Corporate Information

Chairman of the Board and Non-Executive Director:	Wang Binghua
Vice-Chairman of the Board, Executive Director and Chief Executive Officer:	Li Xiaolin
Executive Director and Executive Vice President:	Hu Jiandong
Non-Executive Director:	Gao Guangfu
Independent Non-Executive Directors:	Kwong Che Keung, Gordon Li Fang Tsui Yiu Wa, Alec
Qualified Accountant:	Io Cheok Kei, Rudy (CA, FCPA)
Company Secretary:	Tse Hiu Tung, Sheldon
Auditors:	PricewaterhouseCoopers
Legal Advisers:	Fong & Ng *(in association with King & Wood, PRC Lawyers and Goodmans)*
Registered Office:	Suite 6301, 63/F., Central Plaza 18 Harbour Road Wanchai, Hong Kong
Head Office and Principal Place of Business in Hong Kong:	Suite 6301, 63/F., Central Plaza 18 Harbour Road Wanchai, Hong Kong
Share Registrar and Transfer Office:	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Stock Code:	2380
Company Website:	www.chinapower.hk

Corporate Information

SHAREHOLDERS' ENQUIRIES

For enquiries about share transfer and registration, please contact the share registrar of the Company:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel.: (852) 2862 8628
Fax: (852) 2865 0990

For enquiries from investors and analysts, please contact:

Mr. Io Cheok Kei, Rudy	*Chief Financial Officer*
Mr. Shou Rufeng	*Investor relations*

China Power International Development Limited
Suite 6301, 63/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong
Tel.: (852) 2802 3861
Fax: (852) 2802 3922
e-mail: ir@chinapower.hk

Interim Results

The Board of directors (the “Board”) of China Power International Development Limited (the “Company”) hereby announces the unaudited operating results of the Company and its subsidiaries (the “Group” or “We”) for the six months ended 30 June, 2005 prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting”. The interim financial statements have not been audited, but have been reviewed by the Company’s Audit Committee and PricewaterhouseCoopers, Certified Public Accountants, the auditors of the Company, in accordance with the Statement of Auditing Standard 700 “Engagements to Review Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants.

OVERVIEW

The principal business of the Group is to develop, construct, own, operate and manage large power plants in the People’s Republic of China (“China” or the “PRC”). The Group owns and operates the power plants held by the following subsidiaries: Anhui Huainan Pingwei Electric Power Generating Company Limited (100% ownership), Pingdingshan Yaomeng Power Generating Company Limited (100% ownership) and a power plant held by an associate of the Company, Jiangsu Changshu Electric Power Generating Company Limited (50% ownership). The Company also manages six other power plants on behalf of China Power Investment Corporation (the “Ultimate Holding Company”) and China Power International Holding Limited.

BUSINESS REVIEW FOR THE SIX MONTHS ENDED 30 JUNE, 2005

The unaudited consolidated profit attributable to equity holders of the Company for the six months ended 30 June, 2005 amounted to RMB250,312,000, representing a decrease of 32.3% as compared with the corresponding period of last year.

In 2005, the robust Chinese economy forged ahead with full steam and recorded a growth in gross domestic product (GDP) of 9.5% in the first half of the year. As there has been a continuously strong demand for electricity, electricity generation in the same period also increased by 13.2% as compared with the corresponding period of last year.

Electricity Generation

In the first half of year 2005, the Group achieved a gross electricity generation of 7,402,816MWh, which represented a decrease of 6.7% as compared with the gross electricity generation of 7,935,071MWh in the corresponding period of last year. In anticipation of the delay in the implementation of the Coal-Electricity Price Linkage Mechanism, the Company had scheduled the majority of its maintenance, overhauls and technical upgrades to be carried out in the first half of 2005. Therefore, electricity generation recorded a lesser amount than the corresponding period of last year. After the overhauls and technical upgrades, the power plants would be well prepared for coping with the peak summer power demand and would operate more efficiently and economically.

Technical Upgrades

The technical upgrades undertaken in the first half of 2005 have achieved favorable results in both power generation capacity and coal consumption rate. After the technical upgrades, the No. 2 generating unit of Pingwei Power Plant, a power plant wholly-owned by Anhui Huainan Pingwei Electric Power Generating Company Limited, a wholly-owned subsidiary of the Company, and the No. 2 generating unit of Changshu Power Plant, a power plant wholly-owned by Jiangsu Changshu Electric Power Generating Company Limited, an associate of the Company in which the Company holds a 50% equity interest, have both achieved an increase in installed capacity by 30MW, while coal consumption rate for each single generating unit has decreased by approximately 14g/kWh. The technical upgrades have successfully improved the operation efficiency of the power plants and this is one of our main strategies in enhancing operation efficiency.

Tariff Increases

The long awaited Coal-Electricity Price Linkage Mechanism was eventually implemented nationwide in May, 2005 by the National Development and Reform Commission. In this round of tariff adjustment, our Group was one of the companies that enjoyed relatively high tariff increases, with an average tariff increase of 16.6%, or RMB43.4 per MWh (inclusive of value added tax). The national tariff increase was approximately RMB21.3 per MWh (inclusive of value added tax).

Coal Price

The increase in the coal prices in early 2005 when compared with that of 2004 had resulted in an increase of our unit fuel cost from the 2004 full year average of RMB123 per MWh to RMB144 per MWh for the first half of 2005, representing an increase of 17.1%. However, the coal price has been gradually stabilizing recently.

During the six months ended 30 June, 2005, in order to alleviate the bottleneck in coal transportation, consistent efforts had been made in expanding railway networks and port capacities in various regions of China. There had been a stable supply of coal and we had been able to maintain a sufficient stock of coal.

Planned Power Plants

Amongst the planned power plants, the construction works on Pingwei Power Plant II, being wholly-owned by Huainan Pingwei No.2 Electric Power Generating Company Limited, a wholly-owned subsidiary of the Company, and Huanggang Dabieshan Power Plant, being wholly-owned by Huanggang Dabieshan Power Generating Company Limited, a subsidiary of the Company in which the Company holds a 89% equity interest, have been progressing well and on schedule. Whereas, the approval process for Yaomeng Power Plant II, being wholly-owned by Pingdingshan Yaomeng No.2 Power Generating Company Limited, a wholly-owned subsidiary of the Company, is expected to complete in the second half of 2005. The debt portion of the capital investment of the planned power plants is financed by a syndicated loan arranged with four major banks in the PRC.

Acquisition of Shentou I Power Plant

On 9 June, 2005, the Group announced a proposed acquisition of the electricity generating business of one of the power plants currently managed by the Group, Shentou I Power Plant, which is located in Shanxi Province of the PRC. Such acquisition was well received by the investment communities in Hong Kong and abroad. The transaction was subsequently approved unanimously by independent shareholders in the extraordinary general meeting held on 21 July, 2005. The earnings of Shentou I Power Plant will be included in the Group's results from 1 July, 2005 and would enhance the earnings of the Group considerably for the second half of 2005.

Operating data of the respective power plants under commercial operation

The following table sets out certain operating data of Pingwei Power Plant, Yaomeng Power Plant and Changshu Power Plant for the six months ended 30 June, 2005.

	Pingwei Power Plant	Yaomeng Power Plant	Changshu Power Plant
Installed capacity (MW)	1,230	1,210	1,230
Average utilization hours (hour)	3,135	2,996	2,974
Gross generation (MWh)	3,777,960	3,624,856	3,617,660
Net generation (MWh)	3,617,370	3,311,272	3,440,060
Equivalent availability factor (%)	77	80	96
Net generation standard coal consumption rate (g/kWh)	334.3	346.8	344.5

INTERIM DIVIDEND

The directors (the "Directors") of the Company do not recommend the payment of any interim dividend for the six months ended 30 June, 2005 (corresponding period of 2004: nil).

Management's Discussion and Analysis

Turnover and Profit for the period

The unaudited consolidated turnover of the Group for the six months ended 30 June, 2005 amounted to approximately RMB1,645,742,000, representing a decrease of 1.2% as compared with the corresponding period of last year (corresponding period of 2004: RMB1,664,927,000). Profit attributable to equity holders of the Company amounted to approximately RMB250,312,000 for the six months ended 30 June, 2005, representing a decrease of 32.3% over the corresponding period of last year (corresponding period of 2004: RMB369,969,000). The decrease in profit attributable to equity holders of the Company was mainly attributable to the increases of coal prices at the end of 2004 and in early 2005 which were not compensated in time by the tariffs and the majority of the maintenance, overhauls and technical upgrades having been scheduled in the first half of 2005, resulting in a decrease in electricity generation when compared with the corresponding period of last year.

Operating Profit

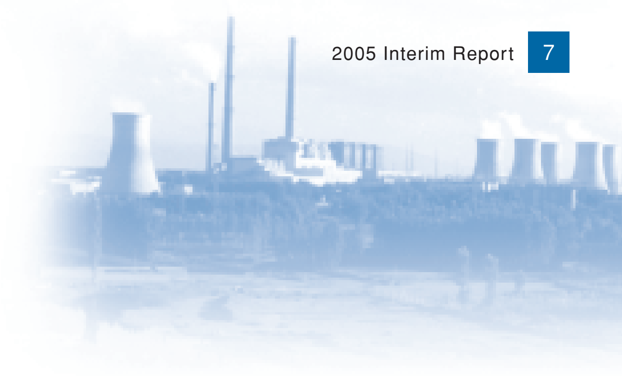
The Group's operating profit for the six months ended 30 June, 2005 amounted to approximately RMB268,446,000, which represented a decrease of 23.4% over the corresponding period of last year (corresponding period of 2004: RMB350,662,000). The drop in operating profit was caused by the increase in fuel cost which accounted for 71.2% of the total operating expenses. In the first half of 2005, unit fuel cost rose to RMB144 per MWh, which represented an increase of 32.1% as compared with the corresponding period of last year (corresponding period of 2004: RMB109 per MWh). The aggregate of non-fuel operating expenses (including depreciation, staff, repair, consumables and other operating expenses) amounted to approximately RMB405,242,000, representing a decrease of 19.1% as compared with the corresponding period of last year. The decrease was due to more stringent budget control and the gradual reduction of depreciation charges.

Finance costs

Finance costs for the six months ended 30 June, 2005 amounted to RMB36,001,000, which represented a decrease of 10.2% as compared with the corresponding period of last year. The decrease was due to the reduction in part of the borrowings by a power plant within the Group and the capitalization of interest payments of the planned power plants.

Taxation

The Group's taxation charges mainly comprise the PRC enterprise income tax. Our taxation charges in 2005 were approximately RMB33,533,000 as compared to RMB24,658,000 in 2004, representing an increase of RMB8,875,000 or 36%. The increase was mainly attributable to the expiry of a 50% reduction in income tax enjoyed by the Group for the preceding three years. The tax rate applicable to the Group for the period ended 30 June, 2005 is 15% (corresponding period of 2004: 7.5%).



Management's Discussion and Analysis

Earnings per share

The calculation of basic and diluted earnings per share for the six months period ended 30th June 2005 are based on the profit attributable to equity holders of the Company for the period of RMB250,312,000. The basic earnings per share is based on the weighted average of 3,135,000,000 shares in issue during the period and the diluted earnings per share is based on 3,135,000,000 shares, which is the weighted average number of shares in issue during the period, plus the weighted average number of 804,188 shares deemed to be issued at no consideration if all outstanding options had been exercised.

The calculation of basic earnings per share for the period ended 30th June 2004 is based on the profit attributable to equity holders of the Company for the period of RMB369,969,000 and the weighted average number of 2,100,000,000 shares.

Liquidity and financial resources

As at 30 June, 2005 the Group had cash and bank deposits amounted to RMB2,611,235,000. Whereas, the total current assets of the Company amounted to RMB3,701,103,000, and the current ratio is 2.53 times (31 December 2004: 2.42 times).

Use of net proceeds from the initial public offering ("IPO") of the Company

The Group still retains on hand a substantial portion of the IPO proceeds. As at 30 June, 2005, a balance of the IPO proceeds of approximately RMB2,161,316,000 was available for capital investment in planned power plants, acquisition of assets, such as Shentou I Power Plant, and general working capital.

Before utilising the IPO proceeds for the above specified purposes, we have temporarily placed the unused net proceeds of approximately RMB2,161,316,000 (equivalent to HK$2,038,977,000) on short-term bank deposit. The following table sets out details on the use of net proceeds from the IPO during the six months ended 30 June, 2005:

	RMB'000
General operating expenses	14,000
Planned power plant projects	329,410
Total	343,410

Management's Discussion and Analysis

Bank loans

As at 30 June, 2005, total bank loans of the Group amounted to approximately RMB2,305,000,000 which consisted of short term bank loans of approximately RMB760,000,000 and long term bank loans of approximately RMB1,545,000,000. Interest rates on the bank loans ranged from 4.84% to 5.79%. The interest rates on the Group's bank loans will be adjusted in accordance with the relevant regulations of the People's Bank of China.

The Group incurs debts for general corporate purposes, including capital expenditures and working capital requirements. The Group does not currently use any derivative instruments to modify the nature of the debts so as to manage our interest rate risk.

Gearing

The total debt-to-equity ratio (total bank loans/ shareholders' equity) as of 30 June, 2005 was 36.0% (31 December 2004: 32.2%).

Foreign exchange rate risk

We collect a majority of our revenues in Renminbi, some of which need to be converted into foreign currencies to pay out dividends to our shareholders or for purposes of daily operating expenses. Therefore we have a certain degree of exposure to the risk of foreign exchange fluctuations. Fluctuations in exchange rates may positively or negatively affect the value, when translated into Hong Kong dollars or Renminbi, of our IPO proceeds, net assets, earnings and any dividends we declare (for the purpose of this interim report, the exchange rate of HK$1: RMB 1.06 has been used in the conversion of Hong Kong dollars into Renminbi).

Pledge of assets

The Group had no pledge of assets as of 30 June, 2005.

Contingent liabilities

The Group had no material contingent liabilities as of 30 June, 2005.

Employees

As at 30 June, 2005, the Group and its associated company had a total of 6,564 full time employees.

The Group determines the emoluments of its directors and employees based on the duties, performance, working experience and prevailing market rates. The remuneration packages of our employees include salaries, bonuses and various subsidies. We pay welfare benefits for the employees of our power plants under commercial operation in accordance with PRC labour laws and regulations.

Management's Discussion and Analysis

OUTLOOK

As the majority of the maintenance and technical upgrading works had been completed in the first half of the year, we are confident that we will be able to meet the 2005 electricity generation plan and cope with the peak summer power demand efficiently and economically and more importantly, while maintaining our high safety production standards, we strive for the best achievable operating results for our shareholders in the second half of the year.

At the same time, with the strong support from our parent company, we will strive persistently to look for quality assets both from parent company group and other outside sources to achieve a fast pace expansion plan and thus to provide an excellent return to shareholders.

SHARE OPTION SCHEMES

The Company has two share option schemes, namely the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and the Share Option Scheme (the "Share Option Scheme") as follows:-

(a) Pre-IPO Share Option Scheme

The Company conditionally approved and adopted the Pre-IPO Share Option Scheme on 24 August, 2004. The purposes of the Pre-IPO Share Option Scheme are to attract and retain high-calibre personnel to provide them with the opportunity to acquire equity in the Company and to motivate them to higher levels of performance.

The Pre-IPO Share Option Scheme ended on the date on which dealings in the Shares commenced on the Hong Kong Stock Exchange (i.e. 15 October, 2004). No further options might be granted after that date but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect. The main terms of the Pre-IPO Share Option Scheme have been summarized in our 2004 annual report.

Each of the options granted under the Pre-IPO Share Option Scheme (the "Pre-IPO Share Option(s)") has a 10-year exercise period within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of the relevant Pre-IPO Share Option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the Shares comprised in his or her Pre-IPO Share Option (less any number of Shares in respect of which the Pre-IPO Share Option has been previously exercised). As at the date of this interim report, a total of 12,234,500 Shares (representing approximately 0.39% of the existing issued share capital of the Company) may be issued by the Company if all options which had been granted under the Pre-IPO Share Option Scheme have been exercised.

Management's Discussion and Analysis

Movements of the options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June, 2005 are as follows:

		Number of Shares subject to options						
Grantee and Position	Date of grant	As at 1 January, 2005	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June, 2005	Exercise period	Exercise price per Share (HK$)
WANG Binghua *Chairman of the Board and Non-Executive Director*	18 September, 2004	1,495,400	—	—	—	1,495,400	17 September, 2014	2.53
LI Xiaolin *Vice-Chairman of the Board, Executive Director and Chief Executive Officer*	18 September, 2004	1,661,500	—	—	—	1,661,500	17 September, 2014	2.53
HU Jiandong *Executive Director and Executive Vice President*	18 September, 2004	996,900	—	—	—	996,900	17 September, 2014	2.53
GAO Guangfu *Non-Executive Director*	18 September, 2004	207,700	—	—	—	207,700	17 September, 2014	2.53
GU Dake *Executive Vice President*	18 September, 2004	872,300	—	—	—	872,300	17 September, 2014	2.53
WANG Zhiying *Executive Vice President*	18 September, 2004	872,300	—	—	—	872,300	17 September, 2014	2.53
ZHAO Yazhou *Executive Vice President*	18 September, 2004	872,300	—	—	—	872,300	17 September, 2014	2.53
IO Cheok Kei, Rudy *Chief Financial Officer*	18 September, 2004	415,400	—	—	—	415,400	17 September, 2014	2.53
ZHAO Xinyan *Vice President*	18 September, 2004	540,000	—	—	—	540,000	17 September, 2014	2.53
WANG Zichao *Vice President*	18 September, 2004	540,000	—	—	—	540,000	17 September, 2014	2.53
TSE Hiu Tung, Sheldon *Company Secretary*	18 September, 2004	207,700	—	—	—	207,700	17 September, 2014	2.53
Other employees	11 October, 2004	3,553,000	—	—	—	3,553,000	10 October, 2014	2.53

Management's Discussion and Analysis

Pursuant to Rule 17.08 of the Listing Rules, the value of the Pre-IPO Share Options granted is as follows:

The Company has used the Black-Scholes option pricing model (the "Model") to value the Pre-IPO Share Options during the six months ended 30 June, 2005. The Model is one of the commonly used models to estimate the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option. As such, the fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the valuation model used.

The Pre-IPO Share Options were granted on 18 September, 2004 to the Directors and senior management of the Company and on 11 October, 2004 to certain other employees of the Company. The fair value of the Pre-IPO Share Options determined at the dates of grant using the Model were HK$9,875,200 and HK$4,006,000 respectively. Such value has been expensed regressively through the Group's profit and loss account over the four-year vesting period of the Pre-IPO Share Options commencing from the year ended 31 December, 2004. During the six months ended 30 June, 2005, an amount of share option expense of RMB2,568,000 has been recognized, with a corresponding adjustment recognised in the Group's employee share-based compensation reserve.

(b) Share Option Scheme

The Share Option Scheme was conditionally approved and adopted by a resolution in writing passed by the Company's shareholders on 24 August, 2004. The purposes of the Share Option Scheme are to attract and retain high-calibre personnel to provide them with the opportunity to acquire equity in the Company and to motivate them to higher levels of performance. The main terms of the Share Option Scheme have been summarized in our 2004 annual report.

No option has been granted by the Company under the Share Option Scheme. As at the date of issue of this interim report, the total number of Shares in respect of which options may be granted under the Share Option Scheme was 301,265,500, representing approximately 9.61% of the total number of Shares in issue.

Management's Discussion and Analysis

DIRECTORS' INTERESTS IN SECURITIES

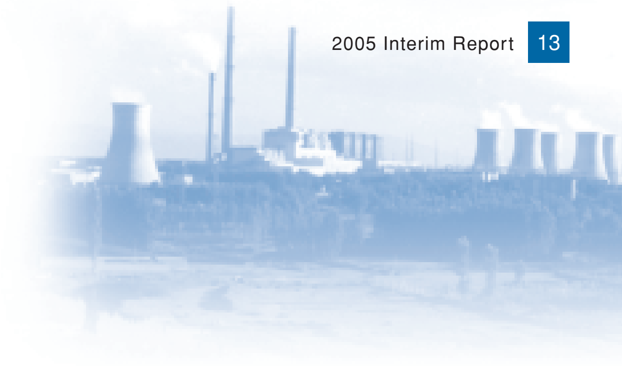
As at 30 June, 2005, save as disclosed below, none of the Directors or the Company's chief executive officer has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which will have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Name	Capacity	Name of company in which interests are held	Date of grant	Number of underlying Shares in which interested under physically settled equity derivatives	Percentage of issued share capital of the Company (%)	Long/short position
WANG Binghua	Beneficial owner	the Company	18 September, 2004	1,495,400	0.05	Long
LI Xiaolin	Beneficial owner	the Company	18 September, 2004	1,661,500	0.05	Long
HU Jiandong	Beneficial owner	the Company	18 September, 2004	996,900	0.03	Long
GAO Guangfu	Beneficial owner	the Company	18 September, 2004	207,700	0.01	Long

Notes:

(1) The interests of the above Directors in the underlying shares of the Company represent the options granted to them under the Pre-IPO Share Option Scheme by the Company.

(2) None of the above Directors has any interests in the Company's securities (except for interests held under equity derivatives).



Management's Discussion and Analysis

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June, 2005, save as disclosed below, no person, not being Directors or the chief executive of the Company, who had, an interest or short position in its Shares or underlying Shares which should be recorded in the register kept under Section 336 of the SFO.

Name	Capacity	Number of Shares in which interested other than under equity derivatives[3]	Percentage of issued share capital of the Company (%)	Long/short position
China Power Development Limited ("CPDL")	Beneficial owner	1,996,500,000	63.68	Long
China Power International Holding Limited ("CPI Holding")[1]	Interest of a controlled corporation	1,996,500,000	63.68	Long
中國電力投資集團公司 (China Power Investment Corporation*) ("CPI Group")[2]	Interest of a controlled corporation	1,996,500,000	63.68	Long

Note:

(1) CPI Holding is the beneficial owner of the entire issued share capital of CPDL and therefore CPI Holding is deemed to be interested in the Shares owned by CPDL for the purposes of the SFO.

(2) CPI Group is the beneficial owner of the entire issued share capital of CPI Holding and therefore CPI Group is deemed to be interested in the Shares owned by CPDL for the purposes of the SFO.

(3) The above shareholders of the Company do not have any interest in the equity derivatives of the Company.

* *For identification purposes only*

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June, 2005.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code of Corporate Governance Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") during the six months ended 30 June, 2005.

Management's Discussion and Analysis

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of directors (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. Having made specific enquiry of the Directors, the Directors confirmed that they have complied with the Code throughout the six months ended 30 June, 2005.

AUDIT COMMITTEE

The Company established the Audit Committee on 24 August, 2004 with written terms of reference in compliance with the code provisions of the Code of Corporate Governance Practice as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Company. The Audit Committee comprises three members, namely, Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec, all of whom are independent non-executive Directors. This Committee is chaired by Kwong Che Keung, Gordon.

The Audit Committee of the Company has reviewed and approved the financial statements for the six months ended 30 June, 2005 and this interim report.

COMPENSATION AND NOMINATION COMMITTEE

The Company established the Compensation and Nomination Committee on 24 August, 2004. The primary duties of the Compensation and Nomination Committee are to evaluate the performance and make recommendations on the remuneration of our senior management, evaluate and make recoomendations in relation to our Performance Unit Plan and recommend Board candidates to the Board. The Compensation and Nomination Committee comprises three members, namely, Li Fang, Kwong Che Keung, Gordon and Tsui Yiu Wa, Alec, all of whom are independent non-executive Directors. This Committee is chaired by Li Fang.

INVESTMENT AND RISK CONTROL COMMITTEE

The Company established the Investment and Risk Control Committee on 24 August, 2004. The primary duties of the Investment and Risk Control Committee are to formulate our overall development plans and investment decision-making procedures, monitor the implementation of our strategic plans, provide training to the Board with regard to the strategies of the Company and assist the management in managing our internal and external risks. The Investment and Risk Control Committee comprises four members, namely, Wang Binghua, Li Xiaolin, Hu Jiandong and Gao Guangfu. Wang Binghua is the chairman of this Committee.

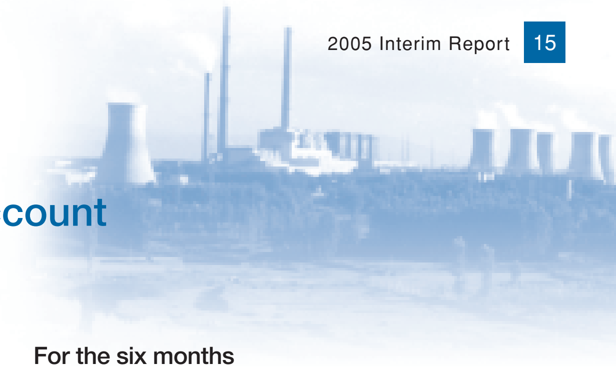
By Order of the Board

China Power International Development Limited

LI Xiaolin

Vice-Chairman and Chief Executive Officer

Hong Kong, 17 August, 2005



Condensed Consolidated Profit and Loss Account

For the six months ended 30th June 2005

	Note	For the six months ended 30th June 2005 Unaudited RMB'000	2004 Restated RMB'000
Turnover	4	**1,645,742**	1,664,927
Other revenues	4	**28,086**	2,023
Fuel costs		**(1,000,140)**	(815,361)
Depreciation		**(146,047)**	(187,710)
Staff costs		**(116,106)**	(115,910)
Repairs and maintenance		**(67,172)**	(75,007)
Consumables		**(19,572)**	(31,998)
Other operating expenses, net		**(56,345)**	(90,302)
Operating profit	5	**268,446**	350,662
Finance costs	6	**(36,001)**	(40,098)
Share of profit of an associated company		**51,175**	83,922
Profit before taxation		**283,620**	394,486
Taxation	7	**(33,533)**	(24,658)
Profit for the period		**250,087**	369,828
Attributable to:			
Equity holders of the Company		**250,312**	369,969
Minority interests		**(225)**	(141)
		250,087	369,828
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB per share)			
- basic	8	**0.08**	0.18
- diluted	8	**0.08**	N/A

Condensed Consolidated Balance Sheet

Condensed Consolidated Balance Sheet

As at 30th June 2005

	Note	As at 30th June 2005 Unaudited RMB'000	As at 31st December 2004 Restated RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	3,722,196	3,526,136
Prepayment for construction of power plants	10	862,785	614,126
Interest in an associated company		900,714	849,539
Deferred income tax assets		13,192	13,795
		5,498,887	5,003,596
Current assets			
Inventories		143,837	114,512
Accounts receivable	11	712,015	644,183
Prepayments, deposits, other receivables and other current assets	12	234,016	223,106
Cash and cash equivalents		2,611,235	3,064,224
		3,701,103	4,046,025
Total assets		9,199,990	9,049,621

Condensed Consolidated Balance Sheet (Continued)

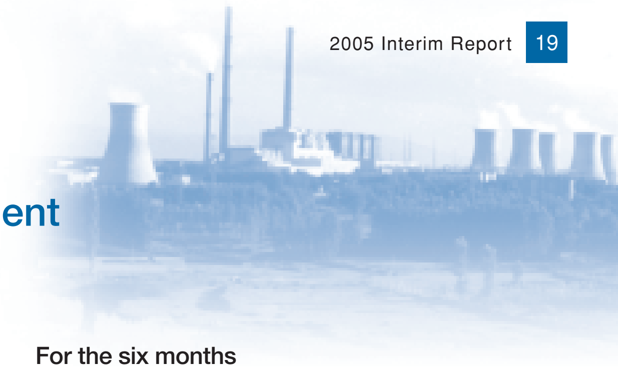
As at 30th June 2005

	Note	As at 30th June 2005 Unaudited RMB'000	As at 31st December 2004 Restated RMB'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	3,323,100	3,323,100
Reserves	14	3,071,236	2,902,178
		6,394,336	6,225,278
Minority interests		6,333	2,726
Total equity		6,400,669	6,228,004
LIABILITIES			
Non-current liabilities			
Unsecured long-term bank borrowings		1,334,000	1,153,000
Current liabilities			
Accounts payable	15	181,742	237,218
Other payables and accrued charges		275,060	328,824
Amount due to ultimate holding company		9,539	5,129
Current portion of unsecured long-term bank borrowings		211,000	261,000
Unsecured short-term bank borrowings		760,000	592,676
Profit distributions payable to an intermediate holding company		—	212,169
Taxation payable		27,980	31,601
		1,465,321	1,668,617
Total liabilities		2,799,321	2,821,617
Total equity and liabilities		9,199,990	9,049,621
Net current assets		2,235,782	2,377,408
Total assets less current liabilities		7,734,669	7,381,004

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2005

	Unaudited				
	Attributable to equity holders of the Company				
	Share capital RMB'000	Other reserves (Note 14) RMB'000	Accumulated losses RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1st January 2004	2,226,000	3,158,082	(1,980,898)	—	3,403,184
Profit for the period	—	—	369,969	(141)	369,828
Contribution from owner	—	68,189	—	—	68,189
Contribution from minority shareholders of a subsidiary	—	—	—	3,313	3,313
Share issuance expenses	—	(34,312)	—	—	(34,312)
Balance at 30th June 2004	2,226,000	3,191,959	(1,610,929)	3,172	3,810,202
Balance at 1st January 2005, as previously reported as equity	3,323,100	4,733,603	(1,831,425)	—	6,225,278
Balance at 1st January 2005, as previously separately reported as minority interests	—	—	—	2,726	2,726
Effect of change in accounting policies - recognition of share-based compensation (Note 2(a))	—	7,390	(7,390)	—	—
Balance at 1st January 2005, as restated	3,323,100	4,740,993	(1,838,815)	2,726	6,228,004
Currency translation differences	—	(744)	—	—	(744)
Profit for the period	—	—	250,312	(225)	250,087
Employee share option benefits	—	2,568	—	—	2,568
Dividend relating to 2004	—	—	(83,078)	—	(83,078)
Contribution from minority shareholders of a subsidiary	—	—	—	3,832	3,832
Balance at 30th June 2005	3,323,100	4,742,817	(1,671,581)	6,333	6,400,669



Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2005

	For the six months ended 30th June	
	2005 Unaudited RMB'000	2004 Audited RMB'000
Net cash generated from operating activities	99,887	384,876
Net cash used in investing activities	(559,785)	(384,857)
Net cash generated from financing activities	6,909	205,178
Net (decrease)/increase in cash and cash equivalents	(452,989)	205,197
Cash and cash equivalents at 1st January (Note)	3,064,224	121,720
Cash and cash equivalents at 30th June	2,611,235	326,917
Analysis of balances of cash and cash equivalents		
Cash at bank and in hand	2,611,235	326,917

Note: Increase in cash and cash equivalents during the period is mainly due to the receipt of proceeds from the Company's initial public offering in October 2004.

Notes to the Condensed Consolidated Financial Information

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2004.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st December 2004 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards (collectively "new HKFRS") which are effective for accounting periods commencing on or after 1st January 2005.

This interim financial information has been prepared in accordance with those HKFRS standards and interpretations issued and effective as at the time of preparing this information. The HKFRS standards and interpretations that will be applicable at 31st December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial information.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in Note 2 below.

2 CHANGES IN ACCOUNTING POLICIES

(a) Effect of adopting new HKFRS

In 2005, the Group adopted the new HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share

Notes to the Condensed Consolidated Financial Information

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Effect of adopting new HKFRS *(Continued)*

HKAS 36	Impairment of Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS-Int 12	Scope of HKAS-Int 12 Consolidation – Special Purpose Entities
HKAS-Int 15	Operating Leases - Incentives
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 17, 21, 23, 24, 27, 28, 33, 36 and HKAS-Ints 12 and 15 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interests, share of net after-tax results of associated company and other disclosures.

- HKASs 2, 7, 8, 10, 16, 17, 23, 27, 28, 33, 36 and HKAS-Ints 12 and 15 had no material effect on the Group's policies.

- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.

- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31st December 2004, the provision of share options to employees did not result in an expense in the profit and loss account. Effective on 1st January 2005, the Group expenses the cost of share options in the profit and loss account. As a transitional provision, the cost of share options granted after 7th November 2002 and had not yet vested on 1st January 2005 was expensed retrospectively in the profit and loss account of the respective periods (Note 2.7).

The adoption of HKFRS 3 has no material effect to the Group.

Notes to the Condensed Consolidated Financial Information

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Effect of adopting new HKFRS *(Continued)*

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

- HKAS-Int 15 – does not require the recognition of incentives for leases beginning before 1st January 2005.
- HKFRS 2 – only retrospective application for all equity instruments granted after 7th November 2002 and not vested at 1st January 2005; and
- HKFRS 3 – prospectively after the adoption date.

The adoption of HKFRS 2 resulted in:

	As at	
	30th June 2005 RMB'000	31st December 2004 RMB'000
Increase in other reserves	**2,568**	7,390
Increase in accumulated losses	**(2,568)**	(7,390)

	For the year ended 31st December	For the six months ended 30th June	
	2004 RMB'000	**2005 RMB'000**	2004 RMB'000
Increase in staff costs	7,390	**2,568**	—

There was no significant impact on the basic and diluted earnings per share from the adoption of HKFRS 2.

No early adoption of the following new Standards or Interpretations that have been issued but are not yet effective. The adoption of such Standards or Interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 3	Emission Rights
HKFRS-Int 4	Determining whether an Arrangement contains a Lease
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

Notes to the Condensed Consolidated Financial Information

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) New Accounting Policies

The accounting policies used for the condensed consolidated financial information for the six months ended 30th June 2005 are the same as those set out in Note 3 to the annual financial statements for the year ended 31st December 2004 except for the following:

2.1 Acquisition of subsidiaries and associated companies

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

An investment in an associated company is accounted for using the equity method from the date on which it becomes an associated company. On acquisition of the investment, the measurement and recognition of goodwill is the same as that of goodwill arising from the acquisition of subsidiaries. Goodwill relating to an associated company is included in the carrying amount of the investment. Appropriate adjustments to the investor's share of the profits or losses after acquisition are made to accounts based on their fair values at the date of acquisition.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The Company maintains its books and records in Hong Kong Dollars ("HK$") while all other group companies and the associated company maintain their books and records in Renminbi ("RMB"). The principal activities of the Group are transacted in RMB and accordingly the consolidated financial statements are presented in RMB, which is the Group's functional and presentation currency.

(b) Transactions and balances

Transactions denominated in currencies other than RMB are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than RMB are recognised in the profit and loss account.

Notes to the Condensed Consolidated Financial Information

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2 Foreign currency translation *(Continued)*

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, the financial statements of the Company denominated in HK$ are translated into RMB at the applicable rates of exchange ruling at the balance sheet date. The resulting differences are taken to shareholders' equity.

2.3 Property, plant and equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2.4 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.5 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

Notes to the Condensed Consolidated Financial Information

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.6 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.7 Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.8 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost–recovery basis as conditions warrant.

Notes to the Condensed Consolidated Financial Information

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Property, plant and equipment, depreciation and valuation

Property, plant and equipment other than construction in progress are revalued by independent valuers on a regular basis with an interval of not more than five years. In the intervening years the Directors review the carrying values and adjustment is made where there has been a material change. In arriving at the valuation, assumptions and economic estimates have to be made.

Management determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment, other than construction in progress. Management will revise the depreciation charge where useful lives are different to previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Provision for trade receivables, prepayments and other receivables

Trade receivables, prepayments and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of trade receivables, prepayments and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account. In determining whether any of the trade receivables, prepayments and other receivables is impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent by all means to which the amount will be recovered.

Notes to the Condensed Consolidated Financial Information

4 TURNOVER, REVENUES AND SEGMENT INFORMATION

The Group is principally engaged in the generation and sale of electricity, and the development of power plants. Revenues recognised during the period are as follows:

	For the six months ended 30th June	
	2005 Unaudited RMB'000	2004 Audited RMB'000
Turnover		
Sales of electricity	**1,645,742**	1,664,927
Other revenues		
Management fee income	**7,778**	—
Rental income	**1,081**	1,066
Interest income	**19,227**	957
	28,086	2,023
Total revenues	**1,673,828**	1,666,950

Segment information

The Group's principal activities are the generation and sale of electricity, and the development of power plants as a single business segment. Substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the People's Republic of China (the "PRC") except that certain cash and bank balances equivalent to approximately RMB2,213 million were deposited in certain banks in Hong Kong at 30th June 2005 (31st December 2004: approximately RMB2,552 million). Accordingly, no segment information is presented.

Notes to the Condensed Consolidated Financial Information

5 OPERATING PROFIT

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

	For the six months ended 30th June	
	2005 Unaudited RMB'000	2004 Audited RMB'000
Depreciation of property, plant and equipment (Note 10)	146,047	187,710
Staff costs	116,106	115,910
Operating lease rental in respect of		
- equipment	2,470	1,358
- leasehold land and buildings	7,769	—
Write-off of pre-operating expenses	10,163	3,518
Write-back of provision for other receivables	(4,018)	—
Write-back of other payables	(24,440)	—

6 FINANCE COSTS

	For the six months ended 30th June	
	2005 Unaudited RMB'000	2004 Audited RMB'000
Interest expense on bank borrowings		
- wholly repayable within five years	37,215	24,116
- not wholly repayable within five years	19,937	19,958
Less: Amounts capitalised in property, plant and equipment	(21,151)	(3,976)
	36,001	40,098

Notes to the Condensed Consolidated Financial Information

7 TAXATION

No Hong Kong profits tax has been provided as the Group did not have any assessable profit in Hong Kong for the period (2004: Nil).

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

The amount of taxation charged to the consolidated profit and loss account represents:

	For the six months ended 30th June	
	2005	2004
	Unaudited	Audited
	RMB'000	RMB'000
PRC current income tax	**32,930**	24,658
Deferred taxation	**603**	—
	33,533	24,658

Share of taxation attributable to the associated company for the six months ended 30th June 2005 of RMB10,193,000 (2004: RMB6,838,000) are included in the consolidated profit and loss account as share of profit of an associated company.

Pursuant to the relevant PRC income tax rules and regulations, a special income tax rate of 15% has been granted to certain subsidiaries of the Group and the associated company as being foreign invested enterprises which are engaged in the energy, transportation or infrastructure activities. In addition, being sino-foreign joint venture enterprises historically and as approved by the respective local tax bureaus, these companies are entitled to a two-year exemption from income tax starting from their first profit-making year and followed by a 50% reduction in income tax for the subsequent three years. The tax rate applicable to these companies for the period ended 30th June 2005 is 15% (2004: 7.5%).

Notes to the Condensed Consolidated Financial Information

8 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months period ended 30th June 2005 are based on the profit attributable to equity holders of the Company for the period of RMB250,312,000. The basic earnings per share is based on the weighted average of 3,135,000,000 shares in issue during the period and the diluted earnings per share is based on 3,135,000,000 shares, which is the weighted average number of shares in issue during the period, plus the weighted average number of 804,188 shares deemed to be issued at no consideration if all outstanding options had been exercised.

The calculation of basic earnings per share for the period ended 30th June 2004 is based on the profit attributable to equity holders of the Company for the period of RMB369,969,000 and the weighted average number of 2,100,000,000 shares.

9 DIVIDEND

At a meeting held on 14th March 2005 the Directors proposed a final dividend of HK$0.025 per share (equivalent to RMB0.0265 per share) for the year ended 31st December 2004, which was paid on 10th May 2005 and has been reflected as an appropriation of reserves for the six months ended 30th June 2005.

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2005 (2004: Nil).

Notes to the Condensed Consolidated Financial Information

10 CAPITAL EXPENDITURE

	Property, plant and equipment RMB'000	Prepayment for construction of power plants RMB'000
Opening net book amount as at 1st January 2005	3,526,136	614,126
Additions	342,799	248,659
Disposals	(692)	—
Depreciation	(146,047)	—
Closing net book amount as at 30th June 2005	3,722,196	862,785
Opening net book amount as at 1st January 2004	3,495,789	—
Additions	62,828	323,262
Disposals	(289)	—
Depreciation	(187,710)	—
Closing net book amount as at 30th June 2004	3,370,618	323,262
Additions	304,050	290,864
Disposals	(3,123)	—
Depreciation	(137,931)	—
Write-off	(7,478)	—
Closing net book amount as at 31st December 2004	3,526,136	614,126

Notes to the Condensed Consolidated Financial Information

11 ACCOUNTS RECEIVABLE

	As at	
	30th June 2005 Unaudited RMB'000	31st December 2004 Audited RMB'000
Accounts receivable from provincial power companies (note a)	560,572	411,494
Bills receivable (note b)	151,443	232,689
	712,015	644,183

Note:

(a) The Group normally grants 30 to 60 days credit period to the provincial power companies from the end of the month in which sales are made. The ageing analysis of the accounts receivable is as follows:

	As at	
	30th June 2005 Unaudited RMB'000	31st December 2004 Audited RMB'000
1 to 3 months	490,241	411,494
4 to 6 months	70,331	—
	560,572	411,494

(b) Bills receivable are normally with maturity period of 90 to 180 days (2004: 90 to 180 days).

12 PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

Included in prepayments, deposits, other receivables and other current assets as at 30th June 2005 was an amount of RMB65,211,000 (2004: Nil) relating to certain payments for coal purchases. During the period, a subsidiary of the Group was required to pay certain of its coal purchases in excess of the amounts calculated in accordance with the rates as promulgated by the National Development and Reform Commission of the PRC (the "NDRC"), and billed by the suppliers, in order to secure the coal supply. The Directors are of the opinion that given the nature of the payments, and following the implementation of the current pricing policies of coal as set out by the NDRC, such payments should be regarded as prepayments which can be fully recovered in the future.

Notes to the Condensed Consolidated Financial Information

13 SHARE CAPITAL

(a) Authorised and issued capital

	As at 30th June 2005 Unaudited RMB'000	As at 31st December 2004 Audited RMB'000
Authorised:		
10,000,000,000 shares of HK$1 each	**10,600,000**	10,600,000
Issued and fully paid:		
3,135,000,000 shares of HK$1 each	**3,323,100**	3,323,100

(b) Share option schemes

Pursuant to the written resolutions passed by the shareholders of the Company on 24th August 2004, two share option schemes, namely, Share Option Scheme (the "Option Scheme"), and Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") were approved and adopted by the Company.

(i) Share Option Scheme

No option was granted by the Company under the Option Scheme since its adoption.

(ii) Pre-IPO Share Option Scheme

Details of the options granted under the Pre-IPO Scheme outstanding as at 30th June 2005 and 31st December 2004 are as follows:

	Date of grant	Expiry date	Exercise price	Number of shares subject to the options
Directors	18th September 2004	17th September 2014	HK$2.53	4,361,500
Senior management	18th September 2004	17th September 2014	HK$2.53	4,320,000
Other employees	11th October 2004	10th October 2014	HK$2.53	3,553,000
				12,234,500

During the period, no share options were granted or cancelled. None of the above options were exercised since granted. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Notes to the Condensed Consolidated Financial Information

14 RESERVES

	Share premium RMB'000	Merger reserve (note (i)) RMB'000	Capital reserve (note (ii)) RMB'000	Revaluation reserve RMB'000	Statutory reserves (note (iii)) RMB'000	Exchange reserve RMB'000	Share-based compensation reserve RMB'000	Accumulated losses (note (iv)) RMB'000	Total RMB'000
At 1st January 2004	—	282,500	2,293,848	443,762	137,972	—	—	(1,980,898)	1,177,184
Contribution from owner	—	68,189	—	—	—	—	—	—	68,189
Share issuance expenses	(34,312)	—	—	—	—	—	—	—	(34,312)
Profit for the period	—	—	—	—	—	—	—	369,969	369,969
At 30th June 2004	(34,312)	350,689	2,293,848	443,762	137,972	—	—	(1,610,929)	1,581,030
At 1st July 2004	(34,312)	350,689	2,293,848	443,762	137,972	—	—	(1,610,929)	1,581,030
Contribution from owner	—	(294)	—	—	—	—	—	—	(294)
Premium on issue of shares	1,678,563	—	—	—	—	—	—	—	1,678,563
Share issuance expenses	(136,625)	—	—	—	—	—	—	—	(136,625)
Profit for the period	—	—	—	—	—	—	—	265,844	265,844
Profit distributions	—	—	—	—	—	—	—	(377,230)	(377,230)
Profit distributions of an associated company	—	—	—	—	—	—	—	(116,500)	(116,500)
At 31st December 2004, as previously reported	1,507,626	350,395	2,293,848	443,762	137,972	—	—	(1,838,815)	2,894,788
Effect of change in accounting policies - Recognition of share-based compensation	—	—	—	—	—	—	7,390	—	7,390
At 31st December 2004, as restated	1,507,626	350,395	2,293,848	443,762	137,972	—	7,390	(1,838,815)	2,902,178
At 1st January 2005, as per above	1,507,626	350,395	2,293,848	443,762	137,972	—	7,390	(1,838,815)	2,902,178
Exchange differences on translation	—	—	—	—	—	(744)	—	—	(744)
Recognition of share-based compensation	—	—	—	—	—	—	2,568	—	2,568
Profit for the period	—	—	—	—	—	—	—	250,312	250,312
2004 final dividend (Note 9)	—	—	—	—	—	—	—	(83,078)	(83,078)
At 30th June 2005	1,507,626	350,395	2,293,848	443,762	137,972	(744)	9,958	(1,671,581)	3,071,236

Notes to the Condensed Consolidated Financial Information

14 RESERVES *(Continued)*

Note:

(i) Merger reserve

The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the registered capital of the subsidiaries transferred to the Company pursuant to the reorganisation of the Group took place in 2004.

(ii) Capital reserve

Capital reserve represents the difference between the fair value of the net assets injected by the then owner of the subsidiaries of the Group and the associated company; and the registered capital of these companies upon their establishment.

(iii) Statutory reserves

Statutory reserves are non-distributable and the transfers to these funds are determined by the board of directors of the relevant PRC subsidiaries and associated company in accordance with the relevant laws and regulations in the PRC.

(iv) Accumulated losses

Accumulated losses retained by the Company and subsidiaries and the associated company mainly represent deficits from revaluation of certain property, plant and equipment of certain subsidiaries and the associated company which have been accounted for in the Group's consolidated profit and loss account in prior years. In the local statutory accounts of the relevant subsidiaries and associated company, revaluation deficits have been dealt with in the respective company's capital reserves in accordance with the relevant local accounting rules and regulations. Profit distributions made by these companies were based on the distributable reserves as reported in the statutory accounts of the respective companies.

15 ACCOUNTS PAYABLE

	As at	
	30th June 2005 Unaudited RMB'000	31st December 2004 Audited RMB'000
Accounts payable	**153,026**	202,460
Amounts due to related parties (Note 17 (iv))	**28,716**	34,758
	181,742	237,218

Notes to the Condensed Consolidated Financial Information

15 ACCOUNTS PAYABLE *(Continued)*

The normal credit period for accounts payable generally ranges from 60 to 180 days. At 30th June 2005 and 31st December 2004, the ageing analysis of the accounts payables (including amounts due to related parties of trading in nature) is as follows:

	As at	
	30th June 2005 Unaudited RMB'000	31st December 2004 Audited RMB'000
1 to 6 months	**153,903**	188,106
7 to 12 months	**15,040**	24,550
Over 1 year	**12,799**	24,562
	181,742	237,218

16 COMMITMENTS

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	As at	
	30th June 2005 Unaudited RMB'000	31st December 2004 Audited RMB'000
Property, plant and equipment		
Contracted but not provided for	**6,941,252**	4,678,114
Authorised but not contracted for	**50,087**	6,894
	6,991,339	4,685,008

Notes to the Condensed Consolidated Financial Information

16 COMMITMENTS *(Continued)*

(b) Commitments under operating leases

Future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	As at	
	30th June 2005 Unaudited RMB'000	31st December 2004 Audited RMB'000
Land and buildings		
Not later than one year	14,785	15,066
Later than one year and not later than five years	16,453	26,870
	31,238	41,936

(c) Future operating lease arrangements

Future aggregate minimum lease receipts under non-cancelable operating leases in respect of buildings are as follows:

	As at	
	30th June 2005 Unaudited RMB'000	31st December 2004 Audited RMB'000
Not later than one year	1,971	1,930
Later than one year and not later than five years	1,092	1,900
	3,063	3,830

Notes to the Condensed Consolidated Financial Information

17 RELATED-PARTY TRANSACTIONS

The Group is controlled by China Power Investment Corporation (中國電力投資集團) ("CPI Group" or the "ultimate holding company"), a company established in the PRC, which owns approximately 63.68% of the Company's shares. The remaining interests are widely held. The Directors regard China Power Investment Corporation as being the ultimate holding company.

Related parties refer to entities in which CPI Group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or Directors or officers of the Company. Given that the PRC government still owns a significant portion of the productive assets in the PRC despite the continuous reform of the government structure, the majority of the Group's business activities had been conducted with enterprises directly or indirectly owned or controlled by the PRC government ("state-owned enterprises"), including CPI Group, its subsidiaries, associated companies and jointly controlled entities in the ordinary course of business. In accordance with the revised HKAS 24, "Related Party Disclosures" ("HKAS 24"), state-owned enterprises and their subsidiaries, other than entities under CPI Group (also a state-owned enterprise), directly or indirectly controlled by the PRC government are also defined as related parties of the Group. Neither CPI Group nor the PRC government has published financial statements.

The major related parties that had transactions with the Group were as follows:

Related parties	Relationship with the Company
CPI Group	Ultimate holding company
China Power International Holding Limited ("CPIH")	An intermediate holding company
中國電力投資集團公司工程建設管理分公司 (China Power Investment Corporation Construction Project Management Branch) ("CPI Management Company")	A branch of CPI Group
Other related companies	Companies owned by certain individuals who are also employees or operational managers of certain subsidiaries of the Group
Other state-owned enterprises	Related parties of the Company as defined under HKAS 24

Notes to the Condensed Consolidated Financial Information

17 RELATED-PARTY TRANSACTIONS *(Continued)*

Significant transactions with related companies which, in the opinion of the Directors, were carried out in the normal course of the Group's business are as follows:

(i) Revenues

		For the six months ended 30th June	
		2005	2004
		Unaudited	Audited
		RMB'000	RMB'000
Management fee from CPIH	(a)	**7,778**	—
Sales of electricity to other state-owned enterprises	(b)	**1,645,742**	1,664,927

(a) Management fee from CPIH in connection with the Group's services rendered for management of certain power plants on behalf of CPIH was charged in accordance with the terms of the relevant agreements.

(b) Pursuant to the power purchase agreements entered into between the Group and the respective provincial power companies, which are regarded as state-owned enterprises, all the Group's sales of electric power were made to those power grid companies. Whilst these companies are related parties to the Group as defined under HKAS 24, the Directors are of the opinion that each party is operating independently; and the tariff rates are to be agreed with the respective power grid companies, subject to the approval of the relevant government authorities.

(ii) Expenses

		For the six months ended 30th June	
		2005	2004
		Unaudited	Audited
		RMB'000	RMB'000
Operating lease rental in respect of land to CPI Group	(a)	**6,155**	—
Purchases of fuel, raw materials and spare parts from other related companies	(b)	**26,014**	118,224
Services fees to other related companies	(c)	**47,322**	47,534
Construction costs to other related companies	(d)	**3,970**	94
Purchases of coal from other state-owned enterprises	(e)	**827,871**	650,361

(a) Rental expense in respect of certain land leased from CPI Group was charged in accordance with the terms of the relevant agreements.

(b) Purchases of goods were charged in accordance with the terms of the relevant agreements.

Notes to the Condensed Consolidated Financial Information

17 RELATED-PARTY TRANSACTIONS *(Continued)*

(ii) Expenses *(Continued)*

(c) Services fees mainly related to repair and maintenance services and transportation services which were carried out at mutually agreed prices.

(d) Construction costs were payable in accordance with the terms of contracts.

(e) Purchases of coal from other state-owned enterprises were charged in accordance with the terms of the relevant agreements.

(iii) Key management compensation

	For the six months ended 30th June	
	2005	2004
	Unaudited	Audited
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**4,840**	1,671
Other long-term benefits	**23**	58
Share-based payments	**1,871**	—
	6,734	1,729

(iv) Period-end balances arising from sales/purchases of goods/services

	As at	
	30th June	31st December
	2005	2004
	Unaudited	Audited
	RMB'000	RMB'000
Receivable from CPIH included in prepayments, deposits, other receivables and other current assets	**5,646**	15,352
Prepayment for construction contracts to CPI Management Company	**10,200**	—
Accounts receivable from other state-owned enterprises (Note 11)	**712,015**	644,183
Prepayments to other state-owned enterprises (Note 12)	**65,211**	—
Accounts payable to other state-owned enterprises	**82,480**	78,331
Payables to related parties (Note 15)	**28,716**	34,758

Balances with related parties are unsecured, interest free and will be settled in accordance with the respective trading terms.

Notes to the Condensed Consolidated Financial Information

18 EVENTS AFTER THE BALANCE SHEET DATE

Business combinations

Pursuant to an acquisition agreement entered into between the Company and China Power Development Limited ("CPDL"), the immediate holding company of the Company, on 9th June 2005, the Company is to acquire the entire share capital of Tianze Development Limited ("Tianze") from CPDL, representing the power generation business of Shentou Number One Power Generation Plant (the "Proposed Acquisition"), at a consideration of RMB 560 million subject to certain adjustments upon completion of the Proposed Acquisition. Tianze is a wholly owned subsidiary of CPDL which in turn is also a wholly owned subsidiary of CPI Group. The Proposed Acquisition has not been completed up to the date of this report.

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INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 15 to 41.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standard 700 "Engagements to Review Interim Financial Reports" issued by the HKICPA. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June 2005.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17th August 2005