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 2010

Financial Highlights

- Turnover amounted to approximately RMB14,436,659,000, representing an increase of approximately 32.00% over last year.
- Profit attributable to equity holders of the Company was approximately RMB666,892,000, representing an increase of approximately 28.49% over last year.
- Basic earnings per share was approximately RMB0.13.
- 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") is pleased to announce the audited financial results of the Company and its subsidiaries (the "Group" or "We") for the year ended 31 December 2010.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**Year ended 31 December 2010** *RMB'000*	**2009** *RMB'000*
Revenue	2	14,436,659	10,936,508
Other income	3	185,203	81,310
Fuel costs		(8,292,780)	(7,130,796)
Depreciation		(1,712,388)	(1,045,864)
Staff costs		(747,462)	(468,521)
Repairs and maintenance		(480,076)	(434,766)
Consumables		(180,462)	(181,953)
Other gains, net	4	133,851	1,113
Impairment on goodwill		—	(126,939)
Other operating expenses		(779,949)	(509,885)
Operating profit	5	2,562,596	1,120,207
Finance income		104,018	34,551
Finance costs	6	(1,514,064)	(703,628)
Share of profits of associated companies		112,327	127,986
Share of losses of jointly controlled entities		(18,395)	(5,030)
Profit before taxation		1,246,482	574,086
Taxation	7	(380,227)	(22,476)
Profit for the year		866,255	551,610
Attributable to:			
Equity holders of the Company		666,892	519,008
Non-controlling interests		199,363	32,602
		866,255	551,610
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
- basic	8	0.13	0.14
- diluted	8	0.13	0.14
Dividends		229,818	229,818

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Year ended 31 December 2010 RMB'000	2009 RMB'000
Profit for the year	866,255	551,610
Other comprehensive (loss)/income		
- Fair value (loss)/gain on available-for-sale financial assets, net of tax	(640,697)	1,077,646
Total comprehensive income for the year	225,558	1,629,256
Attributable to:		
- Equity holders of the Company	26,195	1,596,654
- Non-controlling interests	199,363	32,602
Total comprehensive income for the year	225,558	1,629,256

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010

		As at 31 December	
	Note	**2010**	**2009**
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		44,950,107	41,754,053
Prepayments for construction of power plants		1,836,820	964,962
Land use rights		458,544	417,868
Goodwill		767,365	467,619
Interests in associated companies		1,587,565	1,575,238
Interests in jointly controlled entities		135,881	75,670
Available-for-sale financial assets	9	1,733,650	2,821,498
Long-term loans to a fellow subsidiary		1,500,000	1,500,000
Deferred income tax assets		45,152	107,971
		53,015,084	49,684,879
Current assets			
Inventories		336,136	265,165
Accounts receivable	10	1,716,569	1,430,454
Prepayments, deposits and other receivables		717,121	689,699
Amounts due from group companies		26,886	141,439
Receivable from Hubei Electric Power Corporation		—	34,000
Tax recoverable		1,196	1,196
Pledged bank deposits		—	48,886
Cash and cash equivalents		977,365	1,910,816
		3,775,273	4,521,655
Total assets		56,790,357	54,206,534

	As at 31 December	
	2010	**2009**
	RMB'000	*RMB'000*
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	5,121,473	5,121,473
Share premium	4,303,111	4,303,111
Reserves	2,813,915	3,013,810
	12,238,499	12,438,394
Non-controlling interests	2,655,698	2,442,996
Total equity	14,894,197	14,881,390
LIABILITIES		
Non-current liabilities		
Deferred income	93,863	96,636
Long-term bank borrowings	24,141,041	23,934,020
Long-term borrowings from ultimate holding company	1,473,816	1,473,816
Long-term borrowings from CPI Financial Company ("CPIF")	1,429,595	1,150,000
Corporate bonds	1,793,239	992,506
Long-term other borrowings	135,201	392,327
Obligations under finance leases	184,337	184,755
Deferred income tax liabilities	570,095	661,246
Other long-term liabilities	11,903	17,380
	29,833,090	28,902,686

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
Current liabilities			
Accounts and bills payables	11	461,206	498,178
Construction cost payable		1,059,060	1,297,853
Other payables and accrued charges		897,030	807,284
Derivative financial instruments		71,902	71,441
Amounts due to group companies		203,628	1,292,997
Current portion of long-term bank borrowings		2,342,585	1,276,716
Short-term bank borrowings		3,724,700	2,550,000
Other bank borrowings		529,816	682,820
Short-term borrowings from CPIF		2,300,000	1,450,000
Current portion of long-term payable to CPIF		—	270,295
Short-term other borrowings		200,000	—
Current portion of obligations under finance leases		16,804	24,244
Taxation payable		256,339	200,630
		12,063,070	10,422,458
Total liabilities		41,896,160	39,325,144
Total equity and liabilities		56,790,357	54,206,534
Net current liabilities		8,287,797	5,900,803
Total assets less current liabilities		44,727,287	43,784,076

Auditor's work on the preliminary announcement

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC HK"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC HK in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC HK on the preliminary announcement.

1 **Basis of preparation**

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 amendments to standards and interpretations

The following amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2010. The adoption of these amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

HKFRSs (amendment)	Improvements to HKFRSs 2009
HKFRS 1 (revised)	First-time adoption of HKFRSs
HKFRS 1 (amendment)	Additional exemptions for first-time adopters
HKFRS 2 (amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (revised)	Business combinations
HKFRS 5 (amendment)	Non-current asset held for sale and discontinued operations
HKAS 27 (revised)	Consolidated and separate financial statements
HKAS 39 (amendment)	Eligible hedged items
HK-Int 5	Presentation of financial statements - classification by the borrower of a term loan that contains a repayment on demand clause
HK(IFRIC) Int 17	Distributions of non-cash assets to owners

(b) Revised standard that is not yet effective, but has been early adopted by the Group.

The Group has early adopted HKAS 24 (Revised) "Related party disclosures". The amendment introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose the name of the government and the nature of their relationship, the nature and amount of any individually-significant transactions, and the extent of any collectively-significant transactions qualitatively or quantitatively. It also clarifies and simplifies the definition of a related party.

(c) The following new standard, amendments to standards and interpretations have been issued but are not effective for 2010 and have not been early adopted:

HKFRSs (amendment)	Improvements to HKFRSs 2010 (1)
HKFRS 1 (amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters(1)
HKFRS 7 (amendment)	Disclosures - transfers of financial assets (2)
HKFRS 9	Financial instruments (3)
Additions to HKFRS 9	Financial instruments — financial liabilities (3)
HKAS 12 (amendment)	Deferred tax: recovery of underlying assets (2)
HKAS 32 (amendment)	Classification of right issues (1)
HK(IFRIC) Int 14 (amendment)	Prepayments of a minimum funding requirement (1)
HK(IFRIC) Int 19	Extinguishing financial liabilities with equity instruments(1)

(1) Effective for the Group for annual period beginning on 1 January 2011

(2) Effective for the Group for annual period beginning on 1 January 2012

(3) Effective for the Group for annual period beginning on 1 January 2013

The directors anticipate that the adoption of these new standard, amendments to standards and interpretations will not result in a significant impact on the results and financial position of the Group.

(d) As at 31 December 2010, the Group breached certain financial covenants in respect of a bank loan of approximately RMB529,816,000. 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 2010, the Group had undrawn committed banking facilities amounting to approximately RMB20,800 million (2009: RMB12,168 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.

2 Turnover, revenue and segment information

Revenue recognised during the year is as follows:

	2010 *RMB'000*	2009 *RMB'000*
Sales of electricity to provincial power grid companies (note (a))	14,307,251	10,696,290
Provision for power generation and related services (note (b))	129,408	240,218
	14,436,659	10,936,508

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 and related services represents income from provision of power generation and related services to other power plants and power grid companies which are calculated based on mutually agreed terms.

Segment information

The chief operating decision maker has been identified as the executive directors and certain senior management (collectively referred to as the "CODM") 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 hydropower 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.

Segment liabilities exclude taxation payable, deferred income tax liabilities, derivative financial instruments and corporate liabilities which are managed on a central basis.

	Year ended 31 December 2010				
	Coal-fired electricity	**Hydropower electricity**	**Reportable segments total**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
Sales of electricity	11,507,637	2,799,614	14,307,251	—	14,307,251
Provision for power generation and related services	40,718	88,690	129,408	—	129,408
	11,548,355	2,888,304	14,436,659	—	14,436,659
Results of reportable segments	954,908	1,679,708	2,634,616	—	2,634,616
A reconciliation of results of reportable segments to profit for the year is as follows:					
Results of reportable segments					2,634,616
Unallocated income	—	—	—	54,806	54,806
Unallocated expenses	—	—	—	(126,826)	(126,826)
Operating profit					2,562,596
Interest income	2,566	86,165	88,731	15,287	104,018
Finance costs	(539,515)	(958,727)	(1,498,242)	(15,822)	(1,514,064)
Share of profits of associated companies	112,327	—	112,327	—	112,327
Share of losses of jointly controlled entities	(9,889)	—	(9,889)	(8,506)	(18,395)
Profit before taxation					1,246,482
Taxation					(380,227)
Profit for the year					866,255
Other segment information:					
Capital expenditure	2,704,921	2,495,724	5,200,645	7,058	5,207,703
Depreciation on property, plant and equipment	1,018,216	687,384	1,705,600	6,788	1,712,388
Amortisation of leasehold land and land use rights	3,055	6,029	9,084	—	9,084
Loss/(gain) on disposal of property, plant and equipment	4,922	(8,613)	(3,691)	—	(3,691)
Reversal of impairment of inventories	(1,656)	—	(1,656)	—	(1,656)
Provision for/(reversal of) impairment of other receivables	538	(786)	(248)	—	(248)

	Year ended 31 December 2010				
	Coal-fired electricity *RMB'000*	**Hydropower electricity** *RMB'000*	**Reportable segments total** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Segment assets					
Other segment assets	21,145,226	28,921,309	50,066,535	—	50,066,535
Goodwill	—	767,365	767,365	—	767,365
Interests in associated companies	1,569,714	—	1,569,714	17,851	1,587,565
Interests in jointly controlled entities	95,212	—	95,212	40,669	135,881
	22,810,152	29,688,674	52,498,826	58,520	52,557,346
Available-for-sale financial assets					1,733,650
Deferred income tax assets					45,152
Long-term loans to a fellow subsidiary					1,500,000
Other unallocated assets					954,209
Total assets per consolidated balance sheet					56,790,357
Segment liabilities					
Other segment liabilities	(1,907,064)	(856,481)	(2,763,545)	—	(2,763,545)
Borrowings	(14,498,892)	(23,476,601)	(37,975,493)	(94,500)	(38,069,993)
	(16,405,956)	(24,333,082)	(40,739,038)	(94,500)	(40,833,538)
Purchase consideration payable to an intermediate holding company					(98,387)
Derivative financial instruments					(71,902)
Taxation payable					(256,339)
Deferred income tax liabilities					(570,095)
Other unallocated liabilities					(65,899)
Total liabilities per consolidated balance sheet					(41,896,160)

	Coal-fired electricity	Hydropower electricity	Reportable segments total	Others	Total
	Year ended 31 December 2009				
	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 and related 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/(losses) 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

	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*
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)

All revenues from external customers are generated from the PRC. Except that certain cash and bank balances equivalent to approximately RMB149 million were deposited in certain banks in Hong Kong at 31 December 2010 (31 December 2009: approximately RMB275 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 2010, the Group's external revenue amounting to approximately RMB13,155 million (31 December 2009: RMB10,262 million) is generated from 5 major customers (31 December 2009: 5 major customers), each of which account for 10% or more of the Group's external revenue.

3 **Other income**

	2010	2009
	RMB'000	*RMB'000*
Sales of electricity quotas	23,628	31,505
Income from the provision of repairs and maintenance services	20,539	19,075
Hotel operations income	45,740	7,981
Rental income	65,293	12,650
Management fee income	3,780	4,099
Dividend income from CPIF	5,620	6,000
Clean development mechanism income	20,603	—
	185,203	81,310

4 **Other gains, net**

	2010	2009
	RMB'000	*RMB'000*
Amortisation of deferred income	10,774	11,015
Government grant (note)	90,000	—
Fair value loss on derivative financial instruments	(461)	(9,902)
Gain on disposal of available-for-sale financial assets	29,792	—
Others	3,746	—
	133,851	1,113

Note: Government grant represents a subsidy received by a subsidiary during the year in connection with its close down of certain power generating units in prior years.

5 Operating profit

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

	2010 *RMB'000*	2009 *RMB'000*
Amortisation of land use rights	9,084	1,844
Auditor's remuneration	7,407	8,227
Depreciation of property, plant and equipment		
- owned property, plant and equipment	1,693,002	1,026,478
- property, plant and equipment under finance leases	19,386	19,386
(Gain)/loss on disposal of property, plant and equipment and land use rights	(3,691)	6,739
Operating lease rental in respect of		
- equipment	4,848	2,116
- leasehold land and buildings	34,876	33,426
(Reverse of)/provision for impairment of inventories	(1,656)	7,759
(Reverse of)/provision for impairment of other receivables	(248)	611
Reservoir maintenance and usage fees	85,484	10,861
Staff costs including directors' emoluments	747,462	468,521
Write-off of pre-operating expenses	25,240	19,115

6 Finance costs

	2010 *RMB'000*	2009 *RMB'000*
Interest expense on		
- bank borrowings wholly repayable within five years	414,064	213,539
- bank borrowings not wholly repayable within five years	1,128,322	541,431
- long-term borrowings from ultimate holding company not wholly repayable within five years	73,986	12,650
- short-term borrowings from CPIF	78,866	16,758
- long-term borrowings from CPIF wholly repayable within five years	54,226	50,964
- long-term other borrowings wholly repayable within five years	17,170	49
- long-term other borrowings not wholly repayable within five years	49,177	11,685
- short-term other borrowings	5,366	—
- obligations under finance leases	11,395	12,403
	1,832,572	859,479
Less: Amounts capitalised	(437,984)	(135,409)
	1,394,588	724,070
Net exchange losses/(gains)	119,476	(20,442)
	1,514,064	703,628

The weighted average interest rate on capitalised borrowings is approximately 5.0% (2009: 5.2%) 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 (2009: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2009: 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:

	2010	**2009**
	RMB'000	*RMB'000*
PRC current income tax	220,635	56,814
Deferred income tax charge/(credit)	159,592	(34,338)
	380,227	22,476

Pursuant to the relevant PRC income tax rules and regulations, special income tax rates have been granted to certain subsidiaries of the Group and an 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 22% for the year 2010 (2009: 20%) followed by tax rates gradually increased from 24% to 25% in the ensuing two years towards 2012. A subsidiary acquired by the Group in the year 2005 will be subject to tax rates gradually increased from 22% for the year 2010 (2009: 10%) to 25% in the ensuing two years towards 2012. Certain subsidiaries of the Group that started operations in the years 2007 and 2008 are also entitled to a two-year exemption from income tax starting from the year in operation followed by a 50% reduction in income tax rate in the ensuing three years. These companies have been subject to reduced tax rates ranging from 11% to 12.5% during the year 2010. The tax rates for these companies will be gradually increased to 25% towards year 2013.

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.

	2010	**2009**
Profit attributable to equity holders of the Company (RMB'000)	666,892	519,008
Weighted average number of shares in issue (shares in thousands)	5,107,061	3,667,224
Basic earnings per share (RMB)	0.13	0.14

(b) **Diluted**

Diluted earnings 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 per share for the years ended 31 December 2010 and 2009 equal basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

9 **Available-for-sale financial assets**

	2010 *RMB'000*	**2009** *RMB'000*
Unlisted equity investments outside Hong Kong - at cost	127,856	101,000
Equity securities listed outside Hong Kong - at fair value (note)	1,605,794	2,720,498
	1,733,650	2,821,498
Market value of equity securities listed outside Hong Kong	1,605,794	2,720,498

Note: Details of the equity securities listed outside Hong Kong as at 31 December 2010 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	The PRC	RMB2,139,739,257	18.86%	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

10 **Accounts receivable**

	2010 *RMB'000*	**2009** *RMB'000*
Accounts receivable from provincial power grid companies (note (a))	1,530,227	1,335,287
Accounts receivable from other companies (note (a))	233	459
	1,530,460	1,335,746
Notes receivable (note (b))	186,109	94,708
	1,716,569	1,430,454

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 2010, 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 2010 was amounting to RMB1,208,989,000 (2009: RMB706,744,000).

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:

	2010 *RMB'000*	**2009** *RMB'000*
1 to 3 months	1,530,460	1,335,746

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

(b) The notes receivable are normally with maturity period of 180 days (2009: 180 days).

11 Accounts and bills payables

	2010	2009
	RMB'000	*RMB'000*
Accounts payable (note (a))	220,516	178,785
Due to related companies (note (a))	121,290	194,112
	341,806	372,897
Bills payable (note (b))	119,400	125,281
	461,206	498,178

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:

	2010	2009
	RMB'000	*RMB'000*
1 to 6 months	320,302	350,916
7 to 12 months	670	82
Over 1 year	20,834	21,899
	341,806	372,897

Amounts due to related companies are mainly related to purchase accruals made by the Group and are included under accounts payable. Balances are unsecured, interest free and shall be settled in accordance with the respective trading terms.

(b) Bills payable are bills of exchange with average maturity period of 3 to 6 months (2009: 3 to 6 months). As at 31 December 2010, no bank deposits has been pledged against these bills payable as security (2009: RMB48,886,000).

BUSINESS REVIEW FOR YEAR 2010

In 2010, economic growth of China remained strong and power demand grew rapidly. National electricity consumption for the year amounted to 4.19 trillion KWh, representing an increase of 14.56% as compared to the previous year. The rapid growth of economy resulted in the significant increase in the demand of coal, driving the coal price to rise again.

2010 was the first complete accounting year for Wu Ling Power Corporation ("Wu Ling Power") to be consolidated into the Group. Wu Ling Power is primarily engaging in hydro-power development, generation and supply in Hunan and Guizhou. Benefitting from the favourable government policies, hydro-power enjoys apparent competitive advantages and strong profitability with high growth potential. The asset structure of the Group has been further optimized with the additional hydro-power assets. Risks associated to coal-fired business were reduced and pressure of rising costs of fuel used in coal-fired power was relieved by a more balanced and beneficial fuel mix. The Group recorded a strong growth in sales volume of power and profit, and achieved significant improvement in profitability as compared to 2009. Wu Ling Power contributed satisfactory results to the Group and its net profit amounted to approximately RMB591,117,000, accounting for 68.24% of the net profit of the Group. Fully leveraging on the strategic advantages of "balanced hydro and coal-fired generation", the business operation of the Company show a diversity among the industry.

In 2010, turnover of the Group was approximately RMB14,436,659,000, representing an increase of approximately 32.00% as compared to the previous year. Profit attributable to equity holders of the Company was approximately RMB666,892,000, representing an increase of approximately RMB147,884,000 as compared to the previous year. The basic earnings per share was approximately RMB0.13.

In 2010, the net profit of the Group amounted to approximately RMB866,255,000, representing an increase of approximately RMB314,645,000 as compared with the previous year. Among which, the net profit of hydro power amounted to approximately RMB591,117,000 while the net profit of coal-fired power amounted to approximately RMB275,138,000, representing a ratio of 2.15 to 1. Hydro power contributed strong and stable stream of profit for the Group, while coal-fired power continued to contribute positive earnings as a whole.

The net profit increased as compared to 2009 mainly due to the following factors:

- 2010 was the first complete accounting year for Wu Ling Power to be consolidated into the Group. The hydro power business contributed a net profit of approximately RMB591,117,000 to the Group;

- Effects of price adjustment of coal-fired power carried out in November 2009 became apparent in this year, and benefited by the structure of electricity price, the average price of coal-fired power increased by 3.66% as compared to the previous year and contributed an increase of approximately RMB408,227,000 to the Group;

- Sales volume of coal-fired power grew steadily in 2010 and increased by 1,825,719MWh as compared to the previous year, contributing an increase of approximately RMB187,808,000 to the Group.

INSTALLED CAPACITY

For the year ended 31 December 2010, attributable installed capacity of the Group reached 11,585 MW, of which the attributable installed capacity of hydro power was 2,528 MW, representing 21.82% of the total attributable installed capacity, making the Company the cleanest overseas-listed independent power producer in the PRC with the highest percentage of hydro-power.

NET POWER GENERATION AND TARIFF

In 2010, GDP of China achieved a growth of 10.30% as compared to last year. National electricity consumption increased by 14.56% as compared to the previous year, driving an increase of 13.30% in power generation as compared to the previous year. The Group grasped the opportunities brought by the recovery of power demand, and the average utilization hours of coal-fired power reached 5,329 hours, representing an increase of 257 hours as compared to 2009. After overcoming the drought in the first quarter of the year, average utilization hours of hydro-power for the year also amounted to 3,190 hours. Capitalizing on the merger of Wu Ling Power and the recovery of power demand, sales volume of coal-fired power and hydro power in 2010 reached 35,181,309MWh and 10,821,588MWh respectively, totaling 46,002,897MWh, representing an increase of 32.52% as compared with 34,714,399MWh in 2009.

For the selling price of power, the average selling price of coal-fired power of the Group increased by RMB11.60/MWh as compared to the previous year to RMB328.25/MWh while the average selling price of hydro power of the Group was RMB258.71/MWh.

COAL MARKET

In the face of rapid growth of the coal market and rising coal price, the costs of coal-fired power increased. However, in order to control fuel costs, the Group standardized the management of energy consumption and exerted its effort in energy conservation by upgrading technology of energy conservation, strengthening repair and maintenance and restructuring of operation. Coal consumption rate for power generation decreased by 5.34g/KWh as compared to the previous year, mitigating the cost pressure brought by the rising coal price.

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%.

In 2010, the Group disposed of 65,585,707 shares of Shanghai Power at an average price of approximately RMB4.49 per share. The Group recorded a net investment gains of approximately RMB29,792,000, thus reducing the shareholdings from 21.92% to 18.86%.

The Group recognises its shareholding in Shanghai Power as "Available-for-sale financial assets". As at 31 December 2010, the fair value of the shareholding held by the Group was approximately RMB1,605,794,000.

NEW POWER PLANTS

In January 2011, the "Replacement of Small Units with Larger Units" project with two generation units of 600MW from Shentou I Power Plant was approved for construction by National Development and Reform Commission. Besides, the Group also has Fuxi Power Plant and Xintang Power Plant in its coal-fired electricity projects under construction. These two plants' total installed capacity is 3,000 MW, of which the Company's attributable installed capacity accounts for 1,872 MW. With respect to the hydropower projects under construction, the Company has the Baishi Power Plant, Tuokou Power Plant, and the Heimifeng Power Plant with their total installed capacity of 1,850 MW, of which the Company's attributable installed capacity accounts for 1,126 MW. Currently, such projects all go smoothly.

Environmental Protection and Energy Conservation

The Group puts high priority on low carbon, environmental protection, and energy conservation during its development. In 2009, the successful acquisition of Wu Ling Power by the Group introduced the hydropower generated clean energy, a further gesture to enhance the environmental protection.

All our coal-fired power generation units were installed with desulphurisation facilities which were put into normal operation. Desulphurisation rate was over 93.93%, resulting in a significant decrease in the discharge of pollutants and benefiting the environmental protection. The Group's continued improvement in the energy consumption standard achieved an average decrease of 5.34 g/KWh in electricity and coal consumption as compared with the corresponding period last year.

OPERATING RESULTS OF 2010

REVIEW

TURNOVER

In 2010, turnover of the Group was approximately RMB14,436,659,000, representing an increase of 32.00% as compared with approximately RMB10,936,508,000 of the previous year. The increase in turnover was mainly attributed to the acquisition of Wu Ling Power which increased its operating income.

SEGMENT INFORMATION

Following the acquisition of Wu Ling Power 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 2010, operating costs of the Group amounted to approximately RMB12,193,117,000, representing an increase of 24.78% over approximately RMB9,771,785,000 in the previous year. 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 2010, the fuel costs of the Group was approximately RMB8,292,780,000, covering 68.01% of the total operating costs, and representing an increase of 16.30% over approximately RMB7,130,796,000 in the previous year. Unit fuel costs was approximately RMB235.72 per MWh, representing an increase of 10.26% over approximately RMB213.78 per MWh in the previous year.

OPERATING PROFIT

In 2010, the Group's operating profit was approximately RMB2,562,596,000, representing an increase of 128.76% as compared with the operating profit of RMB1,120,207,000 of the previous year.

FINANCE COSTS

In 2010, finance costs of the Group amounted to approximately RMB1,514,064,000, representing an increase of 115.18% as compared with approximately RMB703,628,000 of the previous year. Total finance costs increased due to the rise in total bank borrowings after the acquisition of Wu Ling Power.

SHARE OF PROFITS OF ASSOCIATED COMPANIES

In 2010, the share of profits of associated companies was approximately RMB112,327,000, representing a corresponding decrease of approximately RMB15,659,000 as compared with approximately RMB127,986,000 of the previous year. The decrease was mainly attributed to the increase in fuel costs of associated companies, China Resources Power Hunan Liyujiang Company Limited and Jiangsu Changshu Electric Power Generating Company Limited.

TAXATION

Taxation charges of the Group for 2010 were approximately RMB380,227,000, representing a corresponding increase of approximately RMB357,751,000 as compared with approximately RMB22,476,000 of the previous year. The increase in taxation charge was mainly due to the acquisition of Wu Ling Power.

Among the coal-fired power plants of China Power in 2010, the preferential tax treatment "First two years exemption and subsequent three years 50% reduction" of Pingwei Power Plant, Yaomeng Power Plant, Changshu Power Plant and Shentou Power Plant I has been expired. However according to the relevant PRC income tax rules and regulations, special income tax rates have been granted to them as being foreign invested enterprises which are engaged in the energy, transportation or infrastructure activities and these power plants are subject to an income tax rate of 22% for the year. Pingwei Power Plant II is still enjoying the preferential tax treatment “First two years exemption and subsequent three years 50% reduction”, which will end in 2011. The preferential tax treatment “First two years exemption and subsequent three years 50% reduction” of Yaomeng Power Plant II and Dabieshan Power Plant will end in 2012. All hydro power plants of the Group are subject to the applicable tax rate of 25% in this year.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

In 2010, the profit attributable to equity holders of the Company was approximately RMB666,892,000, representing a corresponding increase of approximately RMB147,884,000 as compared with approximately RMB519,008,000 of the previous year, of which the share of profit of Wu Ling Power amounted to approximately RMB376,027,000, accounting for 56.37% of the increase.

EARNINGS PER SHARE AND FINAL DIVIDEND

In 2010, the basic and diluted earnings per share attributable to equity holders of ordinary shares of the Company was approximately RMB0.13 and RMB0.13 respectively.

At the Board meeting held on 30 March 2011, the directors recommended the payment of a final dividend for the year ended 31 December 2010 of RMB0.045 (equivalent to HK$0.0535) per ordinary share (2009: RMB0.045 (equivalent to HK$0.0511) per share), totalling RMB229,818,000 (2009: RMB229,818,000).

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. As at 31 December 2010, the Company was judged by State Taxation Administration as PRC TRE. Therefore, 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 20 May 2011 (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 2010 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 2010 payable to any natural person shareholders whose names appear on the Company's register of members as at the Record Date.

FINANCIAL RESOURCES AND CAPITAL EXPENDITURES

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, cash and cash equivalents of the Group were approximately RMB977,365,000 (31 December 2009: RMB1,910,816,000). 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 approximately RMB3,775,273,000 (31 December 2009: RMB4,521,655,000) and current ratio was 0.31 times (31 December 2009: 0.43 times).

DEBTS

As at 31 December 2010, total borrowings of the Group amounted to approximately RMB38,069,993,000 (31 December 2009: RMB34,172,500,000). All of the Group's bank and other borrowings are denominated in Renminbi, United States Dollars ("USD") and Japanese Yen ("JPY").

Set out below are details of the borrowings of the Group as at 31 December 2010 and 2009:

	2010 *RMB'000*	**2009** *RMB'000*
Bank borrowings, secured	17,589,427	15,992,186
Bank borrowings, unsecured	13,148,715	12,451,370
Corporate bonds issued by the Company	800,000	—
Corporate bonds issued by Wu Ling Power	993,239	992,506
Borrowings from group companies	5,203,411	4,344,111
Other borrowings	335,201	392,327
	38,069,993	34,172,500

The above borrowings were repayable as follows:

	2010	**2009**
	RMB'000	*RMB'000*
Within one year	9,097,101	6,236,957
In the second year	2,249,636	1,879,366
In the third to fifth year	9,225,703	4,919,148
After the fifth year	17,497,553	21,137,029
	38,069,993	34,172,500

Included in the above bank and other borrowings, about RMB11,256,564,000 (2009: RMB7,622,164,000) are subject to market fixed interest rates and the others are subject to the corresponding rules of People's Bank of China and bearing interest at rates ranging from 3.93% to 6.40% (2009 : 3.00% to 7.47%)

In December 2010, the Company issued in Hong Kong certain RMB denominated Corporate bonds amounted to RMB800,000,000 and the bonds bear interest at 3.20% per annum. The maturity of the bonds is 5 years from the date of issue.

The debts incurred by the Group will be 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 2010 and 31 December 2009 were approximately 311.07% and 274.73% respectively.

CAPITAL EXPENDITURE

In 2010, capital expenditure of the Group was approximately RMB5,207,703,000, 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 FACTORS

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, the tightening of the United 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.

After the Company acquired Wu Ling Power in 2009, the consolidated gearing ratio rose significantly 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 the Mainland China, with most transactions denominated in Renminbi. Except certain cash and bank balances and bank borrowings, 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 JPY and USD. Expected rise in Renminbi exchange rate and JPY exchange rate fluctuation resulted in the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results. As at 31 December 2010, the balance of the Group's borrowings denominated in foreign currencies amounted to approximately RMB2,181,463,000 (31 December 2009: 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 JPY3,251,900,000 (31 December 2009: JPY3,381,976,000).

PLEDGE OF ASSETS

As at 31 December 2010, the Group pledged its property, plant and equipment with a net book value of approximately RMB439,248,000 (2009: RMB276, 000,000) to certain banks to secure bank loans in the amount of RMB150,500,000 (2009: RMB100,000,000). In addition, 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 2010 was amounting to approximately RMB1,208,989,000 (2009: RMB706,744,000).

CONTINGENT LIABILITIES

As at 31 December 2010, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 December 2010, the Group had a total of 7,420 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.

OUTLOOK FOR 2011

Marking the first year of the “Twelfth Fifth Plan”, domestic economy is expected to maintain its growth momentum and power demand in China will rise steadily in 2011. Overall supply and demand of power market will remain balanced despite the effects of market restructuring and consolidation, development of low carbon economy and policies related to energy conservation and emission reduction. Power generation of the Group in 2011 is expected to increase moderately in the face of pressure of rising coal price and opportunity for tariff adjustment. The Group will speed up its restructuring progress and focus on enriching its capital structure. Leveraging on the uniqueness as a listed power generation company incorporating both hydro power and coal-fired power, the Group aims to enlarge its scale of operation and narrow the gap between itself and companies in the industry by expanding the sources of income, strengthening cost control and enhancing its profitability in order to further consolidate the capital market position of China Power. The Group will strive to achieve sustainable development by exerting efforts in enhancing corporate systems and structure to improve its management standard, and to promote the corporate culture featuring “Still water runs deep”.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 May 2011 (Monday) to 20 May 2011 (Friday) (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 20 May 2011, 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 13 May 2011 (Friday).

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 the consolidated accounts for the year ended 31 December 2010.

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 ended 31 December 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company always aims to enhance its corporate governance and regards it as part of value creation to fulfill 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.4.2 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "Code") (as stated below), the Company has strictly complied with the code provisions of the Code in 2010.

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.4.2 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.

In accordance with the articles of association of the Company, 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 2010.

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 and on the Company's websites at http://www.chinapower.hk and http://www.irasia.com/listco/hk/chinapower/index.htm respectively.

The 2010 Annual Report will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the Annual Report will be made available for review on the above websites in due course.

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

Hong Kong, 30 March 2011

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*