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)

Interim Report 2010

Interim Financial Highlights

	Unaudited Six months ended 30 June 2010 RMB	2009 RMB As restated
Earnings per share		
Basic	0.05	0.04
Diluted	0.05	0.04
Turnover	6,931,653,000	4,927,154,000
Profit attributable to equity holders of the Company	272,986,000	147,718,000
Gross generation (MWh)	23,862,236	16,731,270
Net generation (MWh)	22,567,763	15,565,696

	As at 30 June 2010 Unaudited RMB	31 December 2009 Audited RMB
Shareholders' equity	11,847,784,000	12,438,394,000
Total assets	54,923,327,000	54,206,534,000
Cash and cash equivalents	1,952,609,000	1,910,816,000
Total borrowings	35,577,644,000	34,172,500,000

Management Discussion and Analysis

Business Overview

As of 30 June 2010, China Power International Development Limited (the "Company") and its subsidiaries (together the "Group") total attributable installed capacity amounted to 11,752MW, representing an increase of 5.14% from 11,177MW last year. The Group recorded a turnover of approximately RMB6,931,653,000, representing an increase of approximately 40.68% from the corresponding period last year, while the profit attributable to the equity holders of the Group amounted to RMB272,986,000, representing an increase of approximately RMB125,268,000. The basic earnings per share was approximately RMB0.05, representing an increase of RMB0.01 from RMB0.04 of the corresponding period last year.

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

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

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

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

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

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

Electricity Market

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

Coal Market

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

Significant Investment

In December 2006, the Company acquired 390,876,250 shares of Shanghai Electric Power Co., Ltd. ("Shanghai Power", whose A shares were listed on the Shanghai Stock Exchange) at a consideration of RMB4.26 per share. During 2007, Shanghai Power converted its capital reserve into the share capital on the basis of 2 additional shares for every 10 existing shares. The total number of shares held by the Company was increased by 78,175,250 shares to 469,051,500 shares, whereas the shareholdings percentage remained at 21.92%.

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

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

New Power Plants

The Group has Sichuan China Power Fuxi Power Development Company Limited and Guangzhou China Power Lixin Industry Company Limited in its coal-fired electricity projects under construction. These two plants' total installed capacity is 1,800 MW, 912 MW of which the Company's attributable installed capacity accounts for. With respect to the hydropower projects under construction, the Company has the Baishi Power Plant, Tuokou Power Plant, and the Heimifeng Power Plant with their total installed capacity of 1,850 MW, 1,126 MW of which the Company's attributable installed capacity accounts for. Currently, such projects all go smoothly.

Environmental Protection and Energy Conservation

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

All our coal-fired power generation units were installed with desulphurisation facilities which were put into normal operation. Desulphurisation rate was over 93%, resulting in a significant decrease in the discharge of pollutants and benefiting the environmental protection. The Group's continued improvement in the energy consumption standard in the first half year, achieved an average decrease of 6.31 g/KWh in electricity and coal consumption compared with the corresponding period last year.

Information about the Operation of Our Power Plants

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

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

OPERATING RESULTS

Turnover

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

Segment Information

Following the acquisition of Wu Ling Power during the year of 2009, the reportable segments identified by the Group are now the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity".

Operating Costs

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

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

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

Operating Profits

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

Finance Costs

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

Share of Profits of Associated Companies

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

Taxation

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

Among the power plants of the Company under operation in 2010, Anhui Huainan Pingwei Electric Power Generating Company Limited*, Pingdingshan Yaomeng Electric Power Generating Company Limited*, Jiangsu Changshu Electric Power Generating Company Limited* and Shanxi Shentou Power Generating Company Limited* are subject to an income tax rate of 22% for the year; the preferential tax period of "First two years exempting and subsequent three years 50% reduction" enjoyed by Huainan Pingwei No. 2 Electric Power Generating Company Limited* will end in 2012; and the preferential tax period of "First two years exemption and subsequent three years 50% reduction" of Pingdingshan Yaomeng No.2 Power Generating Co., Limited* and Huanggang Dabieshan Power Company Limited* will end in 2013.

Profit Attributable to Equity Holders of the Company

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

EARNINGS PER SHARE AND INTERIM DIVIDEND

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

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, cash and cash equivalents of the Group were approximately RMB1,952,609,000 (31 December 2009: RMB1,910,816,000). The Group derived its funds mainly from cash inflow from operating activities, bank borrowings, project finance, corporate bonds and interest income. Current assets amounted to RMB5,126,026,000 (31 December 2009: RMB4,521,655,000) and current ratio was 0.42 times (31 December 2009: 0.43 time).

* *For identification purpose only*

DEBTS

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

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

Our debt to equity ratio (total borrowings/shareholders' equity) as at 30 June 2010 and 31 December 2009 were approximately 300.29% and 274.73% respectively.

CAPITAL EXPENDITURE

In the first half of 2010, capital expenditure of the Group was approximately RMB1,815,840,000, which was primarily used for the construction of new power generation units and technical upgrade projects for existing power generation units. Sources of funds were mainly from project financing and self-generated funds.

RISK MANAGEMENT

The investment and business operation of the Group are exposed to risks from exchange rates, interest rates, commodity prices and liquidity. Affected by factors such as the uncertainties of global financial condition, the tightening of the United State's credit policies and the soaring coal prices, the financial risks and operational risks that the Group encountered increased.

To effectively control the risk exposure of the Group, the Group has implemented all-round risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has a designated risk management department in place for execution and implementation of risk management measures.

After the Company acquired Wu Ling Power in 2009, the consolidated gearing ratio rose significantly which intensified the Group's financial risks. In order to control liquidity risks, the Group adjusted the structure for strategic development, increased its strength in fund concentration management and adopted measures to control the asset and liability scale, so as to achieve a reasonable level of gearing ratio.

FOREIGN EXCHANGE RATE RISKS

The Group is principally operating in Mainland China, with most transactions denominated in Renminbi. Except certain cash and bank balances and bank borrowings, most of the Group's assets and liabilities were denominated in Renminbi. The acquisition of Wu Ling Power increased the Company's borrowings denominated in JPY and USD. Expected rise in Renminbi exchange rate and JPY exchange rate fluctuation, resulting the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results. As at 30 June 2010, the balance of the Group's borrowings denominated in foreign currencies amounted to RMB2,312,170,000 (31 December 2009: RMB2,317,706,000).

A subsidiary of the Group, Wu Ling Power, entered into a derivative financial instrument contract with a view to managing the foreign exchange exposure of its JPY borrowings. The derivative financial instrument contract is mainly to sell USD for JPY with an aggregate notional principal amount of JPY3,251,900,000 (31 December 2009: JPY3,381,976,000). During the period, the Group recorded a fair value gain on this derivative financial instrument contract amounting to RMB82,999,000.

PLEDGE OF ASSETS

As at 30 June 2010, a subsidiary of the Group pledged its property, plant and equipment with a net book value of approximately RMB274,505,000 to a bank to secure a bank loan in the amount of RMB97,250,000. In addition, certain bank borrowings were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these facilities as at 30 June 2010 was approximately RMB833,950,000 (31 December 2009: RMB 706,744,000).

CONTINGENT LIABILITIES

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

EMPLOYEES

As at 30 June 2010, the Group had a total of 6,784 full-time employees.

The Group put great emphasis on the establishment of performance evaluation as well as rewarding and punishment mechanism. The Group determined the emoluments of its directors and employees based on their respective performance, working experience, duties and the prevailing market rates. The Group also implemented incentive policy linking emoluments with performance.

OUTLOOK OF THE SECOND HALF OF THE YEAR

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

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

SHARE OPTION SCHEMES

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

(A) Pre-IPO Share Option Scheme

The Company conditionally approved and adopted the Pre-IPO Share Option Scheme on 24 August 2004.

The Pre-IPO Share Option Scheme was terminated on the date on which dealings in the shares of the Company commenced on The Stock Exchange of Hong Kong Limited (i.e. 15 October 2004). No further options will be granted after that date but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect. The main terms of the Pre-IPO Share Option Scheme are summarised in the 2009 annual report.

Movements of the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme for the six months ended 30 June 2010 are as follows:

		Number of shares subject to Options						
Grantee	Date of grant	Outstanding as at 1 January 2010	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2010	Expiry date *(Note 1)*	Exercise price per share (HK$)
Directors:								
Li Xiaolin	18 September 2004	1,661,500	–	–	–	1,661,500	17 September 2014	2.53
Gao Guangfu	18 September 2004	207,700	–	–	–	207,700	17 September 2014	2.53
Other employees	18 September 2004	3,696,900	–	–	–	3,696,900	17 September 2014	2.53
	11 October 2004	1,038,500	–	–	–	1,038,500	10 October 2014	2.53

Note 1: Each option has a 10-year exercise period within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of an option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her option (less any number of shares in respect of which the option has been previously exercised).

As at 30 June 2010, a total of 6,604,600 shares (representing approximately 0.13% of the existing issued share capital of the Company) will be issued by the Company if all outstanding Pre-IPO Share Options under the Pre-IPO Share Option Scheme are exercised.

The Company has used the Black-Scholes option pricing model (the “Model”) to value the granted Pre-IPO Share Options, which is a common model used in assessing the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option. As such, the fair values are inherently subjective and uncertain due to the assumptions made and the limitations of the valuation model used.

The Pre-IPO Share Options were granted to the Directors, senior management and other employees of the Company on 18 September 2004 and to certain other employees of the Company on 11 October 2004 pursuant to the Pre-IPO Share Option Scheme respectively. The fair value of the Pre-IPO Share Options as at the dates of grant under the Model were HK$9,875,200 and HK$4,006,000 respectively, which had been amortised in the Group’s profit and loss account over the four-year vesting period of the Pre-IPO Share Options commencing from the year ended 31 December 2004.

(B) Share Option Scheme

The Share Option Scheme was conditionally approved and adopted by a written resolution passed by the Company's shareholders on 24 August 2004. The purposes of the Share Option Scheme are to attract and retain high-calibre personnel and to provide them with the opportunity to acquire equity in the Company so as to incite them for better performance. The major terms of the Share Option Scheme are summarised in our 2009 annual report.

Movements of the options granted under the Share Option Scheme for the six months ended 30 June 2010 are as follows:

		Number of shares subject to Options						
Grantee	Date of grant	Outstanding as at 1 January 2010	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2010	Expiry date *(Note 1)*	Exercise price per share (HK$)
Directors:								
Li Xiaolin	4 April 2007	1,905,000	–	–	–	1,905,000	3 April 2017	4.07
	2 July 2008	820,000	–	–	–	820,000	1 July 2018	2.326
Liu Guangchi	2 July 2008	740,000	–	–	–	740,000	1 July 2018	2.326
Gao Guangfu	4 April 2007	667,000	–	–	–	667,000	3 April 2017	4.07
	2 July 2008	400,000	–	–	–	400,000	1 July 2018	2.326
Guan Qihong	2 July 2008	400,000	–	–	–	400,000	1 July 2018	2.326
Other employees	4 April 2007	10,947,000	–	600,000	–	10,347,000	3 April 2017	4.07
	2 July 2008	25,260,000	–	1,340,000	–	23,920,000	1 July 2018	2.326

Note 1: Each option has a 10-year exercise period within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of an option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her option (less any number of shares in respect of which the option has been previously exercised).

As at 30 June 2010, a total of 39,199,000 shares (representing approximately 0.77% of the existing issued share capital of the Company) will be issued by the Company if all outstanding options under the Share Option Scheme are exercised.

The Company has also used the Model to value the options granted pursuant to the Share Option Scheme, which is a common model used in assessing the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option. As such, the fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the valuation model used.

The options were granted to the Directors, senior management and other employees of the Company pursuant to the Share Option Scheme on 4 April 2007 and 2 July 2008. The fair value of the options as at the date of grant under the Model was HK$23,517,000 and HK$18,346,000 respectively. For the six months ended 30 June 2010, a share option expense of RMB2,444,000 has been recognised with a corresponding adjustment made in the Group's employee share-based compensation reserve.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2010, save as disclosed below, none of the Directors or the Company's chief executive has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register of interests referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Name of Directors	Capacity	Name of company in which interests are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives *(Note 1)*	Percentage of issued share capital of the Company (%)	Long/Short position
Li Xiaolin	Beneficial owner	the Company	18 September 2004, 4 April 2007 and 2 July 2008	4,386,500	0.086	Long
Liu Guangchi	Beneficial owner	the Company	2 July 2008	740,000	0.014	Long
Gao Guangfu	Beneficial owner	the Company	18 September 2004, 4 April 2007 and 2 July 2008	1,274,700	0.025	Long
Guan Qihong	Beneficial owner	the Company	2 July 2008	400,000	0.008	Long

Notes:

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2010, to the best knowledge of the Directors, the following persons (other than a Director and chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity	Number of shares interested other than under equity derivatives *(Note 3)*	Percentage of issued share capital of the Company (%)	Long/Short position
China Power Development Limited ("CPDL")	Beneficial owner	1,996,500,000	39.09	Long
China Power International Holding Limited ("CPI Holding") *(Note 1)*	Interest of a controlled corporation	1,996,500,000	39.09	Long
	Beneficial owner	1,526,033,927	29.88	Long
China Power Investment Corporation* ("CPI Group") *(Note 2)*	Interest of a controlled corporation	3,522,533,927	68.97	Long

Notes:

(1) CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in 1,996,500,000 Shares owned by CPDL for the purposes of the SFO.

(2) CPI Group is the beneficial owner of CPI Holding and therefore CPI Group is deemed to be interested in 1,526,033,927 and 1,996,500,000 Shares owned by CPI Holding and CPDL respectively for the purposes of the SFO.

(3) CPI Group, CPI Holding and CPDL do not have any interest in the equity derivatives of the Company.

Save as disclosed above, as at 30 June 2010, no person, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' Interests in Securities" above, had any interest or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

* For identification purpose only

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2010.

By order of the Board
China Power International Development Limited

Li Xiaolin
Chairman of the Board
Hong Kong, 24 August 2010

Corporate Governance Report

The Corporate Governance Report has been set out in the 2009 annual report. Save for the deviations from Code A.2.1, Code A.4 and Code E.1.2, 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 2010.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Ms. Li Xiaolin currently serves as Chairman of the Board and chief executive officer of the Company. The Board believes that Ms. Li Xiaolin has served as the chief executive officer and accumulated extensive experience in the capital market and the industry. It will be more effective in developing the Company's long-term business strategies and in execution of the Company's business plans if Ms. Li Xiaolin continues to serve as the chief executive officer of the Company. To help maintain a balance of power, the Company has set up an executive committee (the "Executive Committee"). The Executive Committee was formed by all executive Directors and senior management and meetings were convened regularly to make decision on matters concerning the daily management and business of the Company.

TERM OF OFFICE OF THE DIRECTORS

Code A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to retirement by rotation and re-election. Code A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The non-executive Directors of the Company (except Mr. Guan Qihong who has been appointed for a term of three years) are not appointed for a specific term, but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company. In addition, as provided in the articles of association of the Company, the executive Director who is also the chief executive officer of the Company shall not be subject to retirement by rotation, while all the other Directors will be subject to retirement at every annual general meeting after the annual general meeting in 2007.

The Company is of the view that the position of chief executive officer is crucial to the operation of the Company. The articles of association of the Company stipulate that the chief executive officer shall not be subject to retirement by rotation, which reflects the importance of this position and ensures that the impact of the change of personnel on the operation of the Company is kept to minimal.

ATTENDANCE OF ANNUAL GENERAL MEETING

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

COMMITTEES OF THE BOARD

The Company has set up two specialized committees under the Board, being the Audit Committee and the Compensation and Nomination Committee to conduct self-monitoring and control in relevant aspects of the Company.

AUDIT COMMITTEE

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

COMPENSATION AND NOMINATION COMMITTEE

The Company established the Compensation and Nomination Committee on 24 August 2004. Its primary duties are to evaluate the performance of the Directors and senior management and to determine the specific remuneration packages for all executive Directors, including benefits in kind, pensions, benefits, and compensation for loss of office or upon appointment, to make recommendations on the remuneration of non-executive Directors and to make recommendations in respect of the appointment and removal of members of the Board according to criteria such as educational background and work experience. The remuneration of the Directors is determined by the Board with reference to their experience, performance, duties and market conditions.

The Compensation and Nomination Committee comprises three members, namely Mr. Li Fang, Mr. Kwong Che Keung, Gordon and Mr. Tsui Yiu Wa, Alec, all of whom are independent non-executive Directors. The Compensation and Nomination Committee is chaired by Mr. Li Fang.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in Directors' biographical details since the date of the Annual Report 2009 of the Company or (as the case may be) the date of announcement for the appointment of the Director issued by the Company subsequent to the date of the Annual Report 2009, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. Kwong Che Keung, Gordon

Cessation of appointment

- Tianjin Development Holdings Limited (independent non-executive director)
- China Oilfield Services Limited (independent non-executive director)

Mr. Tsui Yiu Wa, Alec

Cessation of appointment

- Greentown China Holdings Limited (independent non-executive director)
- China Huiyuan Juice Group Limited (independent non-executive director)

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Unaudited Six months ended 30 June 2010 RMB'000	 2009 RMB'000 As restated
Revenue	4	**6,931,653**	4,927,154
Other income	5	**120,746**	12,256
Fuel costs		**(4,187,555)**	(3,326,135)
Depreciation		**(806,657)**	(476,413)
Staff costs		**(261,664)**	(184,769)
Repairs and maintenance		**(196,937)**	(218,970)
Consumables		**(78,395)**	(77,966)
Other gains	6	**113,683**	5,074
Other operating expenses		**(385,986)**	(200,303)
Operating profit	7	**1,248,888**	459,928
Interest income from bank deposits		**12,550**	6,320
Finance costs	8	**(722,971)**	(334,698)
Share of profits of associated companies		**77,027**	46,847
Share of losses of jointly-controlled entities		**(6,870)**	(2,069)
Profit before taxation		**608,624**	176,328
Taxation	9	**(242,456)**	(32,881)
Profit for the period		**366,168**	143,447
Attributable to:			
Equity holders of the Company		**272,986**	147,718
Non-controlling interests		**93,182**	(4,271)
		366,168	143,447
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
– basic	10	**0.05**	0.04
– diluted	10	**0.05**	0.04

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

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

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2010

		As at	
	Note	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	42,377,287	41,754,053
Prepayment for construction of power plants	12	1,299,171	964,962
Land use rights	12	470,270	417,868
Goodwill		481,041	467,619
Interests in associated companies		1,552,264	1,575,238
Interests in jointly-controlled entities		68,800	75,670
Available-for-sale financial assets	13	1,849,676	2,821,498
Long-term loans to a fellow subsidiary	22	1,500,000	1,500,000
Deferred income tax assets		59,664	107,971
Other long-term assets		139,128	—
		49,797,301	49,684,879
Current assets			
Inventories		411,937	265,165
Accounts receivable	14	1,711,474	1,430,454
Prepayments, deposits and other receivables		844,987	689,699
Amounts due from group companies	22	133,261	141,439
Receivable from Hubei Electric Power Corporation		34,000	34,000
Tax recoverable		1,200	1,196
Derivative financial instruments	19	11,558	—
Pledged bank deposits		25,000	48,886
Cash and cash equivalents		1,952,609	1,910,816
		5,126,026	4,521,655
Total assets		54,923,327	54,206,534
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	5,121,473	5,121,473
Share premium		4,303,111	4,303,111
Reserves	16	2,423,200	3,013,810
		11,847,784	12,438,394
Non-controlling interests		2,451,078	2,442,996
Total equity		14,298,862	14,881,390

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2010

	Note	As at 30 June 2010 Unaudited RMB'000	As at 31 December 2009 Audited RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		**91,250**	96,636
Long-term bank borrowings	17	**23,693,039**	23,934,020
Long-term borrowings from ultimate holding company	22	**1,473,816**	1,473,816
Long-term borrowings from CPI Financial Company ("CPIF")	22	**1,150,000**	1,150,000
Other long-term borrowings		**1,230,833**	1,384,833
Obligations under finance lease		**184,972**	184,755
Deferred income tax liabilities		**496,670**	661,246
Other long-term liabilities		**14,450**	17,380
		28,335,030	28,902,686
Current liabilities			
Accounts and bills payables	18	**635,423**	498,178
Construction cost payables		**1,121,379**	1,297,853
Other payables and accrued charges		**791,317**	807,284
Derivative financial instruments	19	**—**	71,441
Amounts due to group companies	22	**1,472,973**	1,292,997
Payables to CPIF	22	**270,295**	270,295
Short-term borrowings from CPIF	22	**2,050,000**	1,450,000
Current portion of long-term bank borrowings	17	**1,679,197**	1,276,716
Short-term bank borrowings	17	**3,350,000**	2,550,000
Other bank borrowings	17	**680,464**	682,820
Current portion of obligations under finance lease		**24,244**	24,244
Taxation payable		**214,143**	200,630
		12,289,435	10,422,458
Total liabilities		**40,624,465**	39,325,144
Total equity and liabilities		**54,923,327**	54,206,534
Net current liabilities		**7,163,409**	5,900,803
Total assets less current liabilities		**42,633,892**	43,784,076

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital RMB'000	Share premium RMB'000	Other reserves (Note 16) RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1st January 2009, audited and as restated	3,798,610	2,755,361	2,296,913	(887,737)	68,339	8,031,486
Profit/(loss) for the period, as restated	–	–	–	147,718	(4,271)	143,447
Other comprehensive income:						
Increase in fair value of available-for-sale financial assets	–	–	1,003,770	–	–	1,003,770
Total comprehensive income/(loss) for the period ended 30 June 2009, as restated	–	–	1,003,770	147,718	(4,271)	1,147,217
Employee share option benefits	–	–	5,926	–	–	5,926
Lapse of share options	–	–	(1,090)	1,090	–	–
	–	–	4,836	1,090	–	5,926
Balance at 30 June 2009, as restated	3,798,610	2,755,361	3,305,519	(738,929)	64,068	9,184,629

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital RMB'000	Share premium RMB'000	Other reserves (Note 16) RMB'000	Accumulated losses RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2010	5,121,473	4,303,111	3,438,167	(424,357)	2,442,996	14,881,390
Profit for the period	–	–	–	272,986	93,182	366,168
Other comprehensive (loss)/income:						
Decrease in fair value of available-for -sale financial assets	–	–	(781,076)	–	–	(781,076)
Deferred tax on decrease in fair value of available-for-sale financial assets	–	–	206,729	–	–	206,729
Total comprehensive (loss)/income for the period ended 30 June 2010	–	–	(574,347)	272,986	93,182	(208,179)
Employee share option benefits	–	–	2,444	–	–	2,444
Lapse of share options	–	–	(1,014)	1,014	–	–
Release upon disposal of available-for-sale financial assets	–	–	(72,568)	–	–	(72,568)
Release of deferred tax upon disposal of available-for-sale financial assets	–	–	10,694	–	–	10,694
Dividend paid to a shareholder of a subsidiary	–	–	–	–	(85,100)	(85,100)
2009 final dividend	–	–	–	(229,819)	–	(229,819)
	–	–	(60,444)	(228,805)	(85,100)	(374,349)
Balance at 30 June 2010	5,121,473	4,303,111	2,803,376	(380,176)	2,451,078	14,298,862

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Net cash generated from operating activities	**631,265**	828,376
Net cash used in investing activities	**(1,697,998)**	(744,885)
Net cash generated from financing activities	**1,108,526**	672,816
Net increase in cash and cash equivalents	**41,793**	756,307
Cash and cash equivalents at beginning of period	**1,910,816**	1,326,818
Cash and cash equivalents at end of period	**1,952,609**	2,083,125
Analysis of cash and cash equivalents:		
Cash and bank balances	**1,952,609**	2,083,125

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company is incorporated in Hong Kong on 24 March 2004 as a limited liability company under the Hong Kong Companies Ordinance. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 15 October 2004.

The Group are principally engaged in investment holdings, generation and sale of electricity and the development of power plants in the People's Republic of China (the "PRC").

This condensed consolidated interim financial information is presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and has been approved for issue on 24 August 2010.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

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

As at 30 June 2010, a bank loan of approximately RMB680 million has been reclassified from non-current liabilities to current liabilities following the fact that the Group had breached certain financial covenants in respect of the relevant bank loan, details of which have been disclosed in Note 17. These covenant requirements have subsequently been waived by the relevant syndicate of banks after the period end. In preparing this condensed consolidated interim financial information, the directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As of 30 June 2010, the Group had undrawn committed banking facilities amounting to approximately RMB17,630 million (31 December 2009: RMB12,168 million) and will refinance and/or restructure certain short-term loans into long-term loans or to consider alternative sources of financing, where applicable. Under these circumstances, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared this condensed consolidated interim financial information on a going concern basis notwithstanding that at 30 June 2010, the Group's current liabilities exceeded its current assets by approximately RMB7,163,409,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3 ACCOUNTING POLICIES

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

(a) Effect of adopting amendments to standards and interpretations

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

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

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

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

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

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

3 ACCOUNTING POLICIES *(Continued)*

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

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

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

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

HKFRSs (Amendment)	Improvements to HKFRSs 2010[1]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[1]
HKFRS 9	Financial instruments[2]
HKAS 32 (Amendment)	Classification of right issues[1]
HK(IFRIC)-Int 14	Prepayments of a minimum funding requirement[1]
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments[1]

1 Effective for the Group for annual periods beginning on or after 1 January 2011

2 Effective for the Group for annual periods beginning on or after 1 January 2013

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

(d) Change in accounting policy in 2009

In previous years, the Group's property, plant and equipment, other than construction in progress, were carried in the consolidated balance sheet at their revalued amounts less subsequent accumulated depreciation and impairment losses. Following the substantial business development of the Group in recent years and especially after the acquisition of Wu Ling Power Corporation ("Wuling") and its subsidiaries (together the "Wu Ling Power") in 2009, the directors of the Company are of the view that it is no longer practicable for the Group to continue adopting such accounting policy whereas using the cost model under HKAS 16 would result in the consolidated accounts providing more appropriate and relevant information about the Group's results and financial position to the users of the accounts. Consequently, the Group changed its accounting policy on property, plant and equipment in the financial year ended 31 December 2009 to follow the cost model under HKAS 16 with effect from 1 January 2009.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3 ACCOUNTING POLICIES *(Continued)*

(d) Change in accounting policy in 2009 *(Continued)*

This change in accounting policy has been accounted for retrospectively and the comparative figures for the corresponding comparative prior periods have been restated. This change did not result in any significant impact on the Group's consolidated net assets as at 31 December 2009 and the consolidated results, earnings per share (basic and diluted) and cash flows for the year ended 31 December 2009.

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

	As previously reported RMB'000	Effect of change RMB'000	As restated RMB'000
Depreciation	(471,094)	(5,319)	(476,413)
Share of profits of associated companies	46,198	649	46,847
Profit before taxation	180,998	(4,670)	176,328
Taxation	(33,411)	530	(32,881)
Profit for the period	147,587	(4,140)	143,447
Attributed to:			
Equity holders of the Company	151,858	(4,140)	147,718
Non-controlling interests	(4,271)	—	(4,271)
	147,587	(4,140)	143,447
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
– basic	0.04	—	0.04
– diluted	0.04	—	0.04

4 TURNOVER, REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

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

Note:

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

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

Segment information

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

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

Segment assets exclude deferred tax assets, available-for-sale financial assets, long-term loans to a fellow subsidiary, derivative financial instruments and corporate assets which are managed on a central basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4 TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Unaudited Six months ended 30 June 2010				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Revenue					
Sales of electricity	5,735,517	1,196,136	6,931,653	—	6,931,653
Provision for power generation services	—	—	—	—	—
	5,735,517	1,196,136	6,931,653	—	6,931,653
Results of reportable segments	421,225	851,520	1,272,745	—	1,272,745
A reconciliation of results of reportable segments to profit for the period is as follows:					
Results of reportable segments	421,225	851,520	1,272,745	—	1,272,745
Unallocated income	—	—	—	23,022	23,022
Unallocated expenses	—	—	—	(46,879)	(46,879)
Operating profit	421,225	851,520	1,272,745	(23,857)	1,248,888
Interest income	1,283	1,218	2,501	10,049	12,550
Finance costs	(285,172)	(436,505)	(721,677)	(1,294)	(722,971)
Share of profits of associated companies	77,027	—	77,027	—	77,027
Share of losses of jointly controlled entities	(6,870)	—	(6,870)	—	(6,870)
Profit before taxation	207,493	416,233	623,726	(15,102)	608,624
Taxation	(81,479)	(160,351)	(241,830)	(626)	(242,456)
Profit for the period	126,014	255,882	381,896	(15,728)	366,168

4 TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

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

	Unaudited As at 30 June 2010				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Segment assets					
Other segment assets	20,435,480	27,197,096	47,632,576	—	47,632,576
Goodwill	—	481,041	481,041	—	481,041
Interests in associated companies	1,534,413	—	1,534,413	17,851	1,552,264
Interests in jointly controlled entities	54,231	—	54,231	14,569	68,800
Other long-term assets	—	139,128	139,128	—	139,128
	22,024,124	27,817,265	49,841,389	32,420	49,873,809
Available-for-sale financial assets					1,849,676
Long-term loans to a fellow subsidiary					1,500,000
Deferred income tax assets					59,664
Derivative financial instruments					11,558
Other unallocated assets					1,628,620
Total assets per consolidated balance sheet					54,923,327

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4 TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Unaudited As at 30 June 2010				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Segment liabilities					
Other segment liabilities	(2,120,148)	(794,302)	(2,914,450)	—	(2,914,450)
Borrowings	(13,329,839)	(22,150,555)	(35,480,394)	(97,250)	(35,577,644)
	(15,449,987)	(22,944,857)	(38,394,844)	(97,250)	(38,492,094)
Purchase consideration payable to an intermediate holding company					(1,188,417)
Taxation payable					(214,143)
Deferred income tax liabilities					(496,670)
Other unallocated liabilities					(233,141)
Total liabilities per consolidated balance sheet					(40,624,465)

4 TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Unaudited Six months ended 30 June 2009				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Revenue					
Sales of electricity	4,769,247	—	4,769,247	—	4,769,247
Provision for power generation services	157,907	—	157,907	—	157,907
	4,927,154	—	4,927,154	—	4,927,154
Results of reportable segments	503,331	—	503,331	—	503,331
A reconciliation of results of reportable segments to profit for the period is as follows:					
Results of reportable segments	503,331	—	503,331	—	503,331
Unallocated income	—	—	—	2,986	2,986
Unallocated expenses	—	—	—	(46,389)	(46,389)
Operating profit	503,331	—	503,331	(43,403)	459,928
Interest income	1,261	—	1,261	5,059	6,320
Finance costs	(327,888)	—	(327,888)	(6,810)	(334,698)
Share of profits of associated companies	46,847	—	46,847	—	46,847
Share of losses of jointly controlled entities	(2,069)	—	(2,069)	—	(2,069)
Profit before taxation	221,482	—	221,482	(45,154)	176,328
Taxation	(32,869)	—	(32,869)	(12)	(32,881)
Profit for the period	188,613	—	188,613	(45,166)	143,447

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4 TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Unaudited Six months ended 30 June 2009				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Other segment information:					
Capital expenditure	592,067	—	592,067	9	592,076
Depreciation on property, plant and equipment	476,399	—	476,399	14	476,413
Amortisation of land use rights	448	—	448	—	448

	Audited As at 31 December 2009				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Segment assets					
Other segment assets	19,440,473	26,281,850	45,722,323	—	45,722,323
Goodwill	—	467,619	467,619	—	467,619
Interests in associated companies	1,557,387	—	1,557,387	17,851	1,575,238
Interests in jointly controlled entities	61,101	—	61,101	14,569	75,670
	21,058,961	26,749,469	47,808,430	32,420	47,840,850
Available-for-sale financial assets					2,821,498
Long-term loans to a fellow subsidiary					1,500,000
Deferred income tax assets					107,971
Other unallocated assets					1,936,215
Total assets per consolidated balance sheet					54,206,534

4 TURNOVER, REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Audited As at 31 December 2009				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Segment liabilities					
Other segment liabilities	(2,254,982)	(707,207)	(2,962,189)	—	(2,962,189)
Borrowings	(12,778,765)	(21,293,735)	(34,072,500)	(100,000)	(34,172,500)
	(15,033,747)	(22,000,942)	(37,034,689)	(100,000)	(37,134,689)
Purchase consideration payable to an intermediate holding company					(1,188,417)
Derivative financial instruments					(71,441)
Taxation payable					(200,630)
Deferred income tax liabilities					(661,246)
Other unallocated liabilities					(68,721)
Total liabilities per consolidated balance sheet					(39,325,144)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5 OTHER INCOME

	Unaudited Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Sales of electricity quotas	12,565	9,048
Income from the provision of repairs and maintenance services	16,801	—
Hotel operations income	20,049	—
Interest income from a fellow subsidiary (Note 22(i))	38,611	—
Rental income (also see Note 22(i))	31,433	222
Management fee income (Note 22(i))	1,287	2,986
	120,746	12,256

6 OTHER GAINS

	Unaudited Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Amortisation of deferred income	5,737	5,074
Gain on disposal of available-for-sale financial assets (Note 13)	16,031	—
Fair value gain on derivative financial instruments (Note 19)	82,999	—
Others	8,916	—
	113,683	5,074

7 OPERATING PROFIT

Operating profit is stated after charging the following:

	Unaudited Six months ended 30 June	
	2010 RMB'000	2009 RMB'000 As restated
Amortisation of land use rights (Note 12)	3,680	448
Depreciation of property, plant and equipment (Note 12)	806,657	476,413
Operating lease rental in respect of leasehold land and buildings	17,237	16,638
Staff costs including directors' emoluments	261,664	184,769
Write-off of pre-operating expenses	17,922	2,839

8 FINANCE COSTS

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

9 TAXATION

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the period (2009: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2009: 25%) on the estimated assessable income for the period except as disclosed below.

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

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

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

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

10 EARNINGS PER SHARE

(a) Basic

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

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

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from the Company's share options. Diluted earnings per share for the six months ended 30 June 2010 and 2009 equal basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

11 DIVIDEND

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12 CAPITAL EXPENDITURE

	Unaudited		
	Property, plant and equipment RMB'000 As restated	Prepayment for construction of power plants RMB'000	Land use rights RMB'000
Opening net book amount as at 1 January 2009, as audited and restated	15,471,786	377,172	42,439
Additions	367,876	224,200	—
Disposals	(205)	—	—
Depreciation and amortisation	(476,413)	—	(448)
Transfer	47,544	(47,544)	—
Closing net book amount as at 30 June 2009, as restated	15,410,588	553,828	41,991
Opening net book amount as at 1 January 2010	41,754,053	964,962	417,868
Acquisition of subsidiaries (Note 20(a))	4,691	—	—
Additions	1,389,094	370,664	56,082
Disposals	(349)	—	—
Depreciation and amortisation	(806,657)	—	(3,680)
Transfer	36,455	(36,455)	—
Closing net book amount as at 30 June 2010	42,377,287	1,299,171	470,270

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at	
	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Unlisted equity investments outside Hong Kong - at cost (note (a))	127,856	101,000
Equity securities listed outside Hong Kong - at fair value (note (b))	1,721,820	2,720,498
	1,849,676	2,821,498
Market value of equity securities listed outside Hong Kong	1,721,820	2,720,498

Note:

(a) Unlisted equity investments principally represent interests in certain unlisted companies which do not have a quoted market price in an active market and for which the range of other methods of reasonably estimating fair value is significant and the probabilities of the various estimates cannot be reasonably assessed. Accordingly these investments are carried at cost less accumulated impairment losses.

(b) Details of the equity securities listed outside Hong Kong as at 30 June 2010 are as follows:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activity
Shanghai Electric Power Co., Ltd ("Shanghai Power")	The PRC	RMB2,139,739,257	20.17%	Joint stock company with limited liability with its A shares listed on the Shanghai Stock Exchange	Investment holdings and the generation and sale of electricity

As at 30 June 2010 and 31 December 2009, the directors of the Company evaluated the shareholding structure and the composition of the board of directors in Shanghai Power and concluded that the Group is not able to exercise significant influence over the financial and operating decisions of Shanghai Power despite that the Group holds an aggregate 20.17% (2009: 21.92%) interest in Shanghai Power. Consequently, the Group continues to account for its investment in Shanghai Power as "Available-for-sale financial assets" which is measured based on its fair value, with the changes in fair value recognised in equity.

During the period, the Group disposed of 1.75% interest in Shanghai Power with a gain of RMB16,031,000 (Note 6).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

14 ACCOUNTS RECEIVABLE

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

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

Note:

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

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

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

15 SHARE CAPITAL

(a) Authorised and issued capital

	Number of shares (of HK$1 each)	Nominal amount RMB'000
Authorised:		
At 1 January 2009, 31 December 2009 and 30 June 2010	10,000,000,000	10,600,000
Issued and fully paid:		
At 1 January 2009	3,605,610,850	3,798,610
Issue of shares for acquisition of subsidiaries (note)	1,501,449,927	1,322,863
At 31 December 2009 and 30 June 2010	5,107,060,777	5,121,473

Note:

On 15 December 2009, the Company issued 1,501,449,927 new shares of HK$1 each to China Power International Holding Limited ("CPIH"), an intermediate holding company of the Company, as part of the purchase consideration for the acquisition of 63% interest in Wuling (the "Consideration Shares"). These new shares rank pari passu in all respects with the then existing shares. The fair value of the Consideration Shares, determined using the published closing price at the date of acquisition, amounted to approximately RMB2,871 million (equivalent to approximately HK$3,258 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15 SHARE CAPITAL *(Continued)*

(b) Share option schemes

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

(i) Option Scheme

Details of the options granted under the Option Scheme outstanding as at 30 June 2010 and 31 December 2009 are as follows:

			Number of shares subject to the options	
Date of grant	Expiry date	Exercise price	**At 30 June 2010**	At 31 December 2009
Directors				
4 April 2007	3 April 2017	HK$4.07	**2,572,000**	2,572,000
2 July 2008	1 July 2018	HK$2.326	**2,360,000**	2,360,000
Senior management and other employees				
4 April 2007	3 April 2017	HK$4.07	**10,347,000**	10,947,000
2 July 2008	1 July 2018	HK$2.326	**23,920,000**	25,260,000
			39,199,000	41,139,000

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2010		2009	
	Average exercise price per share	**Number of options**	Average exercise price per share	Number of options
At 1 January	**HK$2.899**	**41,139,000**	HK$2.926	45,113,000
Lapsed	**HK$4.07**	**(600,000)**	HK$4.07	(2,004,000)
Lapsed	**HK$2.326**	**(1,340,000)**	HK$2.326	(1,970,000)
At 30 June		**39,199,000**		41,139,000

15 SHARE CAPITAL *(Continued)*

(b) Share option schemes *(Continued)*

(i) Option Scheme *(Continued)*

Options granted are exercisable within a period of ten years within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of an option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the Shares comprised in his or her option.

No other share options granted under the Option Scheme were cancelled or exercised during the period. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

(ii) Pre-IPO Share Option Scheme

Details of the options granted under the Pre-IPO Scheme outstanding as at 30 June 2010 and 31 December 2009 are as follows:

				Number of shares subject to the options	
	Date of grant	Expiry date	Exercise price	**At 30 June 2010**	At 31 December 2009
Directors	18 September 2004	17 September 2014	HK$2.53	**1,869,200**	1,869,200
Senior management and other employees	18 September 2004	17 September 2014	HK$2.53	**3,696,900**	3,696,900
Senior management and other employees	11 October 2004	10 October 2014	HK$2.53	**1,038,500**	1,038,500
				6,604,600	6,604,600

Options granted are exercisable within a period of ten years within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of an option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the Shares comprised in his or her option.

No share options granted under the Pre-IPO Share Option Scheme were cancelled or exercised during the period. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

16 RESERVES

	Merger reserve RMB'000	Capital reserve RMB'000	Available-for-sale financial assets reserve RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Sub-total RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2009, audited and as restated	306,548	2,262,848	(434,224)	137,972	23,769	2,296,913	(887,737)	1,409,176
Increase in fair value of available-for-sale financial assets	–	–	1,003,770	–	–	1,003,770	–	1,003,770
Employee share option benefits	–	–	–	–	5,926	5,926	–	5,926
Lapse of share options	–	–	–	–	(1,090)	(1,090)	1,090	–
Profit for the period, as restated	–	–	–	–	–	–	147,718	147,718
At 30 June 2009, as restated	306,548	2,262,848	569,546	137,972	28,605	3,305,519	(738,929)	2,566,590
At 1 January 2010	306,548	2,262,848	643,422	195,934	29,415	3,438,167	(424,357)	3,013,810
Decrease in fair value of available-for-sale financial assets	–	–	(781,076)	–	–	(781,076)	–	(781,076)
Deferred tax on decrease in fair value of available-for-sale financial assets	–	–	206,729	–	–	206,729	–	206,729
Release upon disposal of available-for-sale financial assets	–	–	(72,568)	–	–	(72,568)	–	(72,568)
Release of deferred tax upon disposal of available-for-sale financial assets	–	–	10,694	–	–	10,694	–	10,694
Employee share option benefits	–	–	–	–	2,444	2,444	–	2,444
Lapse of share options	–	–	–	–	(1,014)	(1,014)	1,014	–
Profit for the period	–	–	–	–	–	–	272,986	272,986
2009 final dividend	–	–	–	–	–	–	(229,819)	(229,819)
At 30 June 2010	306,548	2,262,848	7,201	195,934	30,845	2,803,376	(380,176)	2,423,200

17 BANK BORROWINGS

Bank borrowings are analysed as follows:

	As at	
	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Non-current		
Long-term bank borrowings		
– secured (note (d))	12,805,236	15,992,186
– unsecured (note (b))	13,247,464	9,901,370
	26,052,700	25,893,556
Less: current portion of long-term bank borrowings		
– secured	(526,197)	(629,866)
– unsecured	(1,153,000)	(646,850)
– unsecured other bank borrowings reclassified as current (note (b))	(680,464)	(682,820)
	23,693,039	23,934,020
Current		
Current portion of long-term bank borrowings	1,679,197	1,276,716
Short-term bank borrowings - unsecured	3,350,000	2,550,000
Unsecured other bank borrowings reclassified as current (note (b))	680,464	682,820
	5,709,661	4,509,536
Total bank borrowings	29,402,700	28,443,556

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

17 BANK BORROWINGS *(Continued)*

(a) The carrying amounts of the Group's bank borrowings approximate their fair values and are denominated in the following currencies:

	As at	
	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
RMB	**27,090,530**	26,125,850
USD	**862,364**	874,285
JPY	**1,449,806**	1,443,421
	29,402,700	28,443,556

(b) On 15 July 2008, the Company entered into a facility agreement ("Facility Agreement") relating to a USD100,000,000 term loan facility ("Loan Facilities") with a syndicate of banks for the purpose of financing the general corporate funding requirements of the Company and its subsidiaries. The Loan Facilities have a term of three years commencing from the date of the Facility Agreement and imposed certain specific performance obligations on the Group. As at 30 June 2010, the Group's drawdown in connection with the Loan Facilities amounted to approximately RMB680,464,000 (equivalent to USD 100,000,000) whereby the Group was not able to fulfil certain financial covenants as stipulated under the Facility Agreement which constitutes an event of default under the Facility Agreement. Subsequent to the period end, the Group has obtained a waiver in respect of the aforementioned covenant requirements from the syndicate of banks for the period ended 30 June 2010. However, at the balance sheet date, as the Group did not have an unconditional right to defer its settlement of the relevant bank borrowings for at least twelve months after that date, such bank borrowings are reclassified as current liabilities.

(c) The effective interest rates of the Group's bank borrowings are as follows:

	As at	
	30 June 2010 Unaudited	31 December 2009 Audited
Long-term bank borrowings, at floating rates	**5.11%**	5.16%
Short-term bank borrowings, at floating rates	**4.49%**	4.59%

17 BANK BORROWINGS *(Continued)*

(d) As at 30 June 2010, the long-term bank borrowings of the Group were secured as follows:

	As at	
	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Secured against the rights on accounts receivable of certain subsidiaries of the Group	**10,258,140**	13,448,766
Guaranteed by the ultimate holding company	**1,839,436**	1,822,060
Guaranteed by Hunan Provincial Power Company	**610,410**	621,360
Secured against property, plant and equipment of a subsidiary of the Group	**97,250**	100,000
	12,805,236	15,992,186

(e) At 30 June 2010, the Group had the following undrawn committed borrowing facilities:

	As at	
	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Long-term bank borrowings, at floating rates	**17,630,451**	12,168,411

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18 ACCOUNTS AND BILLS PAYABLES

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

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

Note:

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

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

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

19 DERIVATIVE FINANCIAL INSTRUMENTS

	As at	
	30 June 2010	31 December 2009
	Unaudited	Audited
	RMB'000	RMB'000
	Assets	Liabilities
Derivative financial instruments - held for trading	**11,558**	(71,441)

As at 30 June 2010, the Group had certain net settled derivative financial instruments mainly to sell USD for JPY with an aggregate notional principal amount of JPY3,251,900,000 (2009: JPY3,381,976,000).

During the period, the Group recorded a fair value gain on the above derivative financial instruments amounting to RMB82,999,000 (Note 6).

20 BUSINESS COMBINATIONS

(a) Acquisition of Hunan Zhong Shui Investment Co., Ltd

Effective 1 April 2010, the Group acquired 100% equity interests in Hunan Zhong Shui Investment Co., Ltd and its subsidiaries (together, "Zhong Shui") from China Water Investment Group Corporation (中國水利投資集團公司) and 湖南中天水利水電勘察設計有限公司 (Hunan Zhongtian Shuili Shuidian Kancha Sheji Co., Ltd.), independent third parties (the "Acquisition"). The revenue and net results contributed by Zhong Shui during the period from 1 April 2010 to 30 June 2010 is not significant to the Group. If the Acquisition had occurred on 1 January 2010, the Group's revenue and profit for the period ended 30 June 2010 would have no significant change.

Details of net assets acquired and goodwill are as follows:

	RMB'000
Purchase considerations:	
- Cash paid	29,952
Fair value of net identifiable assets acquired (see below)	(16,530)
Goodwill	13,422

Goodwill arose from the acquisition is attributable to the anticipated future operating synergies.

Note:

During the period, the acquisition was completed and the Group commenced to account for the business combination from the effective date when the Group gained control over Zhong Shui. As at the date of this interim accounting period, the initial accounting for the acquisition is determined on a provisional basis as the allocation of fair value to the identifiable assets and liabilities of the acquisition is still in progress. Adjustments to those provisional values of identifiable assets and liabilities, including any additional depreciation, amortisation, and other profit or loss effect, if any, will be recognised on completion of the initial accounting.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 BUSINESS COMBINATIONS *(Continued)*

(a) Acquisition of Hunan Zhong Shui Investment Co., Ltd *(Continued)*

The assets and liabilities arising from the acquisition are as follows:

	Fair value RMB'000	Acquiree's carrying amount RMB'000
Property, plant and equipment (Note 12)	4,691	4,691
Cash and cash equivalents	11,846	11,846
Others	(7)	(7)
Net identifiable assets acquired	16,530	16,530
Purchase considerations – paid in cash	29,952	
Cash and cash equivalents in subsidiaries acquired	(11,846)	
Net cash outflow on acquisition	18,106	

20 BUSINESS COMBINATIONS *(Continued)*

(b) Acquisition of Wuling

Effective 1 November 2009, the Group acquired 63% equity interests in Wuling from CPIH.

Details of net assets acquired and goodwill are as follows:

	RMB'000
Purchase considerations:	
– Fair value of shares issued (Note 15(a))	2,870,613
– Cash paid	176,778
– Consideration payable in cash (Note 22(iii))	1,188,417
– Direct expenses relating to the acquisition	44,952
	4,280,760
Fair value of net identifiable assets acquired (see below)	(3,813,141)
Goodwill	467,619

Goodwill arose from the acquisition is attributable to the anticipated profitability of the company's operations and the anticipated future operating synergies.

Note:

The acquisition was completed in November 2009 and the Group commenced to account for the business combination from the effective date when the Group gained control over Wuling. As at the date of this interim accounting period, the initial accounting for the acquisition is determined on a provisional basis as the allocation of fair value to the identifiable assets and liabilities of the acquisition is still in progress. Adjustments to those provisional values of identifiable assets and liabilities, including any additional depreciation, amortisation, and other profit or loss effect, if any, will be recognised on completion of the initial accounting.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 BUSINESS COMBINATIONS *(Continued)*

(b) Acquisition of Wuling *(Continued)*

The assets and liabilities arising from the acquisition are as follows:

	Fair value RMB'000	Acquiree's carrying amount RMB'000
Property, plant and equipment	25,374,600	23,963,536
Land use rights	255,963	120,817
Interests in associated companies	643,770	637,238
Interests in a jointly controlled entity	14,569	14,569
Available-for-sale financial assets	101,000	101,000
Inventories	13,892	13,892
Long-term loans to a fellow subsidiary	970,000	970,000
Receivables, prepayments and deposits	1,876,610	1,876,790
Cash and cash equivalents	1,963,953	1,963,953
Payables and accruals	(980,409)	(980,409)
Long-term borrowings from ultimate holding company	(1,473,816)	(1,473,816)
Derivative financial instruments	(61,539)	(61,539)
Other long-term liabilities	(17,950)	(17,950)
Borrowings	(21,360,133)	(21,360,133)
Short-term borrowings from CPIF	(700,000)	(700,000)
Current income tax	(155,115)	(155,115)
Deferred taxation	(380,961)	17,112
	6,084,434	4,929,945
Non-controlling interests	(2,271,293)	
Net identifiable assets acquired	3,813,141	
Purchase considerations - paid in cash	(176,778)	
Cash and cash equivalents in subsidiaries acquired	1,963,953	
Net cash inflow on acquisition	1,787,175	

(c) There were no acquisitions during the six months period ended 30 June 2009.

21 CAPITAL COMMITMENTS

(i) Capital commitments outstanding at the balance sheet date not provided for were as follows:

	As at	
	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Authorised but not contracted for in respect of		
– property, plant and equipment	**68,056**	488,963
– capital contribution to an associated company	**813,800**	813,800
– other investments	**80,568**	—
Contracted but not provided for in respect of		
– property, plant and equipment	**16,979,038**	14,211,866
– acquisition of a business (note)	**944,628**	944,628
– other investments	**317,703**	198,450
	19,203,793	16,657,707

Note: The commitment to acquire a business was subsequently cancelled in July 2010.

(ii) Share of capital commitments of a jointly controlled entity outstanding at the balance sheet date but not provided for were as follows:

	As at	
	30 June 2010 Unaudited RMB'000	31 December 2009 Audited RMB'000
Contracted but not provided for in respect of property, plant and equipment	**749,458**	824,739

There is no contingent liabilities relating to the Group's interests in the jointly controlled entity and the jointly controlled entity did not have any material contingent liabilities as at 30 June 2010 (2009: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22 RELATED-PARTY TRANSACTIONS

The Group's ultimate holding company is CPI Group, a state-owned enterprise established in the PRC. CPI Group itself is controlled by the PRC Government which also owns a significant portion of the productive assets in the PRC.

In accordance with HKAS 24 ("Revised"), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include CPI Group, its subsidiaries, jointly controlled entities and associates (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and CPI Group as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believes that it is also meaningful to disclose the related party transactions with CPI Group companies for the interests of accounts users. The Directors believe that the information of related party transactions has been adequately disclosed in this interim financial information.

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

Related parties	Relationship with the Company
CPI Group	Ultimate holding company
CPIH	An intermediate holding company
CPIF	A company controlled by CPI Group
Shanxi Shentou Industrial Company Limited（山西神頭電力實業有限責任公司）	Fellow subsidiary
Shanxi Shentou Engineering Company Limited（山西神頭電力檢修有限責任公司）	Fellow subsidiary
Huainan Pingwei Electric Power Industry Company Limited（淮南平圩電力實業有限責任公司）	Fellow subsidiary
Anhui Huainan Pingwei Power Engineering Maintenance Company Limited（安徽淮南平圩電力檢修工程有限責任公司）	Fellow subsidiary
Pingdingshan Yaomeng Power Engineering Co., Ltd.（平頂山姚孟電力工程有限責任公司）	Fellow subsidiary
Pingdingshan Yaomeng Power Industrial Co., Ltd.（平頂山姚孟電力實業有限責任公司）	Fellow subsidiary
Qian Dong Power Corporation ("Qian Dong")（貴州黔東電力有限公司）	Fellow subsidiary
Hunan Xiangtou International Investment Limited ("Xiangtou")（湖南湘投國際投資有限公司）	A shareholder of a subsidiary

22 RELATED-PARTY TRANSACTIONS *(Continued)*

The following is a summary of significant related party transactions which, in the opinion of the directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in this interim financial information.

(i) Revenue

		Unaudited Six months ended 30 June	
	Note	2010 RMB'000	2009 RMB'000
Income from generation of electricity on behalf of fellow subsidiaries	(a)	—	99,161
Interest income from Qian Dong	(b)	38,611	—
Rental income from			
– Qian Dong	(c)	27,054	—
– Xiangtou	(c)	2,724	—
Management fee from CPIH	(d)	1,287	2,986
Income from the provision of repairs and maintenance services to Qian Dong	(e)	1,928	—

(a) Income from generation of electricity on behalf of fellow subsidiaries were calculated on mutually agreed prices.

(b) Interest income from Qian Dong was charged at a fixed interest rate of 5.4% per annum.

(c) Rental income from Qian Dong and Xiangtou was charged in accordance with the terms of the relevant agreements.

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

(e) Income from the provision of repairs and maintenance services to Qian Dong was charged in accordance with the terms of the relevant agreements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22 RELATED-PARTY TRANSACTIONS *(Continued)*

(ii) Expenses

		Unaudited Six months ended 30 June	
	Note	2010 RMB'000	2009 RMB'000
Operating lease rental in respect of land to CPI Group	(a)	8,530	8,530
Operating lease rental in respect of buildings to CPIH	(a)	7,672	7,672
Purchases of fuel, raw materials and spare parts from fellow subsidiaries	(b)	31,992	21,492
Service fees to fellow subsidiaries	(c)	176,332	168,678
Construction costs to fellow subsidiaries	(d)	900	55,956
Interest expense to CPIF	(e)	59,749	24,368
Interest expense to CPI Group	(f)	37,059	—
Interest expense to Xiangtou	(g)	9,953	—

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

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

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

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

(e) Interest expense to CPIF was charged based on outstanding balances at 2.91% to 5.27% (2009: 4.78% to 6.66%) per annum.

(f) Interest expense to CPI Group was charged based on outstanding balances at a fixed rate of 5.02% per annum.

(g) Interest expense to Xiangtou was charged based on outstanding loan balance at 5.35% per annum.

22 RELATED-PARTY TRANSACTIONS *(Continued)*

(iii) Period end balances with related parties

	Note	As at 30 June 2010 Unaudited RMB'000	As at 31 December 2009 Audited RMB'000
Amount due from CPI Group	(a)	**45,004**	1,354
Amount due from CPIH	(a)	**1,000**	1,000
Amounts due from fellow subsidiaries	(a)	**87,257**	139,085
Amount due to CPI Group	(a)	**109,490**	68,374
Amounts due to CPIH	(a)	**1,333,791**	1,188,417
Amounts due to fellow subsidiaries	(a)	**29,692**	36,206
Long-term borrowings from CPI Group	(b)	**1,473,816**	1,473,816
Amounts payable to CPIF	(c)	**270,295**	270,295
Borrowings from CPIF	(d)	**3,200,000**	2,600,000
Long-term loans to a fellow subsidiary	(e)	**1,500,000**	1,500,000
Loans from Xiangtou (included in other long-term borrowings)	(f)	**235,201**	385,201

(a) Except for the purchase consideration payable to CPIH of RMB1,188,417,000 (also see Note 20(b)) which is repayable on or before 31 October 2010, the amounts due from/(to) CPI Group, CPIH and fellow subsidiaries are unsecured, interest free and repayable on demand.

(b) Long-term borrowings from CPI Group are unsecured, carrying interest at a rate of 5.02% per annum and repayable by year 2018.

(c) Amounts payable to CPIF are unsecured, carrying interest at 5.27% (2009: 5.27%) per annum and repayable within twelve months from the balance sheet date.

(d) Borrowings from CPIF are unsecured, carrying interest at rates ranging from 2.91% to 4.78% (2009: 2.91% to 4.86%) per annum and repayable before the end of year 2014.

(e) Long-term loans to a fellow subsidiary are unsecured, carrying interest at a fixed interest rate of 5.4% per annum and repayable before the end of year 2012.

(f) The loans from Xiangtou are unsecured, bearing interest at 5.35% (2009: 5.35%) per annum and repayable by 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22 RELATED-PARTY TRANSACTIONS *(Continued)*

(iv) For the six months ended 30 June 2010 and 2009, the Group's significant transactions and balances with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include:

(a) bank deposits in state-owned banks and the related interest income

(b) bank borrowings from the state-owned banks and the related interest expenses

(c) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables

(d) purchases of coal from state-owned enterprises and the related payables

(e) reservoir maintenance and usage fees to the PRC government

(f) an amount due from Hubei Electric Power Corporation

(g) service fees to state-owned enterprises

The prices and terms of such transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

(v) Key management compensation

	Unaudited Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Basic salaries, housing allowance, other allowances, discretionary bonus and benefits in kind	**3,296**	3,833
Share-based compensation	**2,444**	5,926
	5,740	9,759

PRICEWATERHOUSECOOPERS

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Central, Hong Kong

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

Introduction

We have reviewed the condensed consolidated interim financial information set out on pages 17 to 59, which comprises the condensed consolidated balance sheet of China Power International Development Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED (CONTINUED)
(incorporated in Hong Kong with limited liability)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 August 2010

Corporate Information

Chairman of the Board and Chief Executive Officer:	Li Xiaolin
Executive Director and President:	Liu Guangchi
Non-Executive Director:	Gao Guangfu Guan Qihong
Independent Non-Executive Director:	Kwong Che Keung, Gordon Li Fang Tsui Yiu Wa, Alec
Auditor:	PricewaterhouseCoopers
Registered Office:	Suite 6301, 63/F., Central Plaza 18 Harbour Road Wanchai, Hong Kong
Head Office and Principal Place of Business in Hong Kong:	Suite 6301, 63/F., Central Plaza 18 Harbour Road Wanchai, Hong Kong
Share Registrar and Transfer Office:	Computershare Hong Kong Investors Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Company Website:	www.chinapower.hk www.irasia.com/listco/hk/chinapower/index.htm
Stock Code:	2380

SHAREHOLDERS' ENQUIRIES

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

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