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CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED
中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 2380)

Announcement of Interim Results for the Six Months ended 30 June 2009

Financial Highlights

- Turnover amounted to approximately RMB4,927,154,000, representing an increase of approximately 21.86% over the corresponding period last year.
- Profit attributable to equity holders of the Company is approximately RMB151,858,000, representing an increase of approximately RMB401,240,000 as compared with the loss for the corresponding period last year.
- The basic earnings per share is approximately RMB0.04, representing an increase of approximately RMB0.11 as compared with the basic loss per share of RMB0.07 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 2009 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 INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2009	2008
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	4,927,154	4,043,212
Other income	4	12,256	4,315
Fuel costs		(3,326,135)	(3,036,003)
Depreciation		(471,094)	(343,143)
Staff costs		(184,769)	(176,032)
Repairs and maintenance		(218,970)	(190,477)
Consumables		(77,966)	(42,808)
Other gains	5	5,074	3,526
Other operating expenses		(200,303)	(239,164)
		<hr/>	<hr/>
Operating profit	6	465,247	23,426
Interest income from bank deposits		6,320	6,039
Finance costs	7	(334,698)	(261,637)
Share of profit/(loss) of an associated company		46,198	(3,666)
Share of loss of a jointly-controlled entity		(2,069)	(928)
		<hr/>	<hr/>
Profit/(loss) before taxation		180,998	(236,766)
Taxation	8	(33,411)	(12,983)
		<hr/>	<hr/>
Profit/(loss) for the period		147,587	(249,749)
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the Company		151,858	(249,382)
Minority interests		(4,271)	(367)
		<hr/>	<hr/>
		147,587	(249,749)
		<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the period (expressed in RMB per share)			
- basic	9	0.04	(0.07)
		<hr/> <hr/>	<hr/> <hr/>
- diluted	9	0.04	(0.07)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Unaudited	
	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the period	147,587	(249,749)
Other comprehensive income/(loss):		
- Fair value gain/(loss) on available-for-sale financial assets, net of tax	1,003,770	(1,494,398)
Total comprehensive income/(loss) for the period	<u>1,151,357</u>	<u>(1,744,147)</u>
Total comprehensive income/(loss) attributable to:		
- equity holders of the Company	1,155,628	(1,743,780)
- minority interests	(4,271)	(367)
	<u>1,151,357</u>	<u>(1,744,147)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009

		As at	
	Note	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		15,561,233	15,617,112
Prepayment for construction of power plants		553,828	377,172
Land use rights		41,991	42,439
Goodwill		126,939	126,939
Interest in an associated company		850,298	804,100
Interest in a jointly-controlled entity		64,062	66,131
Available-for-sale financial assets		2,382,781	1,379,011
Long-term receivable from Hubei Electric Power Corporation (“HEPC”)		34,000	34,000
Other long-term prepayments		15,950	15,950
Deferred income tax assets		34,825	33,341
		19,665,907	18,496,195
Current assets			
Inventories		532,863	499,776
Accounts and notes receivables	11	1,138,866	1,375,156
Prepayments, deposits and other receivables		550,451	499,507
Amount due from an intermediate holding company		—	719
Amounts due from fellow subsidiaries		152,858	198,362
Current portion of long-term receivable from HEPC		34,000	34,000
Tax recoverable		1,196	1,196
Cash and cash equivalents		2,083,125	1,326,818
		4,493,359	3,935,534
Total assets		24,159,266	22,431,729
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		2,680,937	1,519,383
		9,234,908	8,073,354
Minority interests		64,068	68,339
Total equity		9,298,976	8,141,693

		As at	
	Note	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		93,186	97,990
Long-term bank borrowings		9,041,856	9,439,150
Long-term borrowings from ultimate holding company		750,000	—
Long-term payables to CPI Financial Company (“CPIF”)		—	270,295
Obligations under finance lease		208,407	205,155
Deferred income tax liabilities		13,558	11,888
		<u>10,107,007</u>	<u>10,024,478</u>
Current liabilities			
Accounts and bills payables	12	609,316	696,529
Construction cost payable		991,980	1,156,466
Other payables and accrued charges		564,384	418,727
Amount due to ultimate holding company		87,706	68,643
Amount due to an intermediate holding company		1,074	—
Amounts due to fellow subsidiaries		134,635	147,730
Short-term payables to CPIF		270,295	—
Short-term borrowings from CPIF		200,000	100,000
Current portion of long-term bank borrowings		439,350	225,000
Other bank borrowings		—	412,725
Short-term bank borrowings		1,398,500	980,000
Short-term other borrowings		15,000	—
Current portion of obligations under finance lease		14,467	26,857
Taxation payable		26,576	32,881
		<u>4,753,283</u>	<u>4,265,558</u>
Total liabilities		<u>14,860,290</u>	<u>14,290,036</u>
Total equity and liabilities		<u>24,159,266</u>	<u>22,431,729</u>
Net current liabilities		<u>259,924</u>	<u>330,024</u>
Total assets less current liabilities		<u>19,405,983</u>	<u>18,166,171</u>

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 2009 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 financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

In preparing the condensed consolidated interim financial information, the directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As of 30 June 2009, the Group had undrawn committed banking facilities amounting to approximately RMB1,819,700,000 (31 December 2008: RMB1,604,200,000) and will refinance and/or restructure certain short-term loans into long-term loans or to consider alternative sources of financing, where applicable. Under these circumstances, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared the condensed consolidated interim financial information on a going concern basis notwithstanding that at 30 June 2009, the Group’s current liabilities exceeded its current assets by RMB259,924,000.

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 financial statements for the year ended 31 December 2008, except as mentioned below.

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

The following new standards and amendments to standards are mandatory for the financial year ending 31 December 2009.

- HKAS 1 (revised), “Presentation of financial statements”. The revised standard prohibits the presentation of items of income and expenses (that is “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. All “non-owner changes in equity” are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The condensed consolidated interim financial information has been prepared under the revised disclosure requirements.

- HKFRS 8, “Operating segments”. HKFRS 8 replaces HKAS 14, “Segment reporting”. It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of HKFRS 8 has not resulted in a change in the number of reportable segments presented by the Group. The reportable segment remained the “Generation and sales of electricity in the People’s Republic of China (“PRC”)” segment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors and certain senior management who collectively make strategic decisions.

- Amendment to HKFRS 7, “Financial instruments: disclosures”. The amendments increase the disclosure requirements about fair value measurement and amend the disclosure about liquidity risk. The amendments introduce a three-level hierarchy for fair value measurement disclosures about financial instruments and require some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. They also require a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements for the year ending 31 December 2009.

The following amendments to standards and interpretations are also mandatory for the financial year beginning 1 January 2009:

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

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

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

(b) Amendments to standards and interpretations that have been issued but are not effective

The following amendments to standards and interpretations have been issued but are not effective and have not been early adopted:

HKFRSs (Amendment)	Improvements to HKFRSs 2009 ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 3 (Revised)	Business Combinations ¹
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC)-Int 18	Transfer of Assets from Customers ²

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

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

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

3 TURNOVER AND REVENUE

Revenue recognised during the period is as follows:

	Unaudited	
	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Sales of electricity to regional and provincial power grid companies (note (a))	4,769,247	3,805,036
Provision for power generation services (note (b))	157,907	238,176
	<u>4,927,154</u>	<u>4,043,212</u>

Note:

- (a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities.
- (b) Provision for power generation services represents income from generation of electricity on behalf of other power plants based on mutually agreed prices.

Segment information

The chief operating decision maker has been identified as the executive directors and certain senior management (collectively referred to as the "CODM") that make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. Currently, it is determined that the generation and sales of electricity is the only reportable segment of the Group.

The CODM assesses the performance of the operating segment based on a measure of profit/loss before taxation, excluding dividends from available-for-sale financial assets, if any, and effects on items of a non-recurring nature, such as impairments when the impairment is the result of an isolated, non-recurring event. Other information provided to the CODM is measured in a manner consistent with that in the financial statements.

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

As the Group's principal activities are the generation and sale of electricity, investment holdings and the development of power plants, the Group has only one reportable segment, which is the generation and sales of electricity in the PRC. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segment because the financial information provided to the CODM for review contained the operating results of the Group as a whole.

Geographical information

All revenues from external customers are generated from the PRC. 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 RMB379 million were deposited in certain banks in Hong Kong at 30 June 2009 (31 December 2008: approximately RMB401 million).

The Group's major customers are regional and provincial power grid companies. During the period ended 30 June 2009, the Group's external revenue amounting to RMB4,763,914,000 (30 June 2008: RMB3,737,432,000) is generated from 5 (30 June 2008: 4) major customers, each of which account for 10% or more of the Group's external revenue. All these customers are regarded as other state-owned enterprises.

4 OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of electricity quotas	9,048	—
Management fee income	2,986	4,049
Rental income	222	266
	<u>12,256</u>	<u>4,315</u>

5 OTHER GAINS

	Unaudited	
	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation of deferred income	<u>5,074</u>	<u>3,526</u>

6 OPERATING PROFIT

Operating profit is stated after charging the following:

	Unaudited	
	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation of land use rights	448	448
Depreciation of property, plant and equipment	471,094	343,143
Operating lease rental in respect of leasehold land and buildings	16,638	17,117
Staff costs including directors' emoluments	184,769	176,032
Write-off of pre-operating expenses	2,839	2,588
	<u> </u>	<u> </u>

7 FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense on		
— bank borrowings wholly repayable within five years	59,223	57,482
— bank borrowings not wholly repayable within five years	248,114	267,844
— short-term other borrowings wholly repayable within five years	364	—
— payables to CPIF wholly repayable within five years	6,760	9,035
— short-term borrowings from CPIF wholly repayable within five years	3,655	—
— long-term other borrowings from ultimate holding company wholly repayable within five years	13,953	—
— obligations under finance lease	7,809	—
	<u> </u>	<u> </u>
	339,878	334,361
Less: Amounts capitalised in property, plant and equipment	(5,171)	(92,225)
	<u> </u>	<u> </u>
	334,707	242,136
Net exchange (gains)/losses	(9)	19,501
	<u> </u>	<u> </u>
	<u>334,698</u>	<u>261,637</u>

The weighted average interest rate on capitalised borrowings is approximately 4.8% (2008: 6.6%) 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 (2008: Nil).

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

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

	Unaudited	
	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
PRC current income tax	33,225	12,394
Deferred taxation	186	589
	<hr/>	<hr/>
	33,411	12,983
	<hr/> <hr/>	<hr/> <hr/>

Share of taxation attributable to an associated company for the period ended 30 June 2009 of RMB584,000 (2008: RMB140,000) is included in the Group's share of profit/loss of an associated company 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 20% for the year 2009 (2008: 18%) followed by tax rates gradually increased from 22% to 25% in the ensuing three years towards 2012. A subsidiary acquired by the Group in the year 2005 will be subject to tax rates gradually increased from 10% for the year 2009 (2008: 9%) to 25% in the ensuing three years towards 2012. A subsidiary of the Group that started operations in the year 2007 is entitled to a two-year exemption from income tax starting from the 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 the year 2008 are also entitled to a two-year exemption from income tax starting from the 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 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	Unaudited	
	Six months ended 30 June	
	2009	2008
Profit/(loss) attributable to equity holders of the Company (RMB'000)	151,858	(249,382)
Weighted average number of shares in issue (shares in thousands)	3,605,611	3,605,611
Basic earnings/(loss) per share (RMB)	<u>0.04</u>	<u>(0.07)</u>

(b) Diluted

Diluted earnings/(loss) 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	
	2009	2008
Profit/(loss) attributable to equity holders of the Company (RMB'000)	151,858	(249,382)
Weighted average number of shares in issue (shares in thousands)	3,605,611	3,605,611
Adjustment for share options (shares in thousands)	<u>—</u>	<u>392</u>
Adjusted weighted average number of shares for diluted earnings/(loss) per share (shares in thousands)	3,605,611	3,606,003
Diluted earnings/(loss) per share (RMB)	<u>0.04</u>	<u>(0.07)</u>

10 DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

11 ACCOUNTS AND NOTES RECEIVABLES

	As at	
	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Accounts receivable from regional and provincial power grid companies (note (a))	1,030,159	1,283,682
Accounts receivable from other companies (note (a))	15,520	51,274
	<u>1,045,679</u>	<u>1,334,956</u>
Notes receivable (note (b))	93,187	40,200
	<u>1,138,866</u>	<u>1,375,156</u>

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

Note:

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

	As at	
	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
1 to 3 months	1,045,679	1,334,956

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

12 ACCOUNTS AND BILLS PAYABLES

	As at	
	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
Accounts payable (note (a))	474,835	558,793
Due to related companies (note (a))	77,206	137,736
	<u>552,041</u>	<u>696,529</u>
Bills payable (note (b))	57,275	—
	<u>609,316</u>	<u>696,529</u>

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

Note:

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

	As at	
	30 June 2009 Unaudited RMB'000	31 December 2008 Audited RMB'000
1 to 6 months	499,238	594,229
7 to 12 months	19,743	60,017
Over 1 year	33,060	42,283
	552,041	696,529
	552,041	696,529

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The principal business of the Group is to develop, construct, own, operate and manage large scale power plants and engage in investment holdings in China.

As at 30 June 2009, the Company's total attributable installed capacity was 9,040.40 MW.

In the first half of 2009, the Chinese economy stabilized and the tension for the supply and demand for coal was eased. However, the demand for electricity and the average utilization hours of power generation equipment have both declined. As a result of the two rounds of tariff hikes in 2008, revenue from electricity sales increased and the overall operating conditions for the power generation industry have improved.

Turnover of the Group for the first half of 2009 was approximately RMB4,927,154,000, representing an increase of 21.86% over the corresponding period last year. Profit attributable to equity holders of the Company was approximately RMB151,858,000, representing an increase of approximately RMB401,240,000 from the loss for the corresponding period last year. Basic earnings per share was approximately RMB0.04, representing an increase of approximately RMB0.11 as compared with the basic loss per share of approximately RMB0.07 for the corresponding period last year.

The Board resolved not to declare any interim dividend for the interim period of 2009.

BUSINESS REVIEW FOR THE FIRST HALF OF 2009

Major Acquisition

On 8 June 2009, the Company entered into a conditional sale and purchase agreement with China Power International Holding Limited (“CPI Holding”) in relation to the acquisition of the 63% equity interest in Wu Ling Power Corporation (“Wu Ling Power”) by the Company. The acquisition was approved at the Company’s extraordinary general meeting on 22 July 2009.

Wu Ling Power was incorporated in the PRC on 3 May 1995 with a current registered capital of RMB3,476,160,000. Wu Ling Power and its subsidiaries (the “Wu Ling Group”) are principally engaged in the development, production and supply of hydropower in Hunan and Guizhou. As at 31 December 2008, Wu Ling Group had 11 power plants in operation and 3 power plants under construction, with an attributable operational installed capacity of approximately 3,564MW, of which hydropower installed capacity was 3,324 MW.

Wu Ling Power currently has two shareholders, namely China Power Investment Corporation* (中國電力投資集團公司), which has an equity interest of 63% in Wu Ling Power and Hunan Xiangtou International Investment Limited (湖南湘投國際投資有限公司), which has a 37% equity holding in Wu Ling Power. On 11 May 2009, China Power Investment Corporation entered into a conditional sale and purchase agreement with CPI Holding to transfer its 63% of equity interest in Wu Ling Power to CPI Holding.

The consideration for the acquisition of 63% equity interest in Wu Ling Power by the Company from CPI Holding is RMB4,465,087,500 (subject to adjustment). The consideration will be satisfied as to 70% thereof (or RMB3,125,561,250) (subject to adjustment) by the issue of the consideration shares and as to 30% thereof (or RMB1,339,526,250) (subject to adjustment) by way of cash payment in the coming year.

Currently, the Company is in the process of performing completion procedures for the acquisition. Upon completion of the acquisition, the Company will hold a 63% equity interest in Wu Ling Power. The Group’s attributable operational installed capacity will increase by 25% to 11,286 MW, which is instrumental for the realisation of the Group’s strategic layout of “balance between hydropower and thermal power”. The Group will also further optimise its industrial structure and asset portfolio, so as to enhance its ability to control the operational risks caused by any fluctuation in coal price.

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.

Coal Procurement

In the first half of 2009, production of raw coal in the PRC grew by 8.70% over that of the same period last year. Demand for and supply of coal was eased in general and market prices fell. The Group's purchase of coal was mainly made under key contracts. As the annual key contracts are yet to be signed, the Group prudently and reasonably estimated and recognised its fuel costs. The Group actively expanded coal supply channels, explored the ways for coal and power cooperation, secured the stable supply of fuels and strengthened energy saving and consumption reduction, so as to control its fuel costs. Due to the structural change in the purchase amount of coal at different prices and the year-on-year increase of estimated price of key contracted coal, the Group's unit fuel cost in the first half of the year was higher than that of the same period last year. In the first half of 2009, the Group's unit fuel cost was approximately RMB213.68 per MWh.

Power Generation

In the first half of 2009, the Group achieved smooth power generation, while energy conservation and wastage reduction achieved conspicuous results, technical upgrades and desulphurisation and emission reduction were orderly in progress. The gross generation of the Group (excluding the associated company) was approximately 16,731,270 MWh, a decrease of approximately 0.82% over the 16,869,253 MWh recorded for the corresponding period last year. Net generation of the Group (excluding the associated company) was approximately 15,565,696 MWh, a decrease of approximately 1.05% over the corresponding period last year.

Over the past years, the installed capacity commissioned in the PRC continued to increase significantly, while the demand for electricity decreased since the end of last year. In the first half of the year, electricity consumption in the PRC decreased by 2.24% over the corresponding period last year and average utilisation hours of power generation equipment decreased by 265 hours. Although the Group had used its best effort to increase power generation, utilisation hours still decreased over the corresponding period last year.

In the first half of 2009, the Group continued to increase its commitment to energy saving and environmental protection. As such, our energy efficiency continued to improve and average net coal consumption rate decreased by 3.59 g/KWh over the corresponding period last year. All our coal-fired power generation units were installed with desulphurisation facilities which were put into operation and the desulphurisation efficiency meets environmental requirements. Also, waste water treatment and emission of pollutants from our power plants had met the requirements of relevant policies and the emission of various pollutants was in compliance with the national environment protection standards.

Operating Data of the Group's Power Plants

Operating conditions of the Group's power plants in the first half of 2009 were as follows:

	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	800	1,280	1,260	1,280	1,260
Average utilisation hours (hours)	2,528	2,106	3,088	2,389	2,554	1,819	2,282
Gross generation (MWh)	3,109,630	2,548,262	2,470,283	3,057,670	3,217,506	2,327,919	2,875,732
Net generation (MWh)	2,928,330	2,309,206	2,202,532	2,896,531	3,034,422	2,194,675	2,689,212
Net coal consumption rate (grams/KWh)	327	351	370	312	327	318	334

OPERATING RESULTS

Turnover

Turnover of the Group for the first half of 2009 was approximately RMB4,927,154,000, representing an increase of approximately 21.86% over RMB4,043,212,000 of the corresponding period last year. The increase in turnover is mainly due to the increase in average on-grid tariff.

Operating Costs

In the first half of 2009, operating costs of the Group amounted to approximately RMB4,479,237,000, representing an increase of approximately 11.21% over RMB4,027,627,000 of the corresponding period last year.

Fuel Costs

Fuel costs were the largest component of the Group's operating costs. In the first half of 2009, the fuel costs of the Group were approximately RMB3,326,135,000, accounting for approximately 74.26% of the total operating costs. Fuel costs increased by approximately 9.56% compared with RMB3,036,003,000 of the corresponding period last year. The increase of fuel cost was mainly attributable to the structural change in the purchased coal of different prices and the year-on-year increase of estimated price of key contracted coal.

Depreciation

In the first half of 2009, depreciation of the Group amounted to approximately RMB471,094,000, representing an increase of approximately 37.29% over RMB343,143,000 of the corresponding period last year. The increase in depreciation was attributable to the increase in depreciation of new generation units commencing operation in the previous year over the corresponding period last year.

Staff Costs

In the first half of 2009, staff costs of the Group amounted to approximately RMB184,769,000, representing an increase of approximately 4.96% over RMB176,032,000 of the corresponding period last year. Such increase of staff costs was mainly due to the increase in staff costs relating to the new generation units commencing operation in the previous year .

Repairs and Maintenance

In the first half of 2009, repairs and maintenance costs of the Group amounted to approximately RMB218,970,000, representing an increase of approximately 14.96% over RMB190,477,000 of the corresponding period last year. Such increase was mainly due to the increase in repairs and maintenance such as overhaul arrangements for generation units.

Consumables

In the first half of 2009, the Group's consumables amounted to approximately RMB77,966,000, increased by approximately 82.13% as compared to RMB42,808,000 of the corresponding period last year. Such increase was mainly due to the full operation of desulphurization and emission reduction equipment and the resulted increase in consumption of materials.

Other Operating Expenses

In the first half of 2009, other operating expenses of the Group amounted to approximately RMB200,303,000, representing a decrease of approximately RMB38,861,000 or approximately 16.25%, over RMB239,164,000 of the corresponding period last year.

Operating Profit

In the first half of 2009, the Group's operating profit was approximately RMB465,247,000, representing an increase of approximately 1,886.03% over RMB23,426,000 of the corresponding period last year.

Finance Costs

In the first half of 2009, finance costs of the Group amounted to approximately RMB334,698,000, representing an increase of approximately 27.92% over RMB261,637,000 of the corresponding period last year. The Group took active measures to lower its average interest rate, however, interests accruing on the new generation units commencing operation in the previous year ceased to be capitalized, resulting in an increase in the Group's finance costs.

Share of Profit of an Associated Company

The share of profit of the associated company of the Group in the first half of 2009 was approximately RMB46,198,000, representing an increase of approximately RMB49,864,000 as compared with the loss of approximately RMB3,666,000 of the corresponding period last year. Such increase was mainly due to the increase in average on-grid tariff and net operating profit of our associated company Changshu Power Plant.

Taxation

Taxation charge of the Group for the first half of 2009 were approximately RMB33,411,000, representing an increase of approximately 157.34% over RMB12,983,000 of the corresponding period last year. The increase in taxation charge was mainly due to the increase in profit before taxation.

Profit Attributable to Equity Holders of the Company

In the first half of 2009, profit attributable to equity holders of the Company was approximately RMB151,858,000, representing an increase of approximately RMB401,240,000 as compared with the loss of approximately RMB249,382,000 for the corresponding period last year.

SEGMENT INFORMATION

The Group's principal activities are the generation and sale of electricity, investment holdings and the development of power plants. 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 RMB379 million were deposited in certain banks in Hong Kong as at 30 June 2009 (31 December 2008: approximately RMB401 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, cash and cash equivalents of the Group were approximately RMB2,083,125,000 (31 December 2008: approximately RMB1,326,818,000).

The Group derived its funds mainly from cash inflow from operating activities, bank borrowings, project financing. The current assets amounted to approximately RMB4,493,359,000 (31 December 2008: approximately RMB3,935,534,000) and the current ratio was 0.95 times (31 December 2008: 0.92 times).

DEBTS AND GEARING RATIO

As at 30 June 2009, total borrowings of the Group amounted to approximately RMB12,115,001,000 (31 December 2008: RMB11,427,170,000). All of the Group's borrowings are denominated in Renminbi or United States Dollars.

The debts incurred by the Group will be used for general corporate purpose, including capital expenditure and working capital requirements.

The gearing ratio (total borrowings/shareholders'equity) as at 30 June 2009 and 31 December 2008 were approximately 131.19% and 141.54% respectively.

CAPITAL EXPENDITURE

In the first half of 2009, capital expenditure of the Group was approximately RMB756,562,000, which was primarily used for the development and construction of new projects and technical upgrade projects for existing units. Sources of funds were mainly from project financing and self-generated funds.

RISK MANAGEMENT

The investment and business operation of the Group are exposed to risks from exchange rates, interest rates, commodity prices and liquidity.

The Group currently does not use any derivative instruments to manage such risks.

To effectively control the risk exposure of the Company, 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 the Group's assets and liabilities and most transactions denominated in Renminbi. Basically, the Group is not exposed to any substantial exchange risks. The Group is mainly exposed to foreign exchange risk related to certain assets and liabilities denominated in Hong Kong Dollars and United States Dollars. The exchange rate reform of Renminbi and fluctuation of United States Dollars exchange rate will bring certain profit or loss in foreign exchange to the Group.

INTEREST RATE RISK

The Group's exposure to interest rate risk is mainly attributable to its bank borrowings and changes in interest rates.

Since 2008, the People's Bank of China has made downward adjustments to base rates on deposits and loans for five times. The market rate in the international financial market also decreased significantly. Thus the Group's interest expenses were decreased. In the first half of the year, the Group actively took advantage of the easy credit environment to expand its financing channels, strived to lower average interest rate and took various measures to reduce its interest rate risk.

COMMODITY PRICE RISK

The Group exposes to risks mainly in relation to the change in the supply and demand condition in the power market and the fluctuation in price of raw materials such as coal. As the Group has not entered into any key coal contracts and there are uncertainty resulting from the fluctuation in coal price which will affect the Group's operating results in the future.

LIQUIDITY RISK

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

As at 30 June 2009, the net current liabilities of the Group amounted to RMB259,924,000 (31 December 2008: approximately RMB330,024,000). The management monitors regularly the Group's current and expected liquidity requirements to ensure it maintains sufficient funds and has available funding through adequate amount of committed banking facilities to meet its working capital requirements. The directors believe that the Group's current operating cash flows and credit facilities from banks are sufficient for financing its capital expenses in the near future and for working capital purposes.

PLEDGE OF ASSETS

As at 30 June 2009, the Group pledged its certain property, plant and equipment with carrying amount of approximately RMB349,760,000 to a bank to secure long-term bank borrowings in the amount of RMB93,000,000. In addition, the Group pledged certain of its accounts receivable of RMB142,241,000 to a bank to secure short-term bank borrowings in the amount of RMB100,000,000.

CONTINGENT LIABILITIES

As at 30 June 2009, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2009, the Group and its associated company, Changsu Power Plant, had a total of 5,199 employees.

The Group placed great emphasis on the legal interests of its employees, standardized its human resource management and focused on the development and improvement of the overall qualities of its employees.

In the first half of 2009, there were no significant changes in the Group's policies for determining remuneration, benefits of directors and employees, motivating and attracting high-calibre personnel.

OUTLOOK OF THE SECOND HALF OF THE YEAR

In the second half of 2009, the macro economy of Mainland China and the international economic condition gradually improved. The power generation industry recorded an increase in national electricity consumption, but the utilization hours of coal-fired generation units are far from satisfactory. The price fluctuation of annual key contract coal is subject to change and opportunities and challenges co-exist.

The Group will closely keep track of policies trends such as reforms in tariff and the power market and the developments in the thermal coal market. By fully leveraging on its own strengths, the Group will strive to expand its source of revenue, strengthen cost control and improve the refining level of its operation and management and the Company's overall profitability. The Group will put development strategies into practice, accelerate the construction of an "energy conserved, environmental-friendly" enterprise, develop corporate culture characterised as "Still water runs deep" and build up a people-oriented harmonious organisation.

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

1. To implement major acquisition and development strategies for new projects, strengthen the integration and management of Wu Ling Power after acquisition, optimise the power source structure, and realise the leaping development of the asset scale and overall results of the Company.
2. To lay a solid foundation for safety production, strengthen our marketing efforts, generate more electricity and realise the goal of energy saving and environmental protection.
3. To expand and optimise fuel supply channels, strengthen fuel management and effectively control fuel cost.
4. To further promote comprehensive budget management and standardized cost system construction, and enhance our overall management ability and profitability.
5. To strengthen fund management, broaden financing channels, secure fund sources and lower finance costs.
6. To strengthen performance assessment, enhance team building and raise general quality of all employees.

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 2009.

CODE ON CORPORATE GOVERNANCE

The Corporate Governance Report of the Board has been set out in our 2008 annual report. Save for the deviations from Code A.2.1 and Code A.4, the Company has complied with the provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) for the six months ended 30 June 2009.

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 2009.

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 2009 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 2009 Interim Report will be sent to shareholders of the Company by the end of September 2009 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, 17 September 2009

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.*