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 2009

Financial Highlights

- Turnover amounted to approximately RMB10,936,508,000, representing an increase of approximately 13.54% over last year.
- Profit attributable to equity holders of the Company was approximately RMB519,008,000, representing an increase of approximately RMB1,208,269,000 as compared to a loss of RMB689,261,000 last year.
- Basic earnings per share was approximately RMB0.14, representing an increase of approximately RMB0.33 as compared with the basic loss per share of RMB0.19 last year.
- Net of adjustment for impairment loss on goodwill of approximately RMB126,939,000 for the planned closure of certain power generation units of Shentou Power Plants, profit attributable to equity holders of the Company was approximately RMB645,947,000, and basic earnings per share after the adjustment would have been RMB0.18.
- Final dividend of RMB0.045 per share was proposed.

The board of directors (the "Board") of China Power International Development Limited (the "Company" or "China Power") announces the audited financial results of the Company and its subsidiaries (the "Group" or "We") for the year ended 31 December 2009.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Year ended 31 December 2009 RMB'000	2008 RMB'000 (Restated)
Revenue	2	10,936,508	9,632,381
Other income	3	81,310	8,842
Fuel costs		(7,130,796)	(7,055,736)
Depreciation		(1,045,864)	(808,994)
Staff costs		(468,521)	(384,763)
Repairs and maintenance		(434,766)	(405,500)
Consumables		(181,953)	(154,713)
Other gains, net	4	1,113	16,309
Impairment on property, plant and equipment		—	(348,505)
Impairment on goodwill		(126,939)	(40,000)
Other operating expenses		(509,885)	(500,434)
Operating profit/(loss)	5	1,120,207	(41,113)
Interest income		34,551	17,011
Finance costs	6	(703,628)	(629,504)
Share of profit/(losses) of associated companies		127,986	(40,968)
Share of losses of jointly controlled entities		(5,030)	(3,869)
Profit/(loss) before taxation		574,086	(698,443)
Taxation	7	(22,476)	(4,338)
Profit/(loss) for the year		551,610	(702,781)
Attributable to:			
Equity holders of the Company		519,008	(689,261)
Minority interests		32,602	(13,520)
		551,610	(702,781)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the year (expressed in RMB per share)			
- basic	8	0.14	(0.19)
- diluted	8	0.14	(0.19)
Dividends		229,818	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Year ended 31 December	
	2009	**2008**
	RMB'000	*RMB'000*
		(Restated)
Profit/(loss) for the year	551,610	(702,781)
Other comprehensive income/(loss)		
- Fair value gain/(loss) on available-for-sale financial assets, net of tax	1,077,646	(2,185,781)
Total comprehensive income/(loss) for the year	1,629,256	(2,888,562)
Attributable to:		
- Equity holders of the Company	1,596,654	(2,875,042)
- Minority interests	32,602	(13,520)
Total comprehensive income/(loss) for the year	1,629,256	(2,888,562)

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	As at 31 December 2009 RMB'000	As at 31 December 2008 RMB'000 (Restated)	As at 1 January 2008 RMB'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		41,754,053	15,471,787	14,449,153
Prepayments for construction of power plants		964,962	377,172	881,858
Land use rights		417,868	42,439	43,334
Goodwill		467,619	126,939	166,939
Interests in associated companies		1,575,238	803,482	844,450
Interests in jointly controlled entities		75,670	66,131	—
Available-for-sale financial assets	9	2,821,498	1,379,011	3,775,865
Long-term loans to a fellow subsidiary		1,500,000	—	—
Long-term receivable from Hubei Electric Power Corporation ("HEPC")		—	34,000	—
Other long-term prepayments		—	15,950	58,668
Deferred income tax assets		107,971	57,189	20,639
		49,684,879	18,374,100	20,240,906
Current assets				
Inventories		265,165	499,776	277,843
Accounts receivable	10	1,430,454	1,375,156	1,283,074
Prepayments, deposits and other receivables		689,699	499,507	175,404
Amounts due from group companies		141,439	199,081	45,162
Dividends receivable from an associated company		—	—	65,699
Current portion of long-term receivable from HEPC		34,000	34,000	—
Tax recoverable		1,196	1,196	—
Pledged bank deposits		48,886	—	—
Cash and cash equivalents		1,910,816	1,326,818	734,057
		4,521,655	3,935,534	2,581,239
Total assets		54,206,534	22,309,634	22,822,145

	As at 31 December 2009 RMB'000	As at 31 December 2008 RMB'000 (Restated)	As at 1 January 2008 RMB'000 (Restated)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	5,121,473	3,798,610	3,798,610
Share premium	4,303,111	2,755,361	2,755,361
Reserves	3,013,810	1,409,176	4,469,599
	12,438,394	7,963,147	11,023,570
Minority interests	2,442,996	68,339	44,458
Total equity	14,881,390	8,031,486	11,068,028
LIABILITIES			
Non-current liabilities			
Deferred income	96,636	97,990	163,028
Long-term bank borrowings	23,934,020	9,439,150	7,706,350
Long-term borrowings from ultimate holding company	1,473,816	—	—
Long-term borrowings from CPI Financial Company ("CPIF")	1,150,000	—	—
Long-term payable to CPIF	—	270,295	270,295
Other long-term borrowings	1,384,833	—	—
Obligations under finance leases	184,755	205,155	—
Deferred income tax liabilities	661,246	—	211,073
Other long-term liabilities	17,380	—	—
	28,902,686	10,012,590	8,350,746

	Note	As at 31 December 2009 RMB'000	As at 31 December 2008 RMB'000 (Restated)	As at 1 January 2008 RMB'000 (Restated)
Current liabilities				
Accounts and bills payables	11	498,178	696,529	428,630
Construction cost payable		1,297,853	1,156,466	1,322,781
Other payables and accrued charges		807,284	418,727	318,813
Derivative financial instruments		71,441	—	—
Amounts due to group companies		1,292,997	216,373	107,634
Current portion of long-term bank borrowings		1,276,716	225,000	466,000
Short-term bank borrowings		2,550,000	980,000	605,000
Other bank borrowings		682,820	412,725	—
Short-term borrowings from CPIF		1,450,000	100,000	—
Current portion of long-term payable to CPIF		270,295	—	—
Short-term other borrowings		—	—	127,863
Current portion of obligations under finance leases		24,244	26,857	—
Taxation payable		200,630	32,881	26,650
		10,422,458	4,265,558	3,403,371
Total liabilities		39,325,144	14,278,148	11,754,117
Total equity and liabilities		54,206,534	22,309,634	22,822,145
Net current liabilities		5,900,803	330,024	822,132
Total assets less current liabilities		43,784,076	18,044,076	19,418,774

1 **Basis of preparation and change in accounting policy**

The consolidated accounts of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated accounts have been prepared under the historical cost convention except that 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.

(a) Effect of adopting new standards, amendments to standards and interpretations

The following new standard, amendments to standards, and interpretations are mandatory for accounting periods beginning on or after 1 January 2009. The adoption of these new standard, amendments to standards does not have any significant impact to the results and financial position of the Group.

- HKAS 1 (Revised), "Presentation of Financial Statements". The revised standard requires "non-owner changes in equity" to be presented separately from owner changes in equity. As a result, the Group presents all owner changes in equity in the consolidated statement of changes in equity, whereas all "non-owner changes in equity" are presented in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The consolidated accounts have been prepared under the revised disclosure requirements. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- Amendment to HKFRS 7 "Financial Instruments: Disclosures. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Following the acquisition of Wuling Group during the year, the reportable segments identified by the Group are now the "Generation and sale of coal-fired electricity" and "Generation and sales of hydropower electricity".

The following amendments to standards and interpretations are also mandatory for the financial periods beginning on or after 1 January 2009:

HKFRSs (Amendment)	Improvements to HKFRSs 2008 [1]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment - Vesting Conditions and Cancellations
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers[2]

1 Effective for the Group for annual period beginning 1 January 2009 except the amendment to HKFRS 5, "Non-current assets held for sale and discontinued operations" which is effective for annual period beginning 1 January 2010.

2 Effective for transfer of assets received on or after 1 July 2009.

The adoption of these amendments to standards and interpretations did not result in a significant impact on the results and financial position of the Group.

(b) The following standards, amendments to standards and interpretations have been issued but are not effective for 2009 and have not been early adopted:

HKFRSs (Amendments)	Improvements to HKFRSs 2009[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[2]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRS [1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[1]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[3]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[1]

[1] Effective for the Group for annual period beginning 1 January 2010

[2] Effective for the Group for annual period beginning 1 January 2011

[3] Effective for the Group for annual period beginning 1 January 2013

The effect that the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HK(IFRIC) - Int 17 will have on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after 1 January 2010. The directors anticipate that the adoption of other standards, amendments to standards and interpretations will not result in a significant impact on the results and financial position of the Group.

(c) As at 31 December 2009, a bank loan of approximately RMB683 million has been reclassified from non-current liabilities to current liabilities following the fact that the Group had breached certain financial covenants in respect of the relevant bank loan. These covenant requirements have subsequently been waived by the relevant syndicate of banks after the year end. In preparing the accounts, the directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As of 31 December 2009, the Group had undrawn committed banking facilities amounting to approximately RMB12,168 million (2008: RMB1,604 million) and will refinance and/or restructure certain short-term loans into long-term loans or to consider alternative sources of financing, where applicable. Under these circumstances, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared the accounts on a going concern basis.

(d) Change in accounting policy

In previous years, the Group's property, plant and equipment, other than construction in progress, were carried in the consolidated balance sheet at their revalued amounts less subsequent accumulated depreciation and impairment losses. Following the substantial business development of the Group in recent years and especially after the acquisition of Wuling Group in 2009, the directors of the Company are of the view that it is no longer practicable for the Group to continue adopting such accounting policy whereas using the cost model under HKAS 16 would result in the consolidated accounts providing more appropriate and relevant information about the Group's results and financial position to the users of the accounts. Consequently, the Group changed its accounting policy on property, plant and equipment to follow the cost model under HKAS 16 with effect from 1 January 2009.

This change in accounting policy has been accounted for retrospectively and the comparative figures for the corresponding comparative prior periods have been restated. This change did not result in a significant impact on the Group's consolidated net assets as at 31 December 2009 and 2008 and the consolidated results, earnings/(loss) per share (basic and diluted) and cash flows for the years ended 31 December 2009 and 2008.

The effects of the change in accounting policy as described above are as follows:

(i) Consolidated income statement (extracts) for the year ended 31 December 2008:

	As previously reported *RMB'000*	Effect of change *RMB'000*	As restated *RMB'000*
Depreciation	(798,356)	(10,638)	(808,994)
Share of loss of an associated company	(43,194)	2,226	(40,968)
Loss before taxation	(690,031)	(8,412)	(698,443)
Taxation	(7,175)	2,837	(4,338)
Loss for the year	(697,206)	(5,575)	(702,781)
Attributed to:			
Equity holders of the Company	(683,686)	(5,575)	(689,261)
Minority interests	(13,520)	—	(13,520)
	(697,206)	(5,575)	(702,781)
Loss per share for loss attributable to equity holders of the Company during the year (expressed in RMB per share)			
- basic	(0.19)	—	(0.19)
- diluted	(0.19)	—	(0.19)

(ii) Consolidated balance sheet (extracts) as at 31 December 2008:

	As previously reported *RMB'000*	Effect of change *RMB'000*	As restated *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	15,617,112	(145,325)	15,471,787
Interests in an associated company	804,100	(618)	803,482
Deferred income tax assets	33,341	23,848	57,189
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Reserves	1,519,383	(110,207)	1,409,176
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	11,888	(11,888)	—

(iii) Consolidated income statement (extracts) for the year ended 31 December 2007:

	As previously reported *RMB'000*	**Effect of change** *RMB'000*	**As restated** *RMB'000*
Depreciation	(460,084)	6,304	(453,780)
Share of loss of an associated company	(47,909)	4,394	(43,515)
Profit before taxation	660,906	10,698	671,604
Taxation	(69,477)	4,668	(64,809)
Profit for the year	591,429	15,366	606,795
Attributed to:			
Equity holders of the Company	592,435	15,366	607,801
Minority interests	(1,006)	—	(1,006)
	591,429	15,366	606,795
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
- basic	0.16	0.01	0.17
- diluted	0.16	0.01	0.17

(iv) Consolidated balance sheet (extracts) as at 31 December 2007:

	As previously reported *RMB'000*	**Effect of change** *RMB'000*	**As restated** *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	14,594,556	(145,403)	14,449,153
Interests in an associated company	847,294	(2,844)	844,450
Deferred income tax assets	—	20,639	20,639
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Reserves	4,580,918	(111,319)	4,469,599
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	227,362	(16,289)	211,073

2 Turnover, revenue and segment information

Revenue recognised during the year is as follows:

	2009 *RMB'000*	2008 *RMB'000*
Sales of electricity to provincial power grid companies (note (a))	10,696,290	8,761,986
Provision for power generation services (note (b))	240,218	870,395
	10,936,508	9,632,381

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 which is calculated based on mutually agreed prices.

Segment information

The chief operating decision maker has been identified as the executive directors and certain senior management (collectively referred to as the "CODM") that 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. Currently, it is determined that the "Generation and sales of coal-fired electricity" and "Generation and sales of hyropower electricity" in the PRC are the reportable segments of the Group. The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from available-for-sale financial assets, if any, and effects on items of a non-recurring nature, such as impairments when the impairment is the result of an isolated, non-recurring event. Other information provided to the CODM is measured in a manner consistent with that in the accounts.

Segment assets exclude deferred tax assets, available-for-sale financial assets and corporate assets which are managed on a central basis.

	Year ended 31 December 2009				
	Coal-fired electricity	Hydropower electricity	Reportable segments total	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
Sales of electricity	10,321,804	374,486	10,696,290	—	10,696,290
Provision for power generation services	240,218	—	240,218	—	240,218
	10,562,022	374,486	10,936,508	—	10,936,508
Results of reportable segments	1,196,746	161,146	1,357,892	—	1,357,892
A reconciliation of results of reportable segments to profit for the year is as follows:					
Results of reportable segments					1,357,892
Impairment of goodwill	(126,939)	—	(126,939)	—	(126,939)
Unallocated income	—	—	—	14,957	14,957
Unallocated expenses	—	—	—	(125,703)	(125,703)
Operating profit					1,120,207
Interest income	6,703	15,081	21,784	12,767	34,551
Finance costs	(595,747)	(106,016)	(701,763)	(1,865)	(703,628)
Share of profits of associated companies	128,248	—	128,248	(262)	127,986
Share of losses of jointly controlled entities	(5,030)	—	(5,030)	—	(5,030)
Profit before taxation					574,086
Taxation					(22,476)
Profit for the year					551,610
Other segment information:					
Capital expenditure	2,023,175	426,157	2,449,332	98	2,449,430
Depreciation on property, plant and equipment	934,991	107,777	1,042,768	3,096	1,045,864
Amortisation of leasehold land and land use rights	862	982	1,844	—	1,844
Loss on disposal of property, plant and equipment	6,739	—	6,739	—	6,739
Provision for impairment of inventories	7,759	—	7,759	—	7,759
Provision for impairment of other receivables	611	—	611	—	611

	As at 31 December 2009				
	Coal-fired electricity	Hydropower electricity	Reportable segments total	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets					
Other segment assets	19,440,473	26,281,850	45,722,323	—	45,722,323
Goodwill	—	467,619	467,619	—	467,619
Interests in associated companies	1,557,387	—	1,557,387	17,851	1,575,238
Interests in jointly controlled entities	61,101	—	61,101	14,569	75,670
	21,058,961	26,749,469	47,808,430	32,420	47,840,850
Available-for-sale financial assets					2,821,498
Deferred income tax assets					107,971
Long-term loans to a fellow subsidiary					1,500,000
Other unallocated assets					1,936,215
Total assets per consolidated balance sheet					54,206,534
Segment liabilities					
Other segment liabilities	(2,254,982)	(707,207)	(2,962,189)	—	(2,962,189)
Borrowings	(12,778,765)	(21,293,735)	(34,072,500)	(100,000)	(34,172,500)
	(15,033,747)	(22,000,942)	(37,034,689)	(100,000)	(37,134,689)
Purchase consideration payable to an intermediate holding company					(1,188,417)
Derivative financial instruments					(71,441)
Taxation payable					(200,630)
Deferred income tax liabilities					(661,246)
Other unallocated liabilities					(68,721)
Total liabilities per consolidated balance sheet					(39,325,144)

	Year ended 31 December 2008				
	Coal-fired electricity	Hydropower electricity	Reportable segments total	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
Sales of electricity	8,761,986	—	8,761,986	—	8,761,986
Provision for power generation services	870,395	—	870,395	—	870,395
	9,632,381	—	9,632,381	—	9,632,381
Results of reportable segments	445,582	—	445,582	—	445,582
A reconciliation of results of reportable segments to loss for the year is as follows:					
Results of reportable segments					445,582
Impairment of property, plant and equipment	(348,505)	—	(348,505)	—	(348,505)
Impairment of goodwill	(40,000)	—	(40,000)	—	(40,000)
Unallocated expenses	—	—	—	(98,190)	(98,190)
Operating loss					(41,113)
Interest income	2,927	—	2,927	14,084	17,011
Finance costs	(629,504)	—	(629,504)	—	(629,504)
Share of losses of associated companies	(40,968)	—	(40,968)	—	(40,968)
Share of losses of jointly controlled entities	(3,869)	—	(3,869)	—	(3,869)
Loss before taxation					(698,443)
Taxation					(4,338)
Loss for the year					(702,781)
Other segment information:					
Capital expenditure	1,688,103	—	1,688,103	2,419	1,690,522
Depreciation on property, plant and equipment	807,073	—	807,073	1,921	808,994
Amortisation of leasehold land and land use rights	895	—	895	—	895
Loss on disposal of property, plant and equipment	11,012	—	11,012	6	11,018

	As at 31 December 2008				
	Coal-fired electricity	Hydropower electricity	Reportable segments total	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets					
Other segment assets	18,596,233	—	18,596,233	—	18,596,233
Goodwill	126,939	—	126,939	—	126,939
Interests in associated companies	803,482	—	803,482	—	803,482
Interests in jointly controlled entities	66,131	—	66,131	—	66,131
	19,592,785	—	19,592,785	—	19,592,785
Available-for-sale financial assets					1,379,011
Deferred income tax assets					57,189
Other unallocated assets					1,280,649
Total assets per consolidated balance sheet					22,309,634
Segment liabilities					
Other segment liabilities	(2,795,919)	—	(2,795,919)	—	(2,795,919)
Borrowings	(11,427,170)	—	(11,427,170)	—	(11,427,170)
	(14,223,089)	—	(14,223,089)	—	(14,223,089)
Taxation payable					(32,881)
Other unallocated liabilities					(22,178)
Total liabilities per consolidated balance sheet					(14,278,148)

All revenues from external customers are generated from the PRC. Except that certain cash and bank balances equivalent to approximately RMB275 million were deposited in certain banks in Hong Kong at 31 December 2009 (31 December 2008: approximately RMB401 million), substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC.

The Group's major customers are regional and provincial power grid companies. During the year ended 31 December 2009, the Group's external revenue amounting to approximately RMB10,262 million (31 December 2008: RMB9,215 million) is generated from 5 (31 December 2008: 4) major customers, each of which account for 10% or more of the Group's external revenue. All these customers are regarded as other state-owned enterprises.

3 **Other income**

	2009	2008
	RMB'000	*RMB'000*
Sales of electricity quotas	31,505	—
Income from the provision of repairs and maintenance services	19,075	—
Hotel operations income	7,981	—
Rental income	12,650	1,806
Management fee income	4,099	7,036
Dividend income	6,000	—
	81,310	8,842

4 **Other gains, net**

	2009	2008
	RMB'000	*RMB'000*
Amortisation of deferred income	11,015	9,184
Tax refund	—	7,125
Fair value loss on derivative financial instruments	(9,902)	—
	1,113	16,309

5 **Operating profit/(loss)**

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

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
Amortisation of land use rights	1,844	895
Auditor's remuneration	8,227	5,043
Depreciation of property, plant and equipment	1,045,864	808,994
Loss on disposal of property, plant and equipment	6,739	11,018
Operating lease rental in respect of		
- equipment	2,116	2,669
- leasehold land and buildings	33,426	33,612
Provision for impairment of inventories	7,759	—
Provision for impairment of other receivables	611	—
Reservoir maintenance and usage fees	10,861	—
Staff costs including directors' emoluments	468,521	384,763
Write-off of pre-operating expenses	19,115	41,771

6 Finance costs

	2009 *RMB'000*	2008 *RMB'000*
Interest expense on		
- bank borrowings wholly repayable within five years	213,539	129,335
- bank borrowings not wholly repayable within five years	541,431	580,771
- long-term borrowings from ultimate holding company not wholly repayable within five years	12,650	—
- long-term other borrowings wholly repayable within five years	49	—
- long-term other borrowings not wholly repayable within five years	11,685	—
- long-term borrowings from and payables to a related company wholly repayable within five years	50,964	18,393
- short-term borrowings from a related company	16,758	1,073
- obligations under finance leases	12,403	7,830
	859,479	737,402
Less: Amounts capitalised in property, plant and equipment	(135,409)	(125,953)
	724,070	611,449
Net exchange (gains)/losses	(20,442)	18,055
	703,628	629,504

The weighted average interest rate on capitalised borrowings is approximately 5.2% (2008: 6.4%) 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 (2008: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2008: 25%) on the estimated assessable income for the year except as disclosed below.

The amount of taxation (charged)/credited to the consolidated income statement represents:

	2009 *RMB'000*	2008 *RMB'000* *(Restated)*
PRC current income tax	(56,814)	(40,888)
Deferred income tax credit	34,338	36,550
	(22,476)	(4,338)

Pursuant to the relevant PRC income tax rules and regulations, special income tax rates have been granted to certain subsidiaries of the Group and associated companies as being foreign invested enterprises which are engaged in the energy, transportation or infrastructure activities. These companies are subject to a tax rate of 20% for the year 2009 (2008: 18%) followed by tax rates gradually increased from 22% to 25% in the ensuing three years towards 2012. A subsidiary acquired by the Group in year 2005 will be subject to tax rates gradually increased from 10% for the year 2009 (2008: 9%) to 25% in the ensuing three years towards 2012. A subsidiary of the Group that started operations in 2007 is 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. Certain subsidiaries of the Group that started operations in 2008 also entitled to a two-year exemption from income tax starting year 2008 followed by a 50% reduction in income tax rate towards year 2012 at rates gradually increased from 11% to 12.5%, and at 25% thereafter.

Unrecognised deferred tax liabilities

Pursuant to the PRC enterprise income tax law, a 10% withholding income tax is levied on dividends declared on or after 1 January 2008 by foreign investment enterprises to their foreign enterprise shareholders unless the enterprise investor is deemed as a PRC Tax Resident Enterprise (“TRE”). On 22 April 2009, the PRC State Administration of Taxation issued a notice regarding the determination of PRC TRE status and provided implementation guidance in withholding income tax for non-TRE enterprise shareholders. The Company performed an assessment and concluded that it meets the definition of PRC TRE. Therefore, as at 31 December 2008 and 2009, the Company’s subsidiaries in the PRC did not accrue for withholding tax on dividends declared to the Company and there has been no deferred tax liability accrued in the Group’s consolidated accounts for the undistributed retained earnings of the Company’s subsidiaries in the PRC.

For the Company’s non-TRE enterprise shareholders, the Company would distribute dividends after deducting the amount of enterprise income tax payable by these non- TRE enterprise shareholders thereon and reclassify the related dividend payable to withholding tax payable upon the declaration of such dividends. The requirement to withhold tax does not apply to the Company’s shareholders appearing as individuals in its share register.

8 Earnings/(loss) per share

(a) Basic

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

	2009	**2008** *(Restated)*
Profit/(loss) attributable to equity holders of the Company (RMB'000)	519,008	(689,261)
Weighted average number of shares in issue (shares in thousands)	3,667,224	3,605,611
Basic earnings/(loss) per share (RMB)	0.14	(0.19)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from the Company's share options. Diluted earnings/(loss) per share for the years ended 31 December 2009 and 31 December 2008 equal basic earnings/(loss) per share as the exercise of the outstanding share options would be anti-dilutive.

9 Available-for-sale financial assets

	2009 *RMB'000*	**2008** *RMB'000*
Unlisted equity investments outside Hong Kong — at cost	101,000	—
Equity securities listed outside Hong Kong — at fair value	2,720,498	1,379,011
	2,821,498	1,379,011
Market value of equity securities listed outside Hong Kong	2,720,498	1,379,011

Details of the equity securities listed outside Hong Kong as at 31 December 2009 are as follows:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activity
Interests held directly:					
Shanghai Electric Power Co., Ltd ("Shanghai Power")	The PRC	RMB2,139,739,257	21.9%	Joint stock company with limited liability with its A shares listed on the Shanghai Stock Exchange	Investment holdings and the generation and sale of electricity

As at 31 December 2009, the directors of the Company evaluated the shareholding structure and the composition of the board of directors in Shanghai Power and concluded that the Group is not able to exercise significant influence over the financial and operating decisions of Shanghai Power despite that the Group holds an aggregate 21.9% interest in Shanghai Power. Consequently, the Group continues to account for its investment in Shanghai Power as "Available-for-sale financial assets" which is measured based on its fair value, with the changes in fair value recognised in equity.

10 Accounts receivable

	2009	2008
	RMB'000	*RMB'000*
Accounts receivable from provincial power grid companies (note (a))	1,335,287	1,283,682
Accounts receivable from other companies (note (a))	459	51,274
	1,335,746	1,334,956
Notes receivable (note (b))	94,708	40,200
	1,430,454	1,375,156

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

As at 31 December 2009, certain bank borrowings were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these facilities as at 31 December 2009 was amounting the RMB706,744,000 (2008: RMB129,671,000).

Note:

(a) The Group normally grants 15 to 60 days credit period to customers from the end of the month in which the sales are made. The ageing analysis of the accounts receivable is as follows:

	2009 *RMB'000*	2008 *RMB'000*
1 to 3 months	1,335,746	1,334,956

(b) The notes receivable are normally with maturity period of 180 days (2008: 90 to 180 days).

11 Accounts and bills payables

	2009 *RMB'000*	2008 *RMB'000*
Accounts payable (note (a))	178,785	558,793
Due to related companies (note (a))	194,112	137,736
	372,897	696,529
Bills payables (note (b))	125,281	—
	498,178	696,529

The carrying amounts of accounts and bills payables approximate their fair values due to their short maturity.

Note:

(a) The normal credit period for accounts payable generally ranges from 60 to 180 days. Ageing analysis of the accounts payable is as follows:

	2009 *RMB'000*	2008 *RMB'000*
1 to 6 months	350,916	594,229
7 to 12 months	82	60,017
Over 1 year	21,899	42,283
	372,897	696,529

(b) Bills payable are bills of exchange with average maturity period for 3 to 6 months (2008: Nil). As at 31 December 2009, bank deposits of approximately RMB48,886,000 (2008: Nil) have been pledged against these bills payable as security.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business review for year 2009

In 2009, the Chinese economy revived and improved. The tension for the supply and demand condition for coal was eased. The recovery of the power demand accelerated. The Group refined each of its operational and management measures, quickly resumed coal-fired generation and reasonably arranged power production. We sought support from the government to further increase the on-grid tariff and raised the sales of electricity of coal-fired generation and hydro power generation. We also actively control the fuel cost and achieved turnaround in operating results.

2009 was a year of leaping development for the Company since its establishment. The Company successfully acquired Wu Ling Power Corporation ("Wu Ling Power"). It achieved the strategic target of constructing a listed power company with hydro power and coal-fired generation complimenting with each other. The Group's asset structure was obviously optimized with scale of assets more than doubled. The Group also acquired the talents and technology of the hydro power generation of Wu Ling Power and became the cleanest oversea-listed power generation company in China.

For the year ended 31 December 2009, turnover of the Group was approximately 10,936,508,000, representing an increase of approximately 13.54% as compared to the previous year. Profit attributable to equity holders of the Company was approximately RMB519,008,000, representing an increase of approximately RMB1,208,269,000 as compared to the loss for the previous year. The Group has consolidated the financial statements of Wu Ling Power since the date of acquisition, with profit attributable to equity holders of the Company of RMB55,507,000. The basic earnings per share for the year ended 31 December 2009 was approximately RMB0.14, representing an increase of approximately RMB0.33 as compared with the basic loss per share of RMB0.19 for the previous year.

Acquisition of hydro power

Wu Ling Power was incorporated in the PRC on 3 May 1995 with a currently registered capital of RMB3,800,000,000. Wu Ling Power has two shareholders, namely China Power Investment Corporation* (中國電力投資集團公司) ("CPI Group") which has an equity interest of 63% in Wu Ling Power and Hunan Xiangtou International Investment Limited (湖南湘投國際投資有限公司) , which has a 37% equity holding in Wu Ling Power. Wu Ling Power and its subsidiaries are mainly engaged in the development, production and supply of hydropower.

CPI Group, China Power International Holding Limited ("CPI Holding") and China Power entered into a conditional sale and purchase agreements on 11 May 2009 and 8 June 2009 respectively (the "Acquisition Agreement"). Pursuant to the agreements, CPI Group transferred its 63% equity interest in Wu Ling Power to CPI Holding and China Power acquired 63% equity interest in Wu Ling Power from CPI Holding.

On 30 October 2009, the Company had completed the acquisition of Wu Ling Power. The method of payment of the consideration is 70% by way of the issue of 1,501,449,927 shares of the Company to CPI Holding and the remaining 30% would be paid in cash on or before 31 December 2010. The Group's attributable installed capacity increased substantially, reaching 11,177MW, of which the attributable installed capacity of hydro power was 2,094MW, representing 18.73% of the total attributable installed capacity. The strategic layout of "hydro and coal-fired generation" was achieved. The Group's industry structure and asset portfolio were optimized which enhanced its ability to control operating risks brought by fluctuation of coal prices.

Significant Investment

In December 2006, the Group acquired 390,876,250 shares of Shanghai Power (whose A shares were listed on the Shanghai Stock Exchange) at a consideration of RMB4.26 per share. On 17 June 2008, Shanghai Power converted its capital reserve into the share capital on the basis of 2 additional shares for every 10 existing shares. The total number of shares held by the Group was increased by 78,175,250 shares to 469,051,500 shares, whereas the shareholding percentage remained at 21.92%.

The Group recognises its shareholding in Shanghai Power as "Available-for-sale financial assets". As at 31 December 2009, the price of the shares of Shanghai Power was RMB5.80 per share. The fair value of the shareholding held by the Group was RMB2,720,498,000, which represented an increase of approximately RMB1,341,487,000 as compared to the opening balance.

Development of coal-fired projects

In 2009, the Group continued to selectively develop high quality coal-fired projects. Two sets of coal-fired power generation units with a capacity of 600 MW each at its subsidiary Sichuan China Power Fuxi Power Development Company Limited ("China Power Fuxi") and two sets of co-generation units with a capacity of 300MW each at its jointly controlled entity, Guangzhou China Power Lixin Industry Company Limited ("China Power Lixin") were approved by the National Development and Reform Commission. It was the first time that the Company entered into the Sichuan power market in the western region of the PRC and Guangdong power market which are with good prospect. The total installed capacity of new projects was 1,800MW, of which the Company's attributable installed capacity was 912MW. At present, these projects are still under construction as scheduled and the progress of projects went smoothly.

Coal market and Coal-power integration

In 2009, the tension for the national coal supply and demand was eased. Coal price experienced a process of decreasing at first and subsequently rising stably. In the first half of the year, the demand for coal was low, there were balance between supply and demand and the spot coal price fell. In the second half of the year, reasons such as the stabilized and recovering domestic economy, the gradual increase in the demand for electricity and coal, integration of resources as well as the storage of coal for winter and annual coal negotiation, all contributed to the gradual rise in coal price. The Group adopted differentiated and centralised management strategy, improved its "one policy for one plant" mode of coal management, which reinforced the procurement of coals, improved the percentage and fulfilment rate of key coal contracts as well as controlled fuel costs to the largest extent.

In 2009, the Company entered into a joint venture contract with Sichuan Guangwang Energy Development (Group) Limited to establish Sichuan Guangwang Group Chuanjing Coal Industrial Limited for the mining of Chuanjing coal project in Junlian Mining Area in Yibin, Sichuan Province. The utilizable resource of Chuanjing mine was 248.62 million tons. The Chuanjing coal mine project is the Company's first coal project which it intends to develop in line with its coal-power combined development strategy of Fuxi Power Plant, which will effectively secure the stable long-term coal supply for Fuxi Power Plant, control fuel cost, reduce the risk of potential increase in coal prices and become a new profit contributor for the Company in the future.

Power Generation

In 2009, the gross generation of the Group (excluding the associated companies) was approximately 37,195,711 MWh, representing an increase of approximately 2.30% over 36,360,449 MWh recorded for the previous year. Net generation of the Group (excluding the associated companies) was approximately 34,714,399MWh, an increase of approximately 2.43% over the previous year. The increase in the Group's generation was mainly attributed to the acquisition of Wu Ling Power which increased hydro power generation.

Increase in on-grid tariff

NDRC increased on-grid tariff again on 20 November 2009. For this tariff adjustment, the tariff of most power plants of the Group rose, with individual power plant recorded a fall in tariff. The overall increase in tariff of the Group is higher than national average which increased the operating profit of the Group.

Energy-saving and emission-reduction

In 2009, the Group mainly adopted benchmark management and excavated the potential of energy saving and emission reduction of power generators. Through targeted transformation measures, the energy consumption indicators improved continuously with the annual average net coal consumption rate decreased to 329.85 grams/kWh, representing a decrease of 4.55 grams/kWh as compared to last year. All our coal-fired power generation units were installed with desulphurisation facilities which were put into normal operation. Desulphurisation rate was over 95%, resulting in a significant decrease in the discharge of pollutants. Discharge fees paid by the Group fell obviously, which not only enhanced the environmental protection effect but also saved the Group's operating costs.

Operating Data of the Group's Power Plants

In 2009, the gross generation of the Group was 37,195,711MWh, representing an increase of 2.30% as compared with the previous year. Net generation was 34,714,399MWh, representing an increase of 2.43% as compared with last year.

The annual gross generation of each coal-fired power plant of the Group as at the end of 31 December 2009 was as follows:

Coal-fired power plants of the Group	2009 Gross generation (MWh) A	2008 Gross generation (MWh) B	Gross generation Change (%) C = (A-B)/B
Pingwei Power Plant	6,931,690	7,921,580	-12.50%
Pingwei Power Plant II	6,929,600	7,633,850	-9.23%
Yaomeng Power Plant	5,359,968	6,451,564	-16.92%
Yaomeng Power Plant II	6,645,406	6,259,743	6.16%
Shentou I Power Plant	4,990,139	6,504,185	-23.28%
Dabieshan Power Plant	4,957,139	1,589,526	211.86%
Total	35,813,942	36,360,448	-1.50%

The total gross generation of each of the hydro power plant under Wu Ling Power Plant for November and December 2009 is as follows:

Hydro power plants under operation	Total gross generation in November and December 2009 (MWh)
Wu Qiang Xi Hydropower Plant	327,138
San Ban Xi Hydropower Plant	601,652
Ling Jin Tan Hydropower Plant	82,135
Wan Mi Po Hydropower Plant	49,874
Zhu Xi Kou Hydropower Plant	18,128
Jin Wei Zhou Hydropower Plant	13,974
Ma Ji Tang Hydropower Plant	21,256
Hong Jiang Hydropower Plant	150,240
Gua Zhi Hyrdropower Plant	102,872
Dong Ping Hydropower Plant	14,500
Total	1,381,769

Operating results

Turnover

In 2009, turnover of the Group was RMB10,936,508,000, representing an increase of 13.54% as compared with RMB 9,632,381,000 of the previous year. The increase in turnover was mainly attributed to increase in average on-grid tariff, secondly to the acquisition of Wu Ling Power which increased its operating income.

Segment information

In previous years, the Group's principal activities are the generation and sale of electricity, investment holdings and the development of power plants and regarded as a single reportable segment. Following the acquisition of Wuling Group during the year of 2009, the reportable segments identified by the Group are now the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity".

Operating costs

Operating costs mainly comprises of fuel costs, repairs and maintenance, depreciation and amortization, staff costs, consumables and other operating expenses.

In 2009, operating costs of the Group amounted to approximately RMB9,771,785,000, representing an increase of 4,96% over RMB9,310,140,000 in 2008. The increase was mainly due to the acquisition of Wu Ling Power which increased depreciation costs. Fuel costs were the largest component of the Group's operating costs. In 2009, the fuel costs of the Group was approximately RMB7,130,796,000. Unit fuel costs was approximately RMB213.78 per MWh, representing an increase of 2.68% as compared with that of the previous year.

Operating profits

In 2009, the Group's operating profit was RMB1,120,207,000, representing an increase of approximately RMB1,161,320,000 as compared with the operating loss of RMB41,113,000 of the previous year.

Finance costs

In 2009, finance costs of the Group amounted to RMB703,628,000, representing an increase of 11.77% as compared with RMB 629,504,000 of the previous year. During the year, the Group adopted measures to reduce interest rate, thereby reducing interest expense. However, finance costs increased due to the fact that the Group stopped capitalization of interest expenses after the new power generators were put into operation. Besides, after the acquisition of Wu Ling Power, total finance costs increased due to the rise in total bank borrowing.

Share of Profit of Associated Companies

In 2009, the share of profit of associated companies was RMB127,986,000, representing an increase of RMB168,954,000 as compared with the loss of RMB40,968,000 of the previous year. The increase was mainly attributed to turnaround from loss to profit of Jiangsu Changshu Electric Power Generating Company Limited as a result of increase in tariff and decrease in coal price. Second, the associated company, China Resources Power Hunan Liyujiang Company Limited, of Wuling Group is making profit in year 2009.

Profit Attributable to Equity Holders of the Company

In 2009, the profit attributable to equity holders of the Company was RMB519,008,000, representing an increase of RMB1,208,269,000 as compared to the loss of RMB689,261,000 of the previous year. The increase in the attributable profit was mainly due to upward adjustment in tariff and coal price was effectively controlled. The increase in operating income was higher than the increase in operating costs.

Earnings per share and final dividend

The basic and diluted earnings per share attributable to equity holders of the Company was RMB0.14 and RMB0.14 respectively.

At the Board meeting held on 16 April 2010, the directors recommended the payment of a final dividend for the year ended 31 December 2009 of RMB0.045 per ordinary share (2008: Nil), totalling RMB229,818,000 (2008: Nil).

Pursuant to the PRC enterprise income tax law, a 10% withholding income tax is levied on dividends declared on or after 1 January 2008 by foreign investment enterprises to their foreign enterprise shareholders unless the enterprise investor is deemed as a PRC Tax Resident Enterprise ("TRE"). On 22 April 2009, the PRC State Administration of Taxation issued a notice regarding the determination of PRC TRE status and provided implementation guidance in withholding income tax for non-TRE enterprise shareholders. The Company performed an assessment and concluded that it meets the definition of PRC TRE. Therefore, as at 31 December 2008 and 2009, the Company's subsidiaries in the PRC did not accrue for withholding tax on dividends declared to the Company and there has been no deferred tax liability accrued in the Group's consolidated accounts for the undistributed retained earnings of the Company's subsidiaries in the PRC.

In respect of any shareholders whose names appear on the Company's register of members on 8 June 2010 (the "Record Date") being the last book close date and who are not individual shareholders (including HKSCC Nominees Limited, other custodians, corporate nominees trustees such as securities companies and banks, and other entities or organisations, which are all consider as non-TRE), the Company will distribute the proposed final dividend for 2009 after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the proposed final dividend for 2009 payable to any natural person shareholders whose names appear on the Company's register of members as at the Record Date.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, cash and cash equivalents of the Group were approximately RMB1,910,816,000 (31 December 2008: RMB1,326,818,000). The Group derived its funds mainly from cash inflow from operating activities, bank borrowings, project finance, corporate bonds and interest income whereas current assets amounted to RMB4,521,655,000 (31 December 2008: RMB3,935,534,000) and current ratio was 0.43 times (31 December 2008: 0.92 times).

DEBTS

Set out below are details of the borrowings of the Group for the years ended 31 December 2009 and 2008:

	2009 *RMB'000*	**2008** *RMB'000*
Short-term bank borrowings, unsecured	2,550,000	880,000
Short-term bank borrowings, secured	—	100,000
Other bank borrowings	682,820	412,725
Short-term borrowings from CPIF	1,450,000	100,000
Current portion of long-term payable to CPIF	270,295	—
Current portion of long-term bank borrowings	1,276,716	225,000
Long-term bank borrowings maturing within 1-2 years	1,879,366	743,350
Long-term bank borrowings maturing within 3-5 years	3,769,148	200,000
Long-term bank borrowings maturing over 5 years	18,285,506	8,495,800
Long-term borrowings from ultimate holding company	1,473,816	—
Long-term borrowings from CPIF	1,150,000	—
Long-term loan payable to CPIF	—	270,295
Corporate bonds	992,506	—
Loans from a minority shareholder	385,201	—
Other borrowing	7,126	—
	34,172,500	11,427,170

The borrowings of the Group are mainly used for general corporate purpose, including capital expenditure and working capital requirements.

Our debt to equity ratio (total borrowings/shareholders' equity) as at 31 December 2009 and 2008 were approximately 274.73% and 143.50% respectively.

CAPITAL EXPENDITURE

In 2009, capital expenditure of the Group was approximately RMB2,449,430,000, which was primarily used for the construction of new power generation units and technical upgrade projects for existing power generation units. Sources of funds were mainly from project financing and self-generated funds.

RISK MANAGEMENT

The investment and business operation of the Group are exposed to risks from exchange rates, interest rates, commodity prices and liquidity. Affected by factors such as the uncertainties of global financial condition and the tightening of the State's credit policies and the soaring coal prices, the financial risks and operational risks that the Group encountered increased.

To effectively control the risk exposure of the Group, 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 execution and implementation of risk management measures.

In 2009, the Company acquired Wu Ling Power and the consolidated gearing ratio rose obviously which intensified the Group's financial risks. In order to control liquidity risks, the Group adjusted the structure for strategic development, increased its strength in fund concentration management and adopted measures to control the asset and liability scale, so as to achieve a reasonable level of gearing ratio.

FOREIGN EXCHANGE RATE RISKS

The Group is principally operating in Mainland China, with most transactions denominated in Renminbi. Except certain cash and bank balances and bank borrowings as mentioned below, most of the Group's assets and liabilities were denominated in Renminbi. The acquisition of Wu Ling Power increased the Company's borrowings denominated in Japanese Yen ("JPY") and US dollars ("USD"). Expected rise in Renminbi exchange rate and JPY exchange rate fluctuation, resulting the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results. As at 31 December 2009, the balance of the Group's borrowings denominated in foreign currencies amounted to RMB2,317,706,000.

A subsidiary of the Group, Wu Ling Power, entered into a derivative financial instrument contract with a view to managing the foreign exchange exposure of its JPY borrowings. The derivative financial instrument contract is mainly to sell USD for JPY with an aggregate notional principal amount of JPY 3,381,976,000.

PLEDGE OF ASSETS

As at 31 December 2009, certain bank borrowings were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these facilities as at 31 December 2009 was amounting to RMB706,744,000 (2008: RMB129,671,000). Besides, bank deposits of approximately RMB48,886,000 have been pledged as security for bills payable of the Group in the amount of RMB125,281,000.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 December 2009, the Group had a total of 7,195 full-time employees.

The Group put great emphasis on the establishment of performance evaluation as well as rewarding and punishment mechanism. The Group determined the emoluments of its directors and employees based on their respective performance, working experience, duties and the prevailing market rates. The Group also implemented incentive policy linking emoluments with performance.

The Group put great emphasis on its staff's learning and training as well as shift of their positions. It continuously enhanced the professional expertise, competence and consolidated quality, so as to fulfill its continuously business needs.

SHARE OPTION SCHEMES

The Group established share option schemes for its senior management and core employees to motivate and attract high-calibre employees.

OUTLOOK FOR 2010

In 2010, the global economy gradually improved and it is expected that the Chinese economy will revive. The national electricity consumption will increase. The domestic electricity market will have better development prospects. Meanwhile, the power industry faces various challenges. For example, coal price may rise further, utilization hour rate may drop further and the interest rate of loan may rise that all bring larger pressure to the operation of the Group. China Power will continue to adjust and optimize its resources structure and improve its internal management. It will initiate coal-power combination and control fuels cost, to push the establishment of corporate culture featuring "Still water runs deep" and to realize sustainable development.

The key objectives of the Group for 2010 are as follows:

1. To accelerate adjustment of optimizing structure, to develop key quality electricity projects, to implement the establishment of infrastructural construction, to enhance sustainable development ability.

2. To consolidate internal resources, to capitalise on the complementation of hydro-power and coal-fired generation, to expedite the unification pace of coal and electricity, to enhance profitability and market competitiveness.

3. To reinforce environmental protection, to further reduce emission of pollutants, to drive energy saving and emission reduction to new level.

4. To segment the management of fuels and materials, to improve sale mechanism for electricity market, to implement tariff policies, to control costs so as to ensure stable operation.

5. To build a sound platform for concentrated management of funds, to explore new financing means and enhance financing ability.

6. To implement the building of corporate culture featuring "Still water runs deep" and to cultivate an excellent team.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2 June 2010 (Wednesday) to 8 June 2010 (Tuesday) (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 8 June 2010, 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 1 June 2010 (Tuesday).

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 annual results and consolidated accounts for the year ended 31 December 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Except for the issue of shares pursuant to the Acquisition Agreement on 15 December 2009, neither the Company nor its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 2009.

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 2009.

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 (except Mr. Guan Qihong who has been appointed for a term of three years) 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 to comply with the code provisions of the Code.

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 no less 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 2009.

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

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

The printed copy of the 2009 Annual Report will be sent to shareholders of the Company by the end of April 2010 and the soft copy of the Annual Report will be published on websites of both the Stock Exchange 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, 16 April 2010

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.

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