financial year ended 31 December 2007.

HKAS 1 (Amendment)	Presentation to Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the above standards, amendments to standards and interpretations did not have any significant financial impact to the Group.

In preparing the consolidated accounts, the Board has taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. Under these circumstances, the Board considers that it is proper to prepare the accounts on a going concern basis notwithstanding that at 31 December 2007, the Group's current liabilities exceeded its current assets by RMB822,132,000.

2 Turnover, revenue and segment information

Revenue recognised during the year is as follows:

	2007 *RMB'000*	2006 *RMB'000*
Sales of electricity to regional and provincial power grid companies (note (a))	5,569,226	5,202,934
Provision for power generation services (note (b))	338,075	—
	5,907,301	5,202,934

Note:

(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 electric power 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.

(b) Provision for power generation services represents income from generation of electricity on behalf of other power plants based on mutually agreed prices.

Segment information

The Group's principal activities are the generation and sale of electricity, investment holdings and the development of power plants as a single business segment. Substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC except that certain cash and bank balances equivalent to approximately RMB417 million were deposited in certain banks in Hong Kong at 31 December 2007 (2006: approximately RMB476 million). Accordingly, no segment information is presented.

3 Other income

	2007 *RMB'000*	2006 *RMB'000*
Management fee income	11,322	14,196
Rental income	5,480	4,549
Repairs and maintenance services fee income	24,920	—
	41,722	18,745

4 **Other gains**

	2007	2006
	RMB'000	*RMB'000*
Amortisation of deferred income	9,541	4,898
Write-back of provision for other receivables	6,394	1,816
Write-back of provision for amount due from SEPC	—	982
Write-back of previous revaluation deficits on property, plant and equipment	—	79,674
	15,935	87,370

5 **Operating profit**

Operating profit is stated after charging/(crediting) the following:

	2007	2006
	RMB'000	*RMB'000*
Amortisation of land use rights	641	386
Auditor's remuneration	5,918	5,248
Depreciation of property, plant and equipment	460,084	376,206
(Gain)/loss on disposal of property, plant and equipment	(382)	4,628
Operating lease rental in respect of leasehold land and buildings	32,728	24,609
Revaluation deficits on property, plant and equipment	—	18,143
Staff costs including directors' emoluments	333,625	354,908
Write-off of pre-operating expenses	27,336	24,064

6 **Finance costs**

	2007	2006
	RMB'000	*RMB'000*
Interest expense on		
- bank borrowings wholly repayable within five years	268,349	196,263
- bank borrowings not wholly repayable within five years	196,850	46,779
- other borrowings wholly repayable within five years	—	5,280
- long-term payable to related companies wholly repayable within five years	21,824	20,525
	487,023	268,847
Less: Amounts capitalised in property, plant and equipment	(327,530)	(180,085)
	159,493	88,762
Net exchange losses	25,457	44,727
	184,950	133,489

Amounts capitalised are borrowing costs related to funds borrowed specifically for the purpose of obtaining qualifying assets. The weighted average interest rate on such capitalised borrowings is approximately 5.9% (2006: 5.7%) per annum.

7 Taxation

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the year (2006: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 33% on the estimated assessable income for the year except as disclosed below.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	2007	**2006**
	RMB'000	*RMB'000*
PRC current income tax	72,827	94,965
Deferred income tax (credit)/charge	(3,350)	9,513
	69,477	104,478

Pursuant to the relevant PRC income tax rules and regulations, special income tax rates have been granted to certain subsidiaries of the Group and the associated company as being foreign invested enterprises which are engaged in the energy, transportation or infrastructure activities. These companies are subject to a tax rate of 15% for the year followed by tax rates gradually increased from 18% to 25% in the ensuing five years towards year 2012. A subsidiary acquired by the Group in year 2005 was entitled to a two-year exemption from income tax in year 2005 and 2006 and a reduction in income tax rate at 7.5% for the year. The company will be subject to tax rates gradually increased from 9% to 25% in the ensuing five years towards 2012. A subsidiary of the Group that started operations during the year also entitled to a two-year exemption from income tax starting year 2007 followed by a 50% reduction in income tax rate towards year 2011 at rates gradually increased from 10% to 12% and at 25% thereafter.

8 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

	2007	**2006**
Profit attributable to equity holders of the Company (RMB'000)	592,435	702,767
Weighted average number of shares in issue (shares in thousands)	3,605,563	3,180,106
Basic earnings per share (RMB)	0.16	0.22

(b) **Diluted**

Diluted earnings per share is calculated based on the weighted average number of shares in issue during the year plus the weighted average number of shares deemed to be issued at no consideration if all outstanding options had been exercised.

	2007	**2006**
Profit attributable to equity holders of the Company (RMB'000)	592,435	702,767
Weighted average number of shares in issue (shares in thousands)	3,605,563	3,180,106
Adjustment for share options (shares in thousands)	4,013	2,063
Adjusted weighted average number of shares for diluted earnings per share (shares in thousands)	3,609,576	3,182,169
Diluted earnings per share (RMB)	0.16	0.22

9 Dividends

	2007	**2006**
	RMB'000	*RMB'000*
Proposed final dividend of RMB0.054 (2006: RMB0.08) per share	194,703	288,408

The dividend paid during the year ended 31 December 2007 was RMB288,408,000 (or RMB0.08 per share). A final dividend in respect of 2007 of RMB0.054 per share, amounting to a total dividend of RMB194,703,000 is to be proposed at the Annual General Meeting on 28 May 2008. The accounts do not reflect this dividend payable.

10 Prepayment for investment and available-for-sale financial assets

(a) **Prepayment for investment**

Pursuant to an agreement entered into by the Company and China Power Investment Corporation ("**CPI Group**") on 27 August 2004, the Company was granted a call option (the "**Call Option**") to acquire up to 25% equity interest in Shanghai Electric Power Co., Ltd. ("**Shanghai Power**"), a joint stock limited company incorporated in the PRC with its A shares listed on the Shanghai Stock Exchange. Pursuant to a resolution passed by an extraordinary general meeting of the Company on 6 December 2006, the shareholders granted their approval to exercise the Call Option to acquire 25% equity interest in Shanghai Power at an aggregate consideration of approximately RMB1,665 million (the "**Acquisition**"). As at 31 December 2006, the consideration was fully paid in cash to CPI Group and the amount was recorded as a prepayment for investment in Shanghai Power as at 31 December 2006.

(b) **Available-for-sale financial assets**

During the year, the Acquisition was completed and the Group commenced to account for Shanghai Power as an associated company from 17 March 2007. Since then, the Group's shareholdings in Shanghai Power continued to be diluted as a result of Shanghai Power's convertible bonds holders converted those bonds into new shares of Shanghai Power. Consequently, the Group's interest in Shanghai Power has been diluted from 25% to 21.9%. In addition, Shanghai Power also experienced changes in certain substantial shareholders during the period and as a result of a change in the composition of the board of directors in Shanghai Power on 22 December 2007, the Board considers that the Group is no longer able to exercise significant influence over the financial and operating decisions of Shanghai Power despite that the Group held an aggregate 21.9% interest in Shanghai Power. Consequently, the Group ceased to account for Shanghai Power as an associated company and began to recognise its investment in Shanghai Power as "Available-for-sale financial assets" which is measured based on its fair value.

As at 31 December 2007, the fair value of the Company's and the Group's interest in the equity securities of Shanghai Power amounted to RMB3,775,865,000.

11 **Accounts receivable**

	Group	
	2007	**2006**
	RMB'000	*RMB'000*
Accounts receivable from regional and provincial power grid companies (note (a))	798,887	424,796
Accounts receivable from other companies (note (a))	62,467	—
	861,354	424,796
Notes receivable (note (b))	421,720	436,008
	1,283,074	860,804

The carrying value of accounts and notes receivable approximate their fair values due to the short term maturity. All accounts and notes receivable are denominated in RMB.

Note:

(a) The ageing analysis of the accounts receivable is as follows:

	Group	
	2007	**2006**
	RMB'000	*RMB'000*
1 to 3 months	844,762	408,635
4 to 6 months	16,169	16,161
7 to 9 months	423	—
	861,354	424,796

(b) The notes receivable are normally with maturity period of 90 to 180 days (2006: 90 to 180 days).

12 Accounts payable

	Group	
	2007	**2006**
	RMB'000	*RMB'000*
Accounts payable	370,093	226,535
Due to related parties	58,537	13,709
	428,630	240,244

Ageing analysis of accounts payable is as follows:

	Group	
	2007	**2006**
	RMB'000	*RMB'000*
1 to 6 months	420,554	228,266
7 to 12 months	880	1,703
Over 1 year	7,196	10,275
	428,630	240,244

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

In 2007, the Group successfully implemented its strategies and realised its goals in respect of strategic development, construction, safety production, operation management, internal control and corporate culture. In 2007, the Company made a great leap by completing a number of acquisitions and putting its new power generation units into operation. During the year, the generation capacity of the Group was greatly enhanced upon the completion and commencement of operations of four sets of power generation units with high capacity, advanced specifications and technology. The electricity generated by the Group's power plants is primarily supplied to Eastern China Power Grid, Central China Power Grid and Northern China Power Grid.

In 2007, despite of the stable supply of fuel, operating cost of our power plants increased due to the surging coal price. New power generation units have just commenced operation for a short period of time and the utilisation hours of the facilities for the existing power generation units declined due to the downward trend of the industry. All these factors increased the pressure against the Group's operation. In view of this, the Group strived to accelerate the construction of new power generation units and reasonably increase the tariff, and adopt various measures to maximise our revenue.

For the year ended 31 December 2007, the Group recorded profit attributable to equity holders of the Company of RMB592,435,000, representing a decrease of approximately RMB110,332,000, or 15.70%, as compared with approximately RMB702,767,000 for the year ended 31 December 2006. Basic earnings per share amounted to RMB0.16 for the year ended 31 December 2007, representing a decrease of RMB0.06 as compared with approximately RMB0.22 for the year ended 31 December 2006. The Board resolved to declare the final dividend of approximately RMB0.054 per share for the year ended 31 December 2007.

BUSINESS REVIEW FOR 2007

OPERATING ENVIRONMENT

In 2007, the economy of China maintained its fast yet healthy growth momentum. Besides its rapid growth, the structure and efficiency of the economy as well as living conditions were greatly improved. The annual gross domestic product represented an increase of 11.4% over the previous year. Supported by the steady and continued growth of the PRC economy, the domestic power industry maintained its rapid and healthy growth momentum. Electricity supply in the PRC maintained strong growth while consumption also grew rapidly. The overall supply and demand of electricity of the PRC was in equilibrium.

COMMENCEMENT OF OPERATION OF NEW POWER GENERATION UNITS

In 2007, four of our new power generation units were put into operation, among which two 640MW super-critical generation units of Pingwei Power II passed full loading trial runs for 168 consecutive hours on 19 March and 24 November, respectively. Two 630MW super-critical new generation units of Yaomeng Power II passed full loading trial runs for 168 consecutive hours on 26 October and 29 December, respectively. The commencement of operation of the four new power generation units with high capacity, advanced specifications and technology substantially enhanced the generation capacity and assets quality of the Group.

During the construction of the four new power generation units, the Group achieved its goals in terms of safety, quality and schedule by strengthening construction management and quality control. The two new power generation units of Yaomeng Power II were completed 97 days and 184 days in advance of the respective schedules. Each of the technology standard has met or exceeded the designed level.

During construction, The Group adopted various measures to control the construction costs. First, the Group controlled the costs of procurement and installation of infrastructure and equipment. Second, we sought government support for favourable tax policy on exemption of duty for imported equipment as well as value-added tax rebate for domestic equipment. Third, we endeavoured to control finance costs such as interest expenses. The successful implementation of such measures effectively reduced the construction cost. The average construction cost of our new power generation units was lower than the industry average.

Currently, the construction and installation of Huanggang Dabieshan Power Plant is under smooth progress. All necessary funds were provided in time and the construction is on schedule. Two power generation units are scheduled to commence operation in the second and the third quarters of 2008 respectively.

MERGER AND ACQUISITION

In 2007, the Group continued to expand its assets base of electricity generation operation through acquisitions. With continuous endeavor, the Group achieved new progress and enhanced its ability for sustainable development.

The Group entered into an asset acquisition agreement with Liaoning Qinghe Electric Power Generating Company Limited, a wholly-owned subsidiary of China Power International Holding Limited ("**CPI Holding**"). The assets to be acquired mainly comprise of a power plant situated in Qinghe District, Tieling, Liaoning Province, PRC, which is under construction. The construction of the power plant has been approved by the National Development and Reform Commission. According to the latest schedule, the construction of the power plant is expected to be completed by the end of 2008 and the power plant will be equipped with a 600MW super-critical coal-fired power generation unit. The Group will acquire the assets and assume all related rights, debts and liabilities. The Company will establish China Power Qinghe Company as a vehicle to hold and operate the assets. Upon incorporation, China Power Qinghe Company will hold the assets and assume all rights, debts and liabilities under the project agreement. Upon completion of the acquisition, the assets of power generation of the Group will be further enhanced.

In 2007, the Group entered into a share transfer framework agreement with Guangzhou Development Group Limited Company ("**Guangzhou Development**") to acquire 25% equity interest in Guangzhou Power Enterprise (Group) Limited Company ("**Guangzhou Power**"), a wholly-owned subsidiary of Guangzhou Development.

Upon completion of the share transfer, the Group held 25% equity interest in Guangzhou Power and became the second largest shareholder of Guangzhou Power. The acquisition will enable the Group to explore the promising electricity market of Guangzhou with great opportunities. Leveraging on its geographical advantages of Guangzhou Power, the Group will have much room for future growth.

During the year, the Group also actively explored other opportunities for acquisition of power generation business and developed its scope of business through acquisitions.

DISPOSAL OF NON-CORE ASSETS

Pursuant to a disposal agreement entered into between the Company and CPI Holding, an intermediate holding company of the Company, on 23 May 2007, the Company agreed to dispose its certain wholly-owned subsidiaries at an aggregate cash consideration of RMB285,087,000 to CPI Holding. The Company has transferred the non-core business of repairs and maintenance and industrial operations of Pingwei and Yaomeng together with all their assets and liabilities to CPI Holding.

The disposal was completed before 31 December 2007. The Company focus its resources on the development of Pingwei Power Plant and Yaomeng Power Plant, both being the core businesses of power generation. This is in line with the Group's long-term policy of focusing its resources on the generation and sale of electricity as well as the development of power plants. Also, the management of the Company was no longer responsible for non-core operations and can better concentrate on improving the operating efficiency of the power generation business. The labour headcount would also be substantially reduced. Moreover, the disposal would allow the management to consider other service providers in the future to achieve cost savings and increase the funds available for general working capital.

POWER GENERATION

As at 31 December 2007, the installed capacity attributable to the Group was 7,883 MW. Gross generation of the Group (excluding the associated company) for 2007 was approximately 26,701,707 MWh, increased by approximately 10.96% over the previous year. Net generation of the Group (excluding the associated company) for the year was approximately 24,813,254 MWh, increased by approximately 11.46% over the previous year.

The increase in the Group's power generation as compared with last year was mainly attributable to:

- increase in gross generation upon the commencement of operation of new power generation units;
- in view of the increasing electricity demand, the Group's power plants strengthened its marketing concepts and improved its marketing initiatives and increased the utilisation hours of their facilities to cope with the changing market conditions;

- strengthened safety production and streamlined the supply of thermal coal to reduce the number of unplanned halting problems substantially. As such, the annual start/stop count for the power generation units decreased as compared to last year. The long term smooth operation of power generation units was maintained.

- the increase in marginal generation achieved by certain power plants.

OPERATION OF THE GROUP'S POWER PLANTS

Operating conditions of the Group's major power plants during 2007 were as follows:

PINGWEI POWER PLANT

Pingwei Power Plant had an installed capacity of 1,230 MW and its gross generation and net generation were approximately 8,130,300 MWh and 7,749,341 MWh respectively.

The following table sets out certain operation data of Pingwei Power Plant for each of the two years ended 31 December 2007 and 2006:

	For the year ended 31 December	
	2007	**2006**
Installed capacity (MW)	1,230	1,230
Average utilisation hours (hours)	6,610	6,420
Gross generation (MWh)	8,130,300	7,896,080
Net generation (MWh)	7,749,341	7,543,730
Net coal consumption rate (grams/KWh)	328	329

YAOMENG POWER PLANT

Yaomeng Power Plant had an installed capacity of 1,210 MW and its gross generation and net generation were approximately 7,244,617 MWh and 6,666,015 MWh respectively.

The following table sets out certain operation data of Yaomeng Power Plant for each of the two years ended 31 December 2007 and 2006:

	For the year ended 31 December	
	2007	**2006**
Installed capacity (MW)	1,210	1,210
Average utilisation hours (hours)	5,987	6,367
Gross generation (MWh)	7,244,617	7,704,272
Net generation (MWh)	6,666,015	7,081,335
Net coal consumption rate (grams/KWh)	340	340

SHENTOU I POWER PLANT

Shentou I Power Plant had an installed capacity of 1,200 MW and its gross generation and net generation were approximately 7,967,175 MWh and 7,216,857 MWh respectively.

The following table sets out certain operation data of Shentou I Power Plant for each of the two years ended 31 December 2007 and 2006:

	For the year ended 31 December	
	2007	**2006**
Installed capacity (MW)	1,200	1,200
Average utilisation hours (hours)	6,639	7,054
Gross generation (MWh)	7,967,175	8,464,893
Net generation (MWh)	7,216,857	7,637,398
Net coal consumption rate (grams/KWh)	373	376

PINGWEI POWER PLANT II

Pingwei Power Plant II had an installed capacity of 1,280 MW and its gross generation and net generation were approximately 2,773,518 MWh and 2,620,985 MWh respectively.

The following table sets out certain operation data of Pingwei Power Plant II for each of the two years ended 31 December 2007 and 2006:

	For the year ended 31 December	
	2007	**2006**
Installed capacity (MW)	1,280	—
Average utilisation hours (hours)	2,167	—
Gross generation (MWh)	2,773,518	—
Net generation (MWh)	2,620,985	—
Net coal consumption rate (grams/KWh)	319	—

YAOMENG POWER PLANT II

Yaomeng Power Plant II had an installed capacity of 1,260 MW and its gross generation and net generation were approximately 585,884 MWh and 558,003 MWh respectively.

The following table sets out certain operation data of Yaomeng Power Plant II for each of the two years ended 31 December 2007 and 2006:

	For the year ended 31 December	
	2007	**2006**
Installed capacity (MW)	1,260	—
Average utilisation hours (hours)	465	—
Gross generation (MWh)	585,884	—
Net generation (MWh)	558,003	—
Net coal consumption rate (grams/KWh)	322	—

CHANGSHU POWER PLANT

Changshu Power Plant had an installed capacity of 1,230 MW and its gross generation and net generation were approximately 6,655,036 MWh and 6,280,282 MWh respectively.

The following table sets out certain operation data of Changshu Power Plant for each of the two years ended 31 December 2007 and 2006:

	For the year ended 31 December	
	2007	**2006**
Installed capacity (MW)	1,230	1,230
Average utilisation hours (hours)	5,411	5,338
Gross generation (MWh)	6,655,036	6,565,590
Net generation (MWh)	6,280,282	6,226,880
Net coal consumption rate (grams/KWh)	337	341

OPERATING RESULTS

Turnover

The Group recorded turnover of approximately RMB5,907,301,000 in 2007 as compared with RMB5,202,934,000 of the previous year, representing an increase of approximately 13.54%. The increase in average on-grid tariff contributed an increase of turnover by approximately RMB60,318,000. With the commencement of operation of Pingwei Power Plant II and Yaomeng Power Plant II, the Group's turnover recorded an increase of RMB790,864,000, whilst fewer utilisation hours of the existing generation units reduced the revenue by approximately RMB146,815,000.

Other Income

In 2007, the Group's other income was approximately RMB41,722,000, representing an increase of approximately 122.58% as compared with RMB18,745,000 of the previous year. The fees received for managing power plants reduced by approximately RMB2,874,000 while rental income of power plants increased by approximately RMB931,000. Repairs and maintenance services fee income increased by approximately RMB24,920,000.

Fuel Costs

Fuel costs were a major component of the Group's operating costs. In 2007, the fuel costs of the Group were approximately RMB3,840,488,000, accounting for approximately 71.04% of the total operating costs. Fuel costs increased by approximately 24.89% compared with RMB3,075,001,000 of the previous year, of which an increase of approximately RMB311,710,000 was attributable to higher average coal prices; and an increase of approximately RMB554,266,000 was attributable to the commencement of operation of the new power generation units in Pingwei Power Plant II and Yaomeng Power Plant II, whilst factors such as reduction in power generation of the existing power generation units and coal consumption lowered fuel cost by approximately RMB100,489,000.

In 2007, the Group's unit fuel cost was approximately RMB155 per MWh, representing an increase of approximately 12.06% over the corresponding period last year.

Depreciation

The Group's depreciation amounted to approximately RMB460,084,000 in 2007, representing an increase of approximately 22.30% compared with approximately RMB376,206,000 of the previous year. An increase in depreciation of approximately RMB80,077,000 was attributable to the commencement of operation of the new power generation units in Pingwei Power Plant II and Yaomeng Power Plant II. The other factors including revaluation surplus of property, plant and equipment also lead to an increase of depreciation of approximately RMB3,801,000.

Staff Costs

In 2007, staff costs of the Group amounted to approximately RMB333,625,000, representing a decrease of approximately 6.00% over RMB354,908,000 of last year. Staff costs increased by approximately RMB7,097,000 due to the grant of share options to senior management and key technicians during the period, and offset by approximately RMB28,380,000 owing to the stringent control on headcount and remuneration structure adjustment as well as the decrease in the average remuneration package.

Repairs and Maintenance

The Group recorded repairs and maintenance expenses of approximately RMB275,760,000 in 2007, representing an increase of approximately 3.72% compared with RMB265,868,000 of the previous year. The increase in repairs and maintenance expenses of approximately RMB2,726,000 was attributable to a number of factors including the overhaul of existing units and the increase in prices while approximately RMB7,166,000 was attributable to the commencement of operation of the new power generation units in Pingwei Power Plant II and Yaomeng Power Plant II.

Consumables

In 2007, the Group's consumables amounted to approximately RMB72,918,000, increased by 7.45% as compared with RMB67,863,000 of the previous year. The commencement of operation of the new power generation units in Pingwei Power Plant II and Yaomeng Power Plant II resulted in an increase in consumables of approximately RMB4,957,000. Materials consumed by our existing power generation units lead to an increase in consumables by approximately RMB98,000.

Other Gains

Other gains of the Group amounted to approximately RMB15,935,000 in 2007, representing an decrease of approximately RMB71,435,000 or approximately 81.76% as compared with RMB87,370,000 of the previous year. During the period, there was no revaluation surplus of property, plant and equipment as compared to last year, which led to a decrease of approximately RMB79,674,000. The amortisation of deferred income increased by approximately RMB4,643,000. The write-back of provision for other receivables increased by approximately RMB3,596,000.

Other Operating Expenses

In 2007, other operating expenses of the Group amounted to approximately RMB423,510,000, representing an increase of approximately RMB35,427,000 or approximately 9.13%, over RMB388,083,000 of last year. An increase in other operating costs of approximately RMB34,635,000 was attributable to the commencement of operation of the new power generation units in Pingwei Power Plant II and Yaomeng Power Plant II. The rest of the other operating costs increased by approximately RMB792,000.

Operating Profit

Operating profit of the Group in 2007 amounted to approximately RMB558,573,000, representing a decrease of approximately 28.49% as compared with approximately RMB781,120,000 of the previous year.

Finance Costs

Finance costs of the Group in 2007 amounted to approximately RMB184,950,000, representing an increase of approximately 38.55% as compared with RMB133,489,000 of the previous year. Finance costs increased by approximately RMB82,235,000 was due to the suspension of capitalisation of certain interests as the new power generation units commenced operation. Reduction in operational borrowings accumulated from the past years saved finance costs by approximately RMB11,504,000. Loss on foreign exchange decreased by approximately RMB19,270,000.

Share of Results of Associated Companies

Share of results of associated companies in 2007 was a loss of approximately RMB47,909,000, representing a decrease of approximately RMB149,962,000 as compared with the profit of approximately RMB102,053,000 of the previous year. Share of results of associated companies was reduced as a result of a decline in profit generated from Changshu Power Plant due to higher coal prices and fuel costs. In addition, the results of Shanghai Power were first incorporated into the Group since March 2007. The share of results was partly offset by the loss on changes in fair value of derivative instruments of the convertible bonds issued by Shanghai Power, resulting in the share of loss of associated companies.

Gain on Deemed Disposal of Interest in an Associated Company

In 2007, the holders of convertible bonds of Shanghai Power have substantially converted all these bonds into the new shares of Shanghai Power pursuant to the relevant terms and conditions. In turn, the Group's interest in Shanghai Power were diluted from 25% to 21.9% and a gain on deemed disposal of interest in Shanghai Power amounted to approximately RMB311,398,000 was recorded in the profit and loss account.

Taxation

Tax expenses of the Group in 2007 were approximately RMB69,477,000, representing a drop of approximately 33.50% as compared with RMB104,478,000 of the previous year. The decrease in tax charge was mainly attributable to the decrease in profit before taxation and the utilisation of deferred tax. As Pingwei Power Plant II was in the tax exemption period, it had no tax charge. Shentou I Power Plant enjoyed a preferential tax rate of 7.5%.

As there is a change in the income tax law, tax expenses of the Group will increase starting from 2008.

Profit Attributable to Equity Holders of the Company

In 2007, the profit attributable to equity holders of the Company was approximately RMB592,435,000, representing a decrease of approximately 15.70% as compared to RMB702,767,000 of the previous year.

Segment Information

The Group's principal activities are the generation and sale of electricity, investment and the development of power plants as a single business segment. Substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC except that certain cash and bank balances equivalent to approximately RMB417 million were deposited in certain banks in Hong Kong as at 31 December 2007 (2006: approximately RMB476 million).

LIQUIDITY, FINANCIAL RESOURCES AND BORROWINGS

As at 31 December 2007, cash and cash equivalents of the Group were approximately RMB734,057,000. The Group derived its funds mainly from cash inflow from operating activities, bank borrowings and dividends from the associated companies, which amounted to approximately RMB646,468,000, RMB5,242,350,000 and RMB176,926,000 respectively.

DEBTS

Set out below are details of the loans and borrowings of the Group for the years ended 31 December 2007 and 2006:

	2007	2006
	RMB'000	*RMB'000*
Short-term bank borrowings	605,000	1,330,000
Other short-term borrowings	—	98,000
Short-term loan payable to CPIF	—	140,000
Current portion of long-term loan payable to CPIF	127,863	—
Current portion of long-term bank borrowings	466,000	996,000
Long-term bank borrowings maturing within 1-2 years	571,850	651,000
Long-term bank borrowings maturing within 3-5 years	100,000	93,000
Long-term bank borrowings maturing over 5 years	7,034,500	3,068,000
Long-term loan payable to CPIF	270,295	395,562
Long-term loan payable to SEPC	—	19,437
	9,175,508	6,790,999

The interest rates on the Group's loans, which currently range from 3.6% to 7.5%, are subject to adjustment in accordance with the relevant regulations of the People's Bank of China.

Our debt to equity ratio as at 31 December 2007 and 2006 were approximately 82.4% and 74.8% respectively.

CAPITAL EXPENDITURES

In 2007, capital expenditures of the Group were primarily attributable to construction of power plants and technical upgrade projects for existing units. Sources of funds were mainly from project financing and operating cash flow.

TECHNICAL UPGRADES

In 2007, the Group arranged technical upgrades, such as energy conservation and desulphurization, for exiting units. We spent approximately RMB617,896,000 for technical upgrades.

NEWLY CONSTRUCTED PROJECTS

Pingwei Power Plant II: Total investment for 2007 was approximately RMB685,999,000.

Yaomeng Power Plant II: Total investment for 2007 was approximately RMB1,143,142,000.

Huanggang Dabieshan Power Plant: Total investment for 2007 was approximately RMB1,205,553,000.

RISK MANAGEMENT

The financial and operational risks in the electricity industry have been increased due to factors including significant increase in oil price, the subprime mortgage crisis in the United States, significant fluctuations in the international capital markets, the reinforcement of the austerity measures of China, and the delay in the implementation of policies such as the increase in tax rate and interest rate and the coal-electricity linkage mechanism.

To control the financial risks such as foreign exchange rate and interest rate and other operational risks of the development of the Company, the Group further strengthened its risk management. The Group has implemented all-round risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has a designated risk management department in place for executing the risk management system and the implementation of risk management measures.

FOREIGN EXCHANGE RATE RISK

The Group experienced spectacular development in business in Hong Kong and the PRC. Most of the Group's revenue was denominated in Renminbi. With the increasing intensity in the reform of Renminbi and fluctuation of exchange rate, we will have certain profit or loss in foreign exchange from the translation of US dollars and HK dollars into RMB. It affected the financial positions and operating results of the Group and thus exposed us to foreign currency risk. (In the announcement this year, the conversion of HK dollars into RMB was based on the exchange rate of HK$1.00 = RMB0.9364).

In 2007, the exchange rate of RMB against US dollars and HK dollars has further increased, resulting in higher foreign exchange rate risk. Therefore, the Group has adopted various methods to keep foreign exchange loss under effective control.

The Group currently does not use any derivative instruments to manage exposures to foreign currency risk. Still, we strive to seek effective methods to monitor these risks and minimise the effects on our profit and interests arising from fluctuation in foreign exchange rate.

INTEREST RATE RISK

In 2007, People's Bank of China has raised the basic interest rate of deposits and loans for six times which increases the capital cost of the Group for a period of time. As the Group has satisfactory results and credit status, adjustment in interest rate in the short-term will not have actual impact on the operation of the Group. To reduce the rising capital cost caused by higher interest rates and mitigate financial risk, the Group has actively expanded financing channels and strived for preferential loans to reduce the level of effective interest rate. Meanwhile, the Group has implemented centralized management of capital and unified the capital management of different power plants of the Group to lower capital and interest expenses. In addition, the Group has carried out research on other financial instruments and adopted various risk-controlling measures and endeavoured to minimise interest rate risk.

PLEDGE OF ASSETS

As at 31 December 2007, a wholly-owned subsidiary of the Group pledged its machinery with a net book value of approximately RMB580,000,000 to a bank to secure bank loan granted to it in the amount of approximately RMB343,000,000.

CONTINGENT LIABILITIES

As at 31 December 2007, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 December 2007, the Group and its associated company had a total of 7,633 full-time employees.

The Group focused on enhancing the general qualities of employees and continued to strengthen talent training and on-the-job training. It actively built up employees' sense of belonging and responsibility, promote the cohesiveness of the enterprise and reinforce performance assessment in order to address the demand for human resources during the Company's further development.

OUTLOOK AND PROSPECTS FOR 2008

The austerity measures for the PRC economy will be intensified, yet the economy will maintain its steady growth in 2008. It is expected that the electricity consumption will continue to have a rapid increase while the growth in newly commenced power generation units will slow down. The supply and demand of electricity will maintain its general balance status continuously which will be favorable to the Group's power generation capacity expansion.

In 2008, reforms on the national energy policies will be further intensified and it is the right time for the launch of a new series of coal-electricity price linkage mechanism. Our Group will keep track of the development of the policies on the coal-electricity price linkage mechanism and strive to reasonably increase the on-grid tariff so as to cover the increase in fuel costs.

The Group will continue to follow the changes in the power market and policies adjustment and prepare for market operations and production adjustments.

The Group will enlarge energy conservation, emission reduction and environmental protection intensity to establish an "energy conserved, environmental-friendly" enterprise.

The Group will actively cultivate the corporate culture characterised as "Still water runs deep" and endeavor to build up a harmonious organization.

The key objectives of the Group for 2008 are as follows:

1. To enhance strategic development, speed up mergers and acquisitions and the construction of new units, expand its business for further development and boost its company value.

2. To strengthen safety production foundation, ensure the operation safety and stability of our equipments to generate power as much as possible.

3. To explore cooperation of coal-electricity actively and strengthen fuel procurement management so as to ensure a stable coal supply.

4. To implement target management, refine operational management, promote efficiency and effectiveness so as to enhance profitability.

5. To strengthen training of talents, performance assessment and position management so as to raise general quality of the operation and management teams.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 May 2008 (Thursday) to 28 May 2008 (Wednesday) (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend to be approved at the Annual General Meeting of the Company on 28 May 2008, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 21 May 2008 (Wednesday).

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee"), which comprises three independent non-executive directors, has discussed and reviewed with management the consolidated accounts for the year ended 31 December 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company always aims to enhance its corporate governance and regards it as part of value creation to fulfil the Board and senior management's commitment to complying with corporate governance standard, maintaining its transparency to shareholders and employing accountability in order to create value for all shareholders.

Except for the deviation from Rules A.2.1 and A.4 of the Code on Corporate Governance Practices as set out in Appendix to the Listing Rules (the "**Code**") (as stated below), the Company has strictly complied with the code provisions of the Code in 2007.

Rule A.2.1 of the Code requires that the roles of the Chairman and the chief executive officer should be separate and not be performed by the same individual. Currently, Ms. Li Xiaolin assumes both positions concurrently. The Board believes that Ms. Li Xiaolin shall concurrently act as the chief executive officer with a view to ensuring the effective development of long-term business strategies and implementation of business plans of the Company. Meanwhile, the Company has established an executive committee, which comprises certain executive directors and senior management. Regular meetings are convened to make decisions on matters concerning the ordinary management and business of the Company.

Rule A.4.1 of the Code requires that non-executive directors should be appointed for a specific term, subject to re-election. In addition, Rule A.4.2 of the Code requires that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The non-executive Directors of the Company are not appointed for a specific term, but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the "**Articles**"). In addition, as provided in the Articles, the executive Director who is also the chief executive officer of the Company shall not be subject to retirement by rotation which reflects the importance of this position and ensures that the impact of the change of personnel on the operation of the Company is kept minimal. All the other Directors will be subject to retirement at every annual general meeting after the annual general meeting in year 2007.

The Company will also ensure that all Directors (with the exception of the executive Director who is also the chief executive officer of the Company) are subject to retirement by rotation and re-election at least once every three years.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors ("**Code of Conduct**"), the terms of which are not less exacting than the 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 complied with the Code of Conduct throughout the annual period of 2007.

PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED (the "Stcok Exchange")

This result announcement is published on the website of the Stock Exchange at http://www.hkex.com.hk under "Latest Listed Company Information" and on the Company's websites at www.chinapower.hk and http://www.irasia.com/listco/hk/chinapower/index.htm.

The printed copy of the 2007 Annual Report will be sent to shareholders by the end of April 2008 and the soft copy of the Annual Report will be published on websites of both HKEx and the Company in due course.

By Order of the Board
China Power International Development Limited
LI Xiaolin
Chairman and Chief Executive Officer

Hong Kong, 14 April 2008

As at the date of this announcement, the directors of the Company are: executive directors Li Xiaolin and Liu Guangchi, non-executive directors Gao Guangfu and Guan Qihong and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.