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CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED
中國電力國際發展有限公司
(incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 2380)

Announcement of Interim Results for the Six Months ended 30 June 2010

Financial Highlights

- Turnover amounted to approximately RMB6,931,653,000, representing an increase of approximately 40.68% from the corresponding period last year.
- Profit attributable to equity holders of the Company is approximately RMB272,986,000, representing an increase of approximately RMB125,268,000 as compared with the profit for the corresponding period last year.
- The basic earnings per share is approximately RMB0.05, representing an increase of approximately RMB0.01 as compared with the basic earnings per share of RMB0.04 for the corresponding period last year.

The board of directors (the "Board") of China Power International Development Limited (the "Company") is pleased to announce the unaudited operating results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting". The interim financial information has not been audited but has been reviewed by the audit committee of the Company (the "Audit Committee") and PricewaterhouseCoopers.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Unaudited Six months ended 30 June 2010 *RMB'000*	 2009 *RMB'000* *As restated*
Revenue	3	6,931,653	4,927,154
Other income	4	120,746	12,256
Fuel costs		(4,187,555)	(3,326,135)
Depreciation		(806,657)	(476,413)
Staff costs		(261,664)	(184,769)
Repairs and maintenance		(196,937)	(218,970)
Consumables		(78,395)	(77,966)
Other gains	5	113,683	5,074
Other operating expenses		(385,986)	(200,303)
Operating profit	6	1,248,888	459,928
Interest income from bank deposits		12,550	6,320
Finance costs	7	(722,971)	(334,698)
Share of profits of associated companies		77,027	46,847
Share of losses of jointly-controlled entities		(6,870)	(2,069)
Profit before taxation		608,624	176,328
Taxation	8	(242,456)	(32,881)
Profit for the period		366,168	143,447
Attributable to:			
Equity holders of the Company		272,986	147,718
Non-controlling interests		93,182	(4,271)
		366,168	143,447
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
- basic	9	0.05	0.04
- diluted	9	0.05	0.04

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited	
	Six month ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		As restated
Profit for the period	366,168	143,447
Other comprehensive (loss)/income:		
- Fair value (loss)/gain on available-for-sale financial assets, net of tax	(574,347)	1,003,770
Total comprehensive (loss)/income for the period	(208,179)	1,147,217
Total comprehensive (loss)/income attributable to:		
- equity holders of the Company	(301,361)	1,151,488
- non-controlling interests	93,182	(4,271)
	(208,179)	1,147,217

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	Note	As at 30 June 2010 Unaudited *RMB'000*	As at 31 December 2009 Audited *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		42,377,287	41,754,053
Prepayment for construction of power plants		1,299,171	964,962
Land use rights		470,270	417,868
Goodwill		481,041	467,619
Interests in associated companies		1,552,264	1,575,238
Interests in jointly-controlled entities		68,800	75,670
Available-for-sale financial assets		1,849,676	2,821,498
Long-term loans to a fellow subsidiary		1,500,000	1,500,000
Deferred income tax assets		59,664	107,971
Other long-term assets		139,128	—
		49,797,301	49,684,879
Current assets			
Inventories		411,937	265,165
Accounts receivable	11	1,711,474	1,430,454
Prepayments, deposits and other receivables		844,987	689,699
Amounts due from group companies		133,261	141,439
Receivable from Hubei Electric Power Corporation		34,000	34,000
Tax recoverable		1,200	1,196
Derivative financial instruments		11,558	—
Pledged bank deposits		25,000	48,886
Cash and cash equivalents		1,952,609	1,910,816
		5,126,026	4,521,655
Total assets		54,923,327	54,206,534
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		2,423,200	3,013,810
		11,847,784	12,438,394
Non-controlling interests		2,451,078	2,442,996
Total equity		14,298,862	14,881,390

	Note	As at 30 June 2010 Unaudited *RMB'000*	As at 31 December 2009 Audited *RMB'000*
LIABILITIES			
Non-current liabilities			
Deferred income		91,250	96,636
Long-term bank borrowings		23,693,039	23,934,020
Long-term borrowings from ultimate holding company		1,473,816	1,473,816
Long-term borrowings from CPI Financial Company ("CPIF")		1,150,000	1,150,000
Other long-term borrowings		1,230,833	1,384,833
Obligations under finance lease		184,972	184,755
Deferred income tax liabilities		496,670	661,246
Other long-term liabilities		14,450	17,380
		28,335,030	28,902,686
Current liabilities			
Accounts and bills payables	12	635,423	498,178
Construction cost payables		1,121,379	1,297,853
Other payables and accrued charges		791,317	807,284
Derivative financial instruments		—	71,441
Amounts due to group companies		1,472,973	1,292,997
Payables to CPIF		270,295	270,295
Short-term borrowings from CPIF		2,050,000	1,450,000
Current portion of long-term bank borrowings		1,679,197	1,276,716
Short-term bank borrowings		3,350,000	2,550,000
Other bank borrowings		680,464	682,820
Current portion of obligations under finance lease		24,244	24,244
Taxation payable		214,143	200,630
		12,289,435	10,422,458
Total liabilities		40,624,465	39,325,144
Total equity and liabilities		54,923,327	54,206,534
Net current liabilities		7,163,409	5,900,803
Total assets less current liabilities		42,633,892	43,784,076

Note:

1 **Basis of preparation**

The Company has a financial year end date of 31 December. The condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual accounts for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

As at 30 June 2010, a bank loan of approximately RMB680 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 period end. In preparing the condensed consolidated interim financial information, 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 30 June 2010, the Group had undrawn committed banking facilities amounting to approximately RMB17,630 million (31 December 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 condensed consolidated interim financial information on a going concern basis notwithstanding that at 30 June 2010, the Group's current liabilities exceeded its current assets by RMB 7,163,409,000.

2 **Accounting policies**

The accounting policies and method of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual accounts for the year ended 31 December 2009, except as mentioned below.

(a) ***Effect of adopting amendments to standards and interpretations***

The following amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2010:

HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The following amendments to standards and interpretations are also mandatory for the financial year beginning 1 January 2010:

HKFRSs (Amendment)	Improvements to HKFRSs 2009
HKFRS 1(Amendment)	Additional exemptions for first - time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transaction
Amendments to HKFRS 5 included in Improvement to HKFRSs 2008	Amendments to HKFRS 5 Non-current assets held for sale and discontinued operations - Plan to sell the controlling interest in a subsidiary
HKAS 39 (Amendment)	Eligible hedged items
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners

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) ***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) ***New standards, amendments to standards and interpretations that have been issued but are not effective***

The following new standards, amendments to standards and interpretations have been issued but are not effective 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 9	Financial instruments [2]
HKAS 32 (Amendment)	Classification of right issues [1]
HK(IFRIC)-Int 14	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 periods beginning on or after 1 January 2011

[2] Effective for the Group for annual periods beginning on or after 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) ***Change in accounting policy in 2009***

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 Wu Ling Power Corporation ("Wuling") and its subsidiaries (together, the "Wu Ling Power") 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 in the financial year ended 31 December 2009 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 any significant impact on the Group's consolidated net assets as at 31 December 2009 and the consolidated results, earnings per share (basic and diluted) and cash flows for the year ended 31 December 2009.

Details of the effects of the change in accounting policy as described above are disclosed in the Company's annual accounts for the year ended 31 December 2009. The effect to the consolidated income statement (extracts) for the six months ended 30 June 2009 are as follows:

	As previously reported *RMB'000*	Effect of change *RMB'000*	As restated *RMB'000*
Depreciation	(471,094)	(5,319)	(476,413)
Share of profits of associated companies	46,198	649	46,847
Profit before taxation	180,998	(4,670)	176,328
Taxation	(33,411)	530	(32,881)
Profit for the period	147,587	(4,140)	143,447
Attributed to:			
Equity holders of the Company	151,858	(4,140)	147,718
Non-controlling interests	(4,271)	—	(4,271)
	147,587	(4,140)	143,447

	As previously reported *RMB'000*	Effect of change *RMB'000*	As restated *RMB'000*
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
- basic	0.04	—	0.04
- diluted	0.04	—	0.04

3 **Turnover, revenue and segment information**

Revenue recognised during the period is as follows:

	Unaudited Six months ended 30 June 2010 *RMB'000*	2009 *RMB'000*
Sales of electricity to regional and provincial power grid companies (note (a))	6,931,653	4,769,247
Provision for power generation services (note (b))	—	157,907
	6,931,653	4,927,154

Note:

(a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities.

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

Segment information

The 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 segment 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, long-term loans to a fellow subsidiary, derivative financial instruments and corporate assets which are managed on a central basis.

	Unaudited Six months ended 30 June 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	5,735,517	1,196,136	6,931,653	—	6,931,653
Provision for power generation services	—	—	—	—	—
	5,735,517	1,196,136	6,931,653	—	6,931,653
Results of reportable segments	421,225	851,520	1,272,745	—	1,272,745
A reconciliation of results of reportable segments to profit for the period is as follows:					
Results of reportable segments	421,225	851,520	1,272,745	—	1,272,745
Unallocated income	—	—	—	23,022	23,022
Unallocated expenses	—	—	—	(46,879)	(46,879)
Operating profit	421,225	851,520	1,272,745	(23,857)	1,248,888
Interest income	1,283	1,218	2,501	10,049	12,550
Finance costs	(285,172)	(436,505)	(721,677)	(1,294)	(722,971)
Share of profits of associated companies	77,027	—	77,027	—	77,027
Share of losses of jointly controlled entities	(6,870)	—	(6,870)	—	(6,870)
Profit before taxation	207,493	416,233	623,726	(15,102)	608,624
Taxation	(81,479)	(160,351)	(241,830)	(626)	(242,456)
Profit for the period	126,014	255,882	381,896	(15,728)	366,168

	Unaudited Six months ended 30 June 2010				
	Coal-fired electricity	Hydropower electricity	Reportable segments total	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:					
Capital expenditure	1,058,277	756,637	1,814,914	926	1,815,840
Depreciation on property, plant and equipment	508,257	294,743	803,000	3,657	806,657
Amortisation of land use rights	666	3,014	3,680	—	3,680

	Unaudited As at 30 June 2010				
	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	20,435,480	27,197,096	47,632,576	—	47,632,576
Goodwill	—	481,041	481,041	—	481,041
Interests in associated companies	1,534,413	—	1,534,413	17,851	1,552,264
Interests in jointly controlled entities	54,231	—	54,231	14,569	68,800
Other long-term assets	—	139,128	139,128	—	139,128
	22,024,124	27,817,265	49,841,389	32,420	49,873,809
Available-for-sale financial assets					1,849,676
Long-term loans to a fellow subsidiary					1,500,000
Deferred income tax assets					59,664
Derivative financial instruments					11,558
Other unallocated assets					1,628,620
Total assets per consolidated balance sheet					54,923,327
Segment liabilities					
Other segment liabilities	(2,120,148)	(794,302)	(2,914,450)	—	(2,914,450)
Borrowings	(13,329,839)	(22,150,555)	(35,480,394)	(97,250)	(35,577,644)
	(15,449,987)	(22,944,857)	(38,394,844)	(97,250)	(38,492,094)
Purchase consideration payable to an intermediate holding company					(1,188,417)
Taxation payable					(214,143)
Deferred income tax liabilities					(496,670)
Other unallocated liabilities					(233,141)
Total liabilities per consolidated balance sheet					(40,624,465)

	Unaudited Six months ended 30 June 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	4,769,247	—	4,769,247	—	4,769,247
Provision for power generation services	157,907	—	157,907	—	157,907
	4,927,154	—	4,927,154	—	4,927,154
Results of reportable segments	503,331	—	503,331	—	503,331
A reconciliation of results of reportable segments to profit for the period is as follows:					
Results of reportable segments	503,331	—	503,331	—	503,331
Unallocated income	—	—	—	2,986	2,986
Unallocated expenses	—	—	—	(46,389)	(46,389)
Operating profit	503,331	—	503,331	(43,403)	459,928
Interest income	1,261	—	1,261	5,059	6,320
Finance costs	(327,888)	—	(327,888)	(6,810)	(334,698)
Share of profits of associated companies	46,847	—	46,847	—	46,847
Share of losses of jointly controlled entities	(2,069)	—	(2,069)	—	(2,069)
Profit before taxation	221,482	—	221,482	(45,154)	176,328
Taxation	(32,869)	—	(32,869)	(12)	(32,881)
Profit for the period	188,613	—	188,613	(45,166)	143,447
Other segment information:					
Capital expenditure	592,067	—	592,067	9	592,076
Depreciation on property, plant and equipment	476,399	—	476,399	14	476,413
Amortisation of land use rights	448	—	448	—	448

	Audited 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
Long-term loans to a fellow subsidiary					1,500,000
Deferred income tax assets					107,971
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)

4 **Other income**

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Sales of electricity quotas	12,565	9,048
Income from the provision of repairs and maintenance services	16,801	—
Hotel operations income	20,049	—
Interest income from a fellow subsidiary	38,611	—
Rental income	31,433	222
Management fee income	1,287	2,986
	120,746	12,256

5 **Other gains**

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Amortisation of deferred income	5,737	5,074
Gain on disposal of available-for-sale financial assets	16,031	—
Fair value gain on derivative financial instruments	82,999	—
Others	8,916	—
	113,683	5,074

6 **Operating profit**

Operating profit is stated after charging the following:

	Unaudited Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		As restated
Amortisation of land use rights	3,680	448
Depreciation of property, plant and equipment	806,657	476,413
Operating lease rental in respect of leasehold land and buildings	17,237	16,638
Staff costs including directors' emoluments	261,664	184,769
Write-off of pre-operating expenses	17,922	2,839

7 **Finance costs**

	Unaudited	
	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Interest expense on		
- bank borrowings wholly repayable within five years	151,702	59,223
- bank borrowings not wholly repayable within five years	597,056	248,114
- short-term other borrowings	—	364
- other long-term borrowings wholly repayable within five years	10,058	—
- payables to CPIF wholly repayable within five years	7,700	6,760
- short-term borrowings from CPIF	28,741	3,655
- long-term borrowings from and payables to CPIF wholly repayable within five years	23,308	13,953
- long-term borrowings from ultimate holding company not wholly repayable within five years	37,059	—
- obligations under finance lease	5,802	7,809
	861,426	339,878
Less: Amounts capitalised in property, plant and equipment	(193,747)	(5,171)
	667,679	334,707
Net exchange losses/(gains)	55,292	(9)
	722,971	334,698

The weighted average interest rate on capitalised borrowings is approximately 4.8% (2009: 4.8%) per annum.

8 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 period (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 period except as disclosed below.

The amount of taxation charged to the condensed consolidated income statement represents:

	Unaudited	
	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
		As restated
PRC current income tax	139,707	33,225
Deferred taxation	102,749	(344)
	242,456	32,881

Share of taxation attributable to associated companies for the period ended 30 June 2010 of RMB18,647,000 (2009: RMB746,000, as restated) is included in the Group's share of profit of associated companies for the period.

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 period. The tax rates for these companies will be gradually increased to 25% towards year 2013.

9 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 period.

	Unaudited	
	Six months ended 30 June	
	2010	2009
		As restated
Profit attributable to equity holders of the Company (RMB'000)	272,986	147,718
Weighted average number of shares in issue (shares in thousands)	5,107,061	3,605,611
Basic earnings per share (RMB)	0.05	0.04

(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 six months ended 30 June 2010 and 2009 equal basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

10 Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

11 Accounts receivable

	As at	
	30 June 2010	31 December 2009
	Unaudited	*Audited*
	RMB'000	*RMB'000*
Accounts receivable from regional and provincial power grid companies (note (a))	1,468,123	1,335,287
Accounts receivable from other companies (note (a))	1,738	459
	1,469,861	1,335,746
Notes receivable (note (b))	241,613	94,708
	1,711,474	1,430,454

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

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:

	As at 30 June 2010 *Unaudited* *RMB'000*	As at 31 December 2009 *Audited* *RMB'000*
1 to 3 months	1,469,861	1,335,746

(b) The notes receivable are normally with maturity period of 90 to 180 days (2009: 90 to 180 days).

12 **Accounts and bills payables**

	As at 30 June 2010 *Unaudited* *RMB'000*	As at 31 December 2009 *Audited* *RMB'000*
Accounts payable (note (a))	381,898	178,785
Due to related companies (note (a))	220,525	194,112
	602,423	372,897
Bills payable (note (b))	33,000	125,281
	635,423	498,178

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

Note:

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

	As at	
	30 June 2010	31 December 2009
	Unaudited	*Audited*
	RMB'000	*RMB'000*
1 to 6 months	559,343	350,916
7 to 12 months	2,345	82
Over 1 year	40,735	21,899
	602,423	372,897

(b) Bills payable are bills of exchange with average maturity period of six months (2009: six months).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

As of 30 June 2010, the Group's total attributable installed capacity amounted to 11,752MW, representing an increase of 5.14% from 11,177MW last year. The Group recorded a turnover of approximately RMB6,931,653,000, representing an increase of approximately 40.68% from the corresponding period last year, while the profit attributable to the equity holders of the Group amounted to RMB272,986,000, representing an increase of approximately RMB125,268,000. The basic earnings per share was approximately RMB0.05, representing an increase of RMB0.01 from RMB 0.04 of the corresponding period last year.

The Group has consolidated the results of Wu Ling Power after successful acquisition in 2009. In the first half of 2010, Wu Ling Power contributed satisfactory performance results to the Group by the profit of approximately RMB284,527,000, accounting for 77.7% of the Group's total profit for the period, which fully reflecting its strategic advantages of "balance between hydropower and thermal power".

Pressed by the increasing coal price, the Company has successfully minimized the risk of coal price fluctuation, optimized its asset structure, and improved its revenue model since the hydropower business was introduced. Despite the weather factors materially affecting the hydropower, the whole river basin maintains a relatively stable water flow, thus securing the stability of revenue source. As the hydropower projects under development are completed and commenced operations, the hydropower assets as a whole will hopefully achieve their long-term growth, which further improves the Company's competitive edge.

Net profit of the Group during the first half of 2010 was approximately RMB366,168,000, representing an increase of approximately RMB222,721,000 from the corresponding period last year, which is mainly attributable to the following factors:

- Successful acquisition of Wu Ling Power in the end of 2009, Wu Ling Power contributed its hydropower business to the Group with the profits of approximately RMB284,527,000 in the first half of 2010;

- The Company benefited from the overall tariff adjustment of coal-fired power electricity undergone in November, 2009, the effect of which has been reflected in the first half of this year, together with revocation of concessional electricity tariffs and implementation of tariff inspection by the State in 2010 has contributed the tariff of coal-fired electricity with an average increase of 1.75% from the corresponding period last year;

- Stable growth of the coal-fired electricity generation in the first half year of 2010 with an increase of 2,308,563 MWh from the corresponding period last year.

Electricity Market

Compared with the corresponding period last year, both Gross Domestic Product ("GDP") and electricity consumption in China for the first half of 2010 recorded an increase of 11.1% and 21.57% respectively, boosting a significant growth of approximately 19.3% in power generation. Given the acquisition of Wu Ling Power and the increasing power demand, the Group's power generation in the first year of 2010 surged up by 7,130,966 MWh compared with the corresponding period last year.

Coal Market

At the beginning of 2010, cold weather and less rainfall led to a significant increase in the domestic coal demand, thus causing its price to climb. In the second quarter, hydropower generation grew to ease up the pressure of coal-fired electricity generation. Therefore, the supply and demand of electricity and coal tended to be stable while the coal price maintained at high level. In the first half of 2010, the unit fuel cost of the Group's coal-fired electricity was RMB235.15/MWh, representing an increase of RMB21.47/MWh from the corresponding period last year.

Significant Investment

In December 2006, the Company acquired 390,876,250 shares of Shanghai Electric Power Co., Ltd. ("Shanghai Power", whose A shares were listed on the Shanghai Stock Exchange) at a consideration of RMB4.26 per share. During 2007, 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 Company was increased by 78,175,250 shares to 469,051,500 shares, whereas the shareholdings percentage remained at 21.92%.

In the first half of 2010, the Group disposed 37,517,584 shares of Shanghai Power at an average price of RMB4.59 per share with investment gains of approximately RMB16,031,000, thus reducing the shareholdings from 21.92% to 20.17%.

The Group recognizes its shareholdings in Shanghai Power as "Available-for-sale financial assets". As of 30 June 2010, the fair value of the equity interest held by the Group was approximately RMB1,721,820,000.

New Power Plants

The Group has Fuxi Power Plant and Xintang Power Plant in its coal-fired electricity projects under construction. These two plants' total installed capacity is 1,800 MW, 912 MW of which the Company's attributable installed capacity accounts for. 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, 1,126 MW of which the Company's attributable installed capacity accounts for. Currently, such projects all go smoothly.

Environmental Protection and Energy Conservation

The Company puts high value 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%, 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 in the first half year, achieved an average decrease of 6.31 g/KWh in electricity and coal consumption compared with the corresponding period last year.

Information about the Operation of Our Power Plants

As of 30 June 2010, the Group's total attributable installed capacity amounted to 11,752MW, of which coal-fired electricity generation was 9,129MW and hydropower generation was 2,623MW respectively. The Group's total attributable installed capacity increased by 5.14% from 11,177MW last year mainly due to the operation of two units with 300 MW in Heimifeng at the end of June 2010.

In the first half of 2010, the Group's total electricity generation amounted to approximately 23,862,236 MWh (excluding the associates) with an increase of 7,130,966 MWh from the corresponding period last year, while coal-fired electricity generation increased by 2,308,563 MWh to 19,039,833 MWh and hydropower generation increase by 4,822,403 MWh after the acquisition of Wu Ling Power.

OPERATING RESULTS

Turnover

In the first half of 2010, turnover of the Group was RMB6,931,653,000, representing a corresponding increase of 40.68% as compared with RMB4,927,154,000 of the previous year. The increase in turnover was mainly attributed to the acquisition of Wu Ling Power which increased the 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

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

In the first half of 2010, operating costs of the Group amounted to approximately RMB5,917,194,000, representing a corresponding increase of 31.95% over RMB4,484,556,000 in the previous year. The increase was mainly due to the acquisition of Wu Ling Power which increased depreciation costs, staff costs, consumables and other operating expenses.

Fuel costs were the largest component of the Group's operating costs. In the first half of 2010, the fuel costs of the Group were approximately RMB4,187,555,000, covering approximately 70.77% of the total operating cost, and representing a corresponding increase of 25.90% over the RMB 3,326,135,000 in the previous year. Unit fuel costs was approximately RMB235.15/MWh, representing a corresponding increase of 10.05% as compared with RMB213.68/MWh in the previous year.

Operating Profits

In the first half of 2010, the Group's operating profit was RMB1,248,888,000, representing an increase of approximately 171.54% as compared with the operating profits of RMB459,928,000 of the corresponding period in last year.

Finance Costs

In the first half of 2010, finance costs of the Group amounted to RMB722,971,000, representing an increase of 116.01% as compared with RMB334,698,000 of the previous year. During the half year, the Group adopted measures to reduce interest rate, thereby reducing interest expense. Besides, after the acquisition of Wu Ling Power, total finance costs increased due to the rise in total bank borrowing.

Share of Profits of Associated Companies

In the first half of 2010, the share of profit of associated companies was RMB77,027,000, representing a corresponding increase of RMB30,180,000 as compared with RMB46,847,000 of the previous year. The increase was mainly attributed to a newly acquired associated company, China Resources Power Hunan Liyujiang Company Limited through the acquisition of Wu Ling Power.

Taxation

Taxation charges of the Group for the first half of 2010 were approximately RMB242,456,000, representing a corresponding increase of approximately 637.37% over RMB32,881,000 of the last year. The increase in taxation charge was mainly due to the acquisition of Wu Ling Power.

Among the power plants of the Company under operation in 2010, Pingwei Power Plant I, Yaomeng Power Plant I , Changshu Power Plant and Shentou I Power Plant are subject to an income tax rate of 22% for the year; the preferential period enjoyed by Pingwei Power Plant II will end in 2012; and the preferential tax period of "First two years exemption and subsequent three years 50% reduction" of Yaomeng Power Plant II and Dabieshan Power Plant will end in 2013.

Profit Attributable to Equity Holders of the Company

In the first half of 2010, profit attributable to equity holders of the Company was approximately RMB272,986,000, representing a corresponding increase of approximately RMB125,268,000 as compared with RMB147,718,000 in the last year.

EARNINGS PER SHARE AND INTERIM DIVIDEND

In the first half of 2010, the basic and diluted earnings per share attributable to equity holders of the Company was approximately RMB0.05 and RMB0.05 respectively.

The Board does not recommend the payment of an interim dividend in 2010.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, cash and cash equivalents of the Group were approximately RMB1,952,609,000 (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. Current assets amounted to RMB5,126,026,000 (31 December 2009: RMB4,521,655,000) and current ratio was 0.42 times (31 December 2009: 0.43 time).

DEBTS

As at 30 June 2010, total borrowings of the Group amounted to approximately RMB35,577,644,000 (31 December 2009: RMB34,172,500). All of the Group's bank and other borrowings are denominated in Renminbi, United States Dollars ("USD") or Japanese Yen ("JPY").

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 30 June 2010 and 31 December 2009 were approximately 300.29% and 274.73% respectively.

CAPITAL EXPENDITURE

In the first half of 2010, capital expenditure of the Group was approximately RMB1,815,840,000, 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, 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 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, resulting the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results. As at 30 June 2010, the balance of the Group's borrowings denominated in foreign currencies amounted to RMB2,312,170,000 (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). During the period, the Group recorded a fair value gain on this derivative financial instrument contract amounting to RMB82,999,000.

PLEDGE OF ASSETS

As at 30 June 2010, a subsidiary of the Group pledged its property, plant and equipment with a net book value of approximately RMB274,505,000 to a bank to secure a bank loan in the amount of RMB97,250,000. 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 30 June 2010 was approximately RMB833,950,000 (31 December 2009: RMB706,744,000).

CONTINGENT LIABILITIES

As at 30 June 2010, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2010, the Group had a total of 6,784 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 OF THE SECOND HALF OF THE YEAR

In the second half of 2010, the macro economy will remain stable in China. The national electricity demand and consumption will continue to increase, but at a slower pace. Backed by the implementation of new adjustment policies and energy conservation and emission reduction tasks of local governments, as well as hydropower output in the second half of the year is expected to be better than that of last year, the coal demand will accordingly fall and the energy demand and supply are tending to stabilize.

The Group will continue to optimize its asset structure and fully amplify its advantage of "balancing hydro-power and coal fired power". The Group will also strive to expand its source of revenue, strengthen cost control and improve the Company's overall profitability. We will push the establishment of corporate culture featuring "Still water runs deep" to realize sustainable development.

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 six months ended 30 June 2010.

CODE ON CORPORATE GOVERNANCE

The Corporate Governance Report has been set out in our 2009 annual report. Save for the deviations from Code A.2.1 and Code A.4 (which has been disclosed in the 2009 annual report), the Company has complied with the provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2010.

In addition to the deviations mentioned above, the Company has not complied with Code E.1.2 which requires the chairman of the Board to attend the general meeting. Due to another business engagement, Ms. Li Xiaolin, the chairman of the Board, was unable to attend general meeting of the Company held on 8 June 2010. However, Mr. Liu Guangchi, another executive director and the president of the Company, took the chair of that meeting and the chairman of the Audit Committee and the chairman of the Compensation and Nomination Committee were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (the "Code of Conduct"), the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to the Directors, all Directors confirmed that they have complied with the Code of Conduct for the six months ended 30 June 2010.

AUDIT COMMITTEE

The Company established the Audit Committee on 24 August 2004 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and provisions of the Code which have been effective since 31 December 2004. The Audit Committee comprises three members, namely, Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec, all of whom are independent non-executive directors. The Audit Committee is chaired by Mr. Kwong Che Keung, Gordon. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company. The interim financial information for the six months ended 30 June 2010 has not been audited but has been reviewed by the Audit Committee and PricewaterhouseCoopers.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at www.hkexnews.hk and on the Company's websites at www.chinapower.hk and www.irasia.com/listco/hk/chinapower/index.htm respectively.

The printed copy of the 2010 Interim Report will be sent to shareholders of the Company on or before 15 September 2010 and the soft copy of the Interim Report will be published on websites of both HKEx and the Company in due course.

By order of the Board
China Power International Development Limited
Li Xiaolin
Chairman

Hong Kong, 24 August 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.