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 2008

Financial Highlights

- Turnover amounted to approximately RMB4,043,212,000, representing an increase of approximately 47.29% over the corresponding period last year.
- Loss attributable to equity holders of the Company is approximately RMB249,382,000, representing a decrease of approximately RMB318,985,000 as compared with the profit for the corresponding period last year.
- The basic loss per share is approximately RMB0.07, representing a decrease of approximately RMB0.09 as compared with the basic earnings per share of RMB0.02 for the corresponding period last year.

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") for the six months ended 30 June 2008 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 and PricewaterhouseCoopers.

CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Note	**Unaudited Six months ended 30 June 2008** *RMB'000*	**2007** *RMB'000*
Turnover	3	**4,043,212**	2,745,013
Other income	4	**4,315**	21,207
Fuel costs		**(3,036,003)**	(1,780,809)
Depreciation		**(343,143)**	(219,449)
Staff costs		**(176,032)**	(160,883)
Repairs and maintenance		**(190,477)**	(140,656)
Consumables		**(42,808)**	(36,731)
Other gains	5	**3,526**	3,828
Other operating expenses		**(239,164)**	(203,343)
Operating profit	6	**23,426**	228,177
Interest income from bank deposits		**6,039**	15,362
Finance costs	7	**(261,637)**	(69,136)
Share of losses of associated companies		**(3,666)**	(105,530)
Share of loss of a jointly controlled entity		**(928)**	—
Gain on deemed disposal of interest in an associated company		**—**	28,847
(Loss)/profit before taxation		**(236,766)**	97,720
Taxation	8	**(12,983)**	(28,385)
(Loss)/profit for the period		**(249,749)**	69,335
Attributable to:			
Equity holders of the Company		**(249,382)**	69,603
Minority interests		**(367)**	(268)
		(249,749)	69,335
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the period (expressed in RMB per share)			
— basic	9	**(0.07)**	0.02
— diluted	9	**(0.07)**	0.02

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2008

	Note	As at 30 June 2008 *Unaudited* *RMB'000*	As at 31 December 2007 *Audited* *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**15,732,387**	14,594,556
Prepayment for construction of power plants		**—**	881,858
Land use rights		**42,886**	43,334
Goodwill		**166,939**	166,939
Interest in an associated company		**843,627**	847,294
Interest in a jointly controlled entity		**29,072**	—
Available-for-sale financial assets		**2,115,423**	3,775,865
Other long-term prepayments		**27,645**	58,668
		18,957,979	20,368,514
Current assets			
Inventories		**384,325**	277,843
Accounts receivable	11	**1,015,998**	1,283,074
Prepayments, deposits and other receivables		**277,113**	175,404
Amount due from an intermediate holding company		**—**	3,821
Amounts due from fellow subsidiaries		**70,918**	41,341
Dividends receivable from an associated company		**65,699**	65,699
Tax recoverable		**3,196**	—
Cash and cash equivalents		**970,764**	734,057
		2,788,013	2,581,239
Total assets		**21,745,992**	22,949,753

	Note	As at 30 June 2008 Unaudited RMB'000	As at 31 December 2007 Audited RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**3,798,610**	3,798,610
Share premium		**2,755,361**	2,755,361
Reserves		**2,646,041**	4,580,918
		9,200,012	11,134,889
Minority interests		**81,491**	44,458
Total equity		**9,281,503**	11,179,347
LIABILITIES			
Non-current liabilities			
Deferred income		**75,150**	163,028
Long-term bank borrowings		**9,168,150**	7,706,350
Long-term payable to CPI Financial Company ("CPIF")		**270,295**	270,295
Deferred income tax liabilities		**61,908**	227,362
		9,575,503	8,367,035
Current liabilities			
Accounts payable	12	**501,961**	428,630
Construction cost payable		**954,729**	1,322,781
Other payables and accrued charges		**343,660**	318,813
Amount due to ultimate holding company		**88,196**	81,471
Amount due to an intermediate holding company		**483**	—
Amounts due to fellow subsidiaries		**96,410**	26,163
Current portion of long-term bank borrowings		**170,000**	466,000
Short-term bank and other borrowings		**595,000**	605,000
Current portion of long-term payable to CPIF		**129,030**	127,863
Taxation payable		**9,517**	26,650
		2,888,986	3,403,371
Total liabilities		**12,464,489**	11,770,406
Total equity and liabilities		**21,745,992**	22,949,753
Net current liabilities		**(100,973)**	(822,132)
Total assets less current liabilities		**18,857,006**	19,546,382

Notes:

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 2008 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 2007.

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. Under these circumstances, the directors consider that it is proper to prepare the condensed consolidated interim financial information on a going concern basis notwithstanding that at 30 June 2008, the Group's current liabilities exceeded its current assets by RMB100,973,000.

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 2007, except that the following interpretations are mandatory for financial year ending 31 December 2008.

HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

The following new standards, amendments to standards and interpretations have been issued but are not effective for this interim period and have not been early adopted:

HKAS 1 (Revsied)	Presentation of Financial Statements
HKAS 23 (Amendment)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligation Arising on Liquidation
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combination
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes

The effect that the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) will have on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after 1 January 2010.

The directors anticipate that the adoption of other new standards, amendments to standards and interpretations in future periods will have no significant financial impact to the Group.

3 TURNOVER AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Unaudited	
	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
Sales of electricity to regional and provincial power grid companies *(note (a))*	**3,805,036**	2,745,013
Provision for power generation services *(note (b))*	**238,176**	—
	4,043,212	2,745,013

Notes:

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

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

Segment information

The Group's principal activities are the generation and sale of electricity, investment holdings and the development of power plants as a single business segment. Substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC except that certain cash and bank balances equivalent to approximately RMB149 million were deposited in certain banks in Hong Kong at 30 June 2008 (31 December 2007: approximately RMB417 million). Accordingly, no segment information is presented.

4 OTHER INCOME

	Unaudited Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
Management fee income	**4,049**	4,961
Rental income	**266**	4,628
Repairs and maintenance services fee income *(note)*	**—**	11,618
	4,315	21,207

Note: Repairs and maintenance services fee income represented income derived from the relevant subsidiaries of the Group which had been disposed of by end of year 2007.

5 OTHER GAINS

	Unaudited Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
Amortisation of deferred income	**3,526**	3,763
Gain on disposal of property, plant and equipment	**—**	65
	3,526	3,828

6 OPERATING PROFIT

Operating profit is stated after charging the following:

	Unaudited Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
Amortisation of land use rights	**448**	256
Depreciation of property, plant and equipment	**343,143**	219,449
Operating lease rental in respect of		
— equipment	**—**	225
— leasehold land and buildings	**17,117**	15,566
Staff costs including directors' emoluments	**176,032**	160,883
Write-off of pre-operating expenses	**2,588**	8,076

7 FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
Interest expense on		
— bank borrowings wholly repayable within five years	**57,482**	90,606
— bank borrowings not wholly repayable within five years	**267,844**	115,951
— other borrowings wholly repayable within five years	**—**	2,330
— long-term payable to related companies wholly repayable within five years	**9,035**	8,983
	334,361	217,870
Less: Amounts capitalised in property, plant and equipment	**(92,225)**	(157,566)
	242,136	60,304
Net exchange losses	**19,501**	8,832
	261,637	69,136

Amounts capitalised are borrowing costs related to funds borrowed specifically for the purpose of obtaining qualifying assets. The weighted average interest rate on such capitalised borrowings is approximately 6.6% (2007: 5.9%) 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 (2007: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2007: 33%) on the estimated assessable income for the period except as disclosed below.

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

	Unaudited	
	Six months ended 30 June	
	2008	**2007**
	RMB'000	*RMB'000*
PRC current income tax	**12,394**	30,663
Deferred taxation	**589**	(2,278)
	12,983	28,385

Share of taxation attributable to associated companies for the period ended 30 June 2008 of RMB140,000 (2007: RMB11,784,000) is included in the Group's as share of losses 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 the associated company as being foreign invested enterprises which are engaged in the energy, transportation or infrastructure activities. These companies are subject to a tax rate of 18% for the year 2008 (2007: 15%) followed by tax rates gradually increased from 20% to 25% in the ensuing four years towards 2012. A subsidiary acquired by the Group in year 2005 will be subject to tax rates gradually increased from 9% for the year 2008 (2007: 7.5%) to 25% in the ensuing four years towards 2012. A subsidiary of the Group that started operations in 2007 entitled to a two-year exemption from income tax starting year 2007 followed by a 50% reduction in income tax rate towards year 2011 at rates gradually increased from 10% to 12%, and at 25% thereafter. Certain subsidiaries of the Group that started operations in 2008 also entitled to a two-year exemption from income tax starting year 2008 followed by a 50% reduction in income tax rate towards year 2012 at rates gradually increased from 11% to 12.5%, and at 25% thereafter.

9 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/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	
	2008	**2007**
(Loss)/profit attributable to equity holders of the Company (RMB'000)	**(249,382)**	69,603
Weighted average number of shares in issue (shares in thousands)	**3,605,611**	3,605,515
Basic (loss)/earnings per share (RMB)	**(0.07)**	0.02

(b) **Diluted**

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

	Unaudited	
	Six months ended 30 June	
	2008	**2007**
(Loss)/profit attributable to equity holders of the Company (RMB'000)	**(249,382)**	69,603
Weighted average number of shares in issue (shares in thousands)	**3,605,611**	3,605,515
Adjustment for share options (shares in thousands)	**392**	4,411
Adjusted weighted average number of shares for diluted (loss)/earnings per share (shares in thousands)	**3,606,003**	3,609,926
Diluted (loss)/earnings per share (RMB)	**(0.07)**	0.02

10 DIVIDEND

At a meeting held on 14 April 2008 the directors proposed a final dividend of RMB0.054 per share for the year ended 31 December 2007, which was paid on 16 June 2008, and has been reflected as an appropriation of reserves for the six months ended 30 June 2008.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

11 ACCOUNTS RECEIVABLE

	As at	
	30 June 2008	**31 December 2007**
	Unaudited	*Audited*
	RMB'000	*RMB'000*
Accounts receivable from regional and provincial power grid companies *(note (a))*	**842,208**	798,887
Accounts receivable from other companies *(note (a))*	**48,821**	62,467
	891,029	861,354
Notes receivable *(note (b))*	**124,969**	421,720
	1,015,998	1,283,074

The carrying value of accounts and notes receivable approximate their fair values due to their short-term maturity. All accounts and notes receivable 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 2008 *Unaudited* *RMB'000*	As at 31 December 2007 *Audited* *RMB'000*
1 to 3 months	**890,380**	844,762
4 to 6 months	**—**	16,169
7 to 9 months	**649**	423
	891,029	861,354

(b) The notes receivable are normally with maturity period of 90 to 180 days (2007: 90 to 180 days).

12 ACCOUNTS PAYABLE

	As at 30 June 2008 *Unaudited* *RMB'000*	As at 31 December 2007 *Audited* *RMB'000*
Accounts payable	**418,989**	370,093
Due to related companies	**82,972**	58,537
	501,961	428,630

Accounts payable are denominated in RMB and the carrying amount of accounts payable approximates their fair values due to their short maturity.

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

	As at	
	30 June 2008	**31 December 2007**
	Unaudited	*Audited*
	RMB'000	*RMB'000*
1 to 6 months	**433,980**	420,554
7 to 12 months	**62,484**	880
Over 1 year	**5,497**	7,196
	501,961	428,630

OVERVIEW

The principal business of the Group is to develop, construct, own, operate and manage large power plants and investment holdings in China. As of 30 June 2008, the Group owns and operates the following power plants held by our subsidiaries and an associated company: Anhui Huainan Pingwei Electric Power Generating Company Limited ("Pingwei Power Plant") (100% ownership), Pingdingshan Yaomeng Power Generating Company Limited ("Yaomeng Power Plant") (100% ownership), Shanxi Shentou Electric Power Company Limited ("Shentou I Power Plant") (100% ownership), Huainan Pingwei No.2 Electrical Power Generating Company Limited ("Pingwei Power Plant II") (100% ownership), Pingdingshan Yaomeng No. 2 Power Generating Company Limited ("Yaomeng Power Plant II") (100% ownership) and Huanggang Dabieshan Power Generating Company Limited ("Dabieshan Power Plant") (93% ownership) and Jiangsu Changshu Electric Power Generating Company Limited ("Changshu Power Plant") (50% ownership) which is an associated company. The total installed capacity of these power plants is 8,050 MW, and the Company's attributable installed capacity is 7,390 MW.

The Company also holds shares in Shanghai Electric Power Company Limited ("Shanghai Power") (21.92% ownership). Shanghai Power is a power company, the shares of which are listed on the Shanghai Stock Exchange. As at 30 June 2008, Shanghai Power's attributable installed capacity was 6,603 MW, in which, 1,447 MW was attributable to the Company.

As at 30 June 2008, the Company's total attributable installed capacity was 8,837 MW.

The Company also manages three power plants on behalf of China Power International Holding Limited (a wholly-owned subsidiary of CPI Group) ("CPI Holding"), namely Liaoning Qinghe Electric Power Generating Company Limited ("Qinghe Power Plant") of 800 MW, Wuhu Shaoda Power Development Company Limited ("Wuhu Shaoda Power Plant") of 250 MW and CPI (Wuhu) Power Generating Company Limited of 250 MW, which have a total installed capacity of 1,300 MW.

Business Review for the six months ended 30 June 2008

Turnover of the Group for the six months ended 30 June 2008 was approximately RMB4,043,212,000, representing an increase of approximately 47.29% over the corresponding period last year. Loss attributable to equity holders of the Company was approximately RMB249,382,000, representing a decrease of approximately RMB318,985,000 as compared with the profit for the corresponding period last year. The basic loss per share for the six months ended 30 June 2008 was approximately RMB0.07, representing a decrease of approximately RMB0.09 as compared with the basic earnings per share of RMB0.02 for the corresponding period last year.

Operation environment

During the first half of 2008, the PRC economy continued to develop towards the intended directions of the macro-economic austerity measures with gross domestic product amounted to RMB13,061.9 billion, a year-on-year increase of 10.4%. In general, the PRC economy maintained a steady yet fast growth momentum. The power demand continued to increase substantially but at a slower pace, representing an increase of 11.67% over the corresponding period last year. Utilization hours further declined due to excessive supply as more generating units commenced operation during the first half of 2008. Fuel costs increased significantly due to rising coal prices. Borrowing cost also increased when base rates were raised by the State, whilst tariff has not been increased to the same extent to offset such negative effects. As a result, many coal-fired power plants incurred structural losses under such industry policy. The operations and development of the Group have encountered unprecedented challenges and pressures.

Coal prices increase

During the first half of 2008, the supply of thermal coal remained tight as overall supply shrinked due to closure of coal mines for safety improvement works and limitations of railway transportation capacity as well as rising coal price in the global market. The coal price remained high before it surged again and the coal quality became worse. In order to curb the rising thermal coal prices, National Development and Reform Commission imposed temporary price control measures by requiring all the coal mines to provide thermal coals (including major contracted and non-contracted coal) at ex-mine prices not exceeding the actual settlement prices on 19 June 2008.

To alleviate the operation pressures resulting from the tight coal supply and the substantial increase of coal prices, and to control fuel costs, the Group entered into long-term and medium-term purchase agreements with major local coal producers to expand and secure the supply of coal. Meanwhile, unit coal consumption rate dropped remarkably as the Group beefed up its efforts on energy saving and consumption reduction.

Tariffs hikes

In order to alleviate the production and operational difficulties of power companies, and to ensure power supply and save resources, the National Development and Reform Commission proposed a tariff adjustment plan on 19 June 2008 to be implemented on 1 July 2008. On 20 August 2008, the National Development and Reform Commission further increased the on-grid tariff. After the two tariff adjustments, the tariffs of our power plants were allowed for upward adjustment at relatively higher than the average level and our operational pressures in the second half of the year will be eased.

Power Generation

During the first half of 2008, the gross generation of the Group (excluding the associated company) was approximately 16,869,253 MWh, an increase of approximately 36.89% over the 12,323,591 MWh recorded for the corresponding period last year. Net generation of the Group (excluding the associated company) was approximately 15,730,410 MWh, an increase of approximately 37.61% over the corresponding period last year. The increase of sales was mainly due to additional capacity of new generation units. Besides, as demand for electricity continued to increase, our power plants tried to enhance the management of generating units as well as coal supply to achieve high utilization hours and to control self-use rate so as to increase on-grid power generation.

During the first half of the year, the Group maintained its production activities and significantly reduced its energy consumption. The Group's construction projects and energy-saving and emission reduction projects were in progress as scheduled.

Commissioning of new power generation units

During the first half of 2008, construction of Dabieshan Power Plant, was in progress. Its first 640 MW super-critical generation unit passed full-load trial runs for 168 consecutive hours in late May 2008. The capacity of the Group was further increased and our asset structure and quality were also improved.

The second power generation unit of Dabieshan Power Plant is expected to commence operation in the third quarter of 2008.

Wu Ling Acquisition

On 27 May 2008, the Company entered into a memorandum of understanding with CPI Group, whereby the Company proposed to acquire 63% of the equity interests in Wu Ling Power Corporation ("Wu Ling Power"), being the entire shareholding in Wu Ling Power held by CPI Group ("Proposed Acquisition"). Upon completion of the proposed acquisition, the Company will own 63% of the equity interests in Wu Ling Power.

Currently, Wu Ling Power is principally engaged in the development, production and supply of hydropower in Hunan and Guizhou. As at 31 December 2007, Wu Ling Power had an attributable installed capacity of approximately 3,542 MW. Upon completion of the Proposed Acquisition, the Group's operation scale will be significantly expanded and this may help to embark on the Hunan and the Guizhou power markets with high growth potential.

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. On 17 June 2008, Shanghai Power converted its capital reserve into the share capital on the basis of 2 additional shares for every 10 existing shares. The total number of shares held by the Company was increased by 78,175,250 shares to 469,051,500 shares, whereas the shareholding percentage remained at 21.92%.

The Company recognises its shareholding in Shanghai Power as "Available-for-sale financial assets", with changes of its fair value reflected in the Company's financial statements.

Operating Data of our Operational Power Plants

The following table sets out the operating data of Pingwei Power Plant, Yaomeng Power Plant, Shentou I Power Plant, Pingwei Power Plant II, Yaomeng Power Plant II, Dabieshan Power Plant and Changshu Power Plant for the six months ended 30 June 2008:

	Pingwei Power Plant	Yaomeng Power Plant	Shentou I Power Plant	Pingwei Power Plant II	Yaomeng Power Plant II	Dabieshan Power Plant	Changshu Power Plant
Installed capacity (MW)	1,230	1,210	1,200	1,280	1,260	640	1,230
Average utilization hours(hours)	3,322	2,878	2,791	2,474	2,162	300	2,747
Gross generation (MWh)	4,085,620	3,482,095	3,348,650	3,166,390	2,594,621	191,877	3,379,157
Net generation (MWh)	3,902,418	3,167,660	3,020,621	2,991,260	2,466,522	181,938	3,189,437
Net coal consumption rate (grams/kWh)	326.42	341.38	373.79	316.68	322.41	324.97	335.09

Outlook of the second half of the year

In 2008, the economic climate has been seriously affected by the spreading US subprime crisis, global oil price hike, weakening US dollar as well as severe snow storm and earthquake in China. However, the Chinese economy still maintained its momentum and continued to grow steadily yet fast. The economy of China will develop towards the intended directions of macro-economic austerity measures. For the second half of 2008, it is believed that the Company will face challenges as well as opportunities as the overall demand for electricity will increase quickly in pace with the economic development.

The Group will promote the steady implementation of different development strategies by leveraging on the favourable conditions in such marco-economic environment.

The Group will keep track of the development of the policies on the fuel cost pass-through to reasonably increase the on-grid tariff so as to offset the increase in fuel costs.

The Group will continue to monitor the power markets and energy saving dispatching policy changes and improve its operations and production accordingly.

The Group will further improve energy conservation, emission reduction and environmental protection to establish itself as an “energy conserved, environmental-friendly” enterprise.

The Group will continue to develop corporate culture characterised as “Still water runs deep” and endeavor to build up a harmonious organization.

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

1. To implement strategic development measures, speed up acquisitions and asset structure adjustment as well as the building of new generation units to achieve stable growth of business.

2. To cooperate with coal suppliers and secure reliable supply of fuel so as to effectively control fuel cost.

3. To strengthen budget management, introduce benchmarking management, promote efficiency and effectiveness so as to enhance profitability.

4. To capitalise on energy-saving dispacting policy, increase utilization hours and generate more electricity, accelerate technical upgrades and to reduce coal consumption.

5. To broaden financing channels, expand fund sources, reduce financing cost, improve central management of funds, strengthen cashflow control and financial monitoring.

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover

Turnover of the Group for the six months ended 30 June 2008 was approximately RMB4,043,212,000, representing an increase of approximately 47.29% over RMB2,745,013,000 of the corresponding period last year. The increase in turnover is mainly due to the increase in the installed capacity of newly commissioned units.

Other Income

In the first half of 2008, the Group's other income was approximately RMB4,315,000, representing a decrease of approximately 79.65% as compared with RMB21,207,000 of the corresponding period last year. It was because the Group did not generate any repairs and maintenance services fee income after the transfer of two subsidiaries, Pingwei Maintenance Company* (安徽淮南平圩電力檢修工程有限責任公司) and Yaomeng Engineering Company* (平頂山姚孟電力工程有限責任公司), at the end of last year and the management fee income dropped due to the decrease in installed capacity of managed power plants.

Operating Costs

In the first half of 2008, operating costs of the Group amounted to approximately RMB4,027,627,000, representing an increase of approximately 58.45% over RMB2,541,871,000 of the corresponding period last year.

Fuel Costs

Fuel costs were a major component of the Group's operating costs. In the first half of 2008, the fuel costs of the Group were approximately RMB3,036,003,000, accounting for approximately 75.38% of the total operating costs. Fuel costs increased by approximately 70.48% compared with RMB1,780,809,000 of the corresponding period last year. The increase of fuel cost was mainly attributable to the commencement of operation of the new power generation units, increases in power generation and coal consumption, as well as the increase of average coal price of 27.3% over last year resulting from the surge of coal prices.

In the first half of 2008, the Group's unit fuel cost was approximately RMB193 per MWh, representing an increase of approximately 23.89% over the corresponding period last year.

Depreciation

In the first half of 2008, depreciation of the Group amounted to approximately RMB343,143,000, representing an increase of approximately 56.37% over RMB219,449,000 of the corresponding period last year. The increase in depreciation was attributable to the commissioning of the generation units and the addition of property, plant and equipment.

Staff Costs

In the first half of 2008, staff costs of the Group amounted to approximately RMB176,032,000, representing an increase of approximately 9.42% over RMB160,883,000 of the corresponding period last year. Such increase of staff costs was due to commencement of operation of new generation units and adjustment of remuneration packages.

Repairs and Maintenance

In the first half of 2008, repairs and maintenance costs of the Group amounted to approximately RMB190,477,000, representing an increase of approximately 35.42% over RMB140,656,000 of the corresponding period last year. Such increase was mainly due to the commissioning of the new generation units resulting an increase in expenses on repairs and maintenance.

Other Operating Expenses

In the first half of 2008, other operating expenses of the Group amounted to approximately RMB239,164,000, representing an increase of approximately RMB35,821,000 or approximately 17.62%, over RMB203,343,000 of the corresponding period last year. The reason of such increase was the commissioning of new generation units.

Operating Profit

Operating profit of the Group for the six months ended 30 June 2008 was approximately RMB23,426,000, representing a decrease of approximately 89.73% over the operating profit of RMB228,177,000 of the corresponding period last year.

Interest income from bank deposits

In the first half of 2008, the interest income from bank deposits of the Group was approximately RMB6,039,000, representing a decrease of approximately 60.69% over RMB15,362,000 of the corresponding period last year. It was mainly due to the decrease of bank interest rate.

Finance Costs

For the six months ended 30 June 2008, finance costs of the Group amounted to approximately RMB261,637,000, representing an increase of approximately 278.44% over RMB69,136,000 of the corresponding period last year. The increase was due to the commissioning of the new generation units that ceased a portion of interest capitalisation, which increased the finance costs, as well as the rise of borrowing rate, which increased the interest expenses.

Share of Losses of Associated Companies

The share of losses of the associated companies of the Group in the first half of 2008 was approximately RMB3,666,000, representing a decrease of approximately RMB101,864,000 as compared with the loss of approximately RMB105,530,000 of the corresponding period last year. It was mainly because the results of Shanghai Power were not incorporated into the Group in the first half of 2008 compared with the same period last year, and Shanghai Power is now regarded as the available-for-sale financial asset of the Group instead of an associated company. In addition, loss was incurred by Changshu Power Plant due to higher coal prices.

Taxation

Tax expenses of the Group for the first half of 2008 were approximately RMB12,983,000 representing a decrease of approximately 54.26% over RMB28,385,000 of the corresponding period last year. Such decrease was mainly attributable to the decrease in profit before taxation. There were no tax expenses for Pingwei Power Plant II, Yaomeng Power Plant II and Dabieshan Power Plant. Shentou I Power Plant was in the tax concession period with an applicable tax rate of 9%.

Loss Attributable to Equity Holders of the Company

For the six months ended 30 June 2008, loss attributable to equity holders of the Company was approximately RMB249,382,000, representing a decrease of approximately RMB318,985,000 as compared with the profit of RMB69,603,000 for the corresponding period last year. The decrease was mainly due to the increase in operating cost as a result of a substantial rise of the coal price.

SEGMENT INFORMATION

The Group's principal activities are the generation and sale of electricity, investment holdings and the development of power plants as a single business segment. Substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC except that certain cash and bank balances equivalent to approximately RMB149 million were deposited in certain banks in Hong Kong as at 30 June 2008 (31 December 2007: approximately RMB417 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008, cash and cash equivalents of the Group were approximately RMB970,764,000 (31 December 2007: approximately RMB734,057,000). The Group derived its funds mainly from cash inflow from operating activities, bank borrowings and project finance, whereas the current assets amounted to approximately RMB2,788,013,000 (31 December 2007: approximately RMB2,581,239,000) and the current ratio was 0.97 times (31 December 2007: 0.76 times).

DEBT AND GEARING RATIO

As at 30 June 2008 and 31 December 2007, the gearing ratio of the Group (total borrowings/shareholders' equity) was approximately 112.3% and 82.4% respectively.

CAPITAL EXPENDITURE

In the first half of 2008, capital expenditure of the Group was approximately RMB968,206,000, among which RMB654,063,000 was attributable to construction of power plants, RMB314,143,000 was attributable to addition of equipment and technical upgrade projects for existing units. Sources of funds were mainly from project financing and operating cash flow.

BORROWINGS

As at 30 June 2008, total borrowings of the Group amounted to approximately RMB10,332,475,000 (31 December 2007: approximately RMB9,175,508,000) which consisted of short term bank borrowings of approximately RMB765,000,000, long term bank loans of approximately RMB9,168,150,000 and other borrowings of approximately RMB399,325,000. The interest rates of the Group's bank borrowings will be adjusted in accordance with the applicable regulations of the People's Bank of China, and the current interest rates on the borrowings ranged from 3.6% to 7.5%.

The debts incurred by the Group have been applied on general corporate purposes, including capital expenditure and working capital requirements.

RISK MANAGEMENT

The investment and business operation of the Group are exposed to risks from exchange rates, interest rates, commodity prices and liquidity. The financial and operational risks in the electricity industry have been increased due to significant increase in coal price, the subprime mortgage crisis in the United States, significant fluctuations in the international capital markets, the reinforcement of the austerity measures of China, and the increase in tax rate and interest rate.

The Group currently does not use any derivative instruments to manage such risks. However, to effectively control the risks of the development of the Company, the Group further strengthened its risk management. The Group has implemented all-round risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has a designated risk management department in place for executing the risk management system and the implementation of risk management measures.

FOREIGN EXCHANGE RATE RISK

The Group is principally engaged in business in Mainland China, with most of the Group's transactions denominated in Renminbi. The Group has mainly been exposed to foreign exchange risk related to Hong Kong Dollars. With the increasing intensity in the reform of Renminbi and fluctuation of exchange rate these years, the Group will have certain profit or loss in foreign exchange and the financial positions and operating results of the Group will also be affected. Basically, the assets and liabilities of the Group as well as its business transactions are not exposed to any substantial exchange risks. Apart from certain cash and bank balances, the assets and liabilities of the Group are mainly denominated in Renminbi. The Group obtains Renminbi through sales in the PRC for the settlement of liabilities in Renminbi.

Recently, the further rise of the exchange rate of RMB against US dollars and HK dollars results in higher foreign exchange rate risk. Therefore, the Group has monitored closely the foreign exchange risk, strived to seek effective methods to control these risks and minimise the impacts of foreign exchange rate fluctuation on our profit and interests.

The Group currently does not use any foreign exchange hedging policies or derivative instruments.

INTEREST RATE RISK

The Group's exposure to interest rate risk is mainly attributable to its borrowings and changes in interest rates. Due to the fluctuation of the prevailing market interest rates, borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas borrowings carried at fixed rates expose the Group to fair value interest rate risk. The recent subprime mortgage crisis has also increased inter-bank market offered rates and borrowing cost. The result was tightened corporate credit limit and rising borrowing rates for enterprises which are expected to be raised further. As such, the Group's subsequent borrowing cost will increase.

The Group has not used any derivative contracts or interest rate swaps to hedge its exposure to interest rate risk. However, to reduce the rising capital cost caused by higher interest rates and mitigate financial risk, the Group has actively expanded financing channels and strived for preferential loans to reduce the level of effective interest rate. Meanwhile, the Group has implemented centralised management of capital and unified the capital management of different power plants of the Group to lower capital and interest expenses. In addition, the Group has carried out research on other financial instruments and adopted various risk-controlling measures and endeavoured to minimise interest rate risk.

COMMODITY PRICE RISK

The Group exposes to commodity price risk mainly in relation to the coal price. Currently, the subsidiaries of the Group have entered into coal purchase contracts with coal suppliers in order to reduce their exposure to fluctuations in coal prices. However, the recent upward trend of the thermal coal price, which is expected to further maintain its growth momentum. With significant impacts on our operating results arising from the unprecedented pressure on our operating cost, the Group recorded losses.

Coal price control measure has temporarily alleviated the pressure of rising cost, and the Group will pay attention to the thermal coal price trend and make effort to stabilise its supply. At present, the Group has not managed such price risk by way of forward contracts.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of credit facilities. The Group finances its working capital requirements, repayment of related debts, additions of equipment, construction of power plants and technological upgrades on existing generation units through a combination of internal resources and short-term and long-term bank loans.

As at 30 June 2008, the net current liabilities of the Group amounted to RMB100,973,000 (31 December 2007: approximately RMB822,132,000). The management monitors regularly the Group's current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of committed banking facilities to meet its working capital requirements.

PLEDGE OF ASSETS

As at 30 June 2008, a subsidiary of the Group pledged its machinery with a net book value of approximately RMB505,000,000 to a bank to secure a bank loan in the amount of RMB193,000,000.

CONTINGENT LIABILITIES

As at 30 June 2008, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2008, the Group and its associated company, Changsu Power Plant, had a total of 5,188 full-time employees.

The Group determines the emoluments of its directors and employees based on their respective performance, working experiences, duties and the prevailing market rates. The Group has also implemented performance-based incentive remuneration policy.

The Group provided appropriate emoluments and benefit packages to all employees of its operating power plants based on their respective duties and pursuant to the labour laws and regulations of the PRC.

The Group has set up a mandatory provident fund scheme and made fixed contributions for our Hong Kong employees pursuant to the laws of Hong Kong.

The Group has also established share option schemes for the Group's senior management and key employees so as to motivate and attract high-calibre personnel.

The Group has dynamically developed itself into a self-learning corporation. In order to address the Company's increasing demand for high-calibre employees, we continue to provide training on expertise such as specialized technology and management to our employees pursuant to their personalities and duties.

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 2008.

CODE ON CORPORATE GOVERNANCE

The Corporate Governance Report of the Board has been set out in our 2007 annual report. Save for deviations from Code A.2.1 and A.4, the Company has complied with the code 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 (the "Listing Rules") for the six months ended 30 June 2008.

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 2008.

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, Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec, all of whom are independent non-executive directors. The Audit Committee is chaired by 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 2008 has not been audited but has been reviewed by the Audit Committee of the Company 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 2008 Interim Report will be sent to shareholders of the Company by the end of September 2008 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, 3 September 2008

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

* *English translation is for identification purpose only.*