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## **China Power International Development Limited**

**中國電力國際發展有限公司**

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

**(Stock Code: 2380)**

### **Announcement of Unaudited Interim Results For the Six Months ended 30 June 2012**

#### **Financial Highlights**

- Revenue amounted to approximately RMB9,101,377,000, representing an increase of approximately RMB918,225,000 or by 11.22% as compared with the revenue for the corresponding period last year.
- Profit attributable to owners of the Company was approximately RMB547,796,000, representing an increase of approximately RMB136,288,000 or by 33.12% as compared with the profit for the corresponding period last year.
- Basic earnings per share was approximately RMB0.11, representing an increase of approximately RMB0.03 as compared with the basic earnings per share of RMB0.08 for the corresponding period last year.

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**” or “**China Power**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2012. The interim financial information prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” has been reviewed by the audit committee of the Company (the “**Audit Committee**”) and PricewaterhouseCoopers, the auditor.

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

*For the six months ended 30 June 2012*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2012</b>	<b>2011</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>9,101,377</b>	8,183,152
Other income	4	<b>106,985</b>	109,597
Fuel costs		<b>(5,230,819)</b>	(4,940,387)
Depreciation		<b>(1,006,943)</b>	(914,180)
Staff costs		<b>(414,353)</b>	(307,569)
Repairs and maintenance		<b>(225,250)</b>	(223,021)
Consumables		<b>(103,060)</b>	(76,011)
Other gains	5	<b>61,129</b>	30,247
Other operating expenses		<b>(482,421)</b>	(465,092)
		<hr/>	<hr/>
Operating profit	6	<b>1,806,645</b>	1,396,736
Finance income	7	<b>58,160</b>	48,892
Finance costs	7	<b>(861,699)</b>	(733,181)
Share of profits/(losses) of associated companies		<b>32,014</b>	(8,509)
Share of losses of jointly-controlled entities		<b>(7,593)</b>	(10,484)
		<hr/>	<hr/>
Profit before taxation		<b>1,027,527</b>	693,454
Taxation	8	<b>(247,159)</b>	(158,026)
		<hr/>	<hr/>
Profit for the period		<b>780,368</b>	535,428
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Owners of the Company		<b>547,796</b>	411,508
Non-controlling interests		<b>232,572</b>	123,920
		<hr/>	<hr/>
		<b>780,368</b>	535,428
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
- Basic	9	<b>0.11</b>	0.08
		<hr/>	<hr/>
- Diluted	9	<b>0.10</b>	0.08
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2012*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Profit for the period	<b>780,368</b>	535,428
Other comprehensive income		
- Fair value gain on available-for-sale financial assets, net of tax	<b>233,002</b>	538,627
Total comprehensive income for the period	<b><u>1,013,370</u></b>	<u>1,074,055</u>
Attributable to:		
Owners of the Company	<b>780,798</b>	950,135
Non-controlling interests	<b>232,572</b>	123,920
	<b><u>1,013,370</u></b>	<u>1,074,055</u>

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

*As at 30 June 2012*

		As at	
	<i>Note</i>	30 June 2012 Unaudited RMB'000	31 December 2011 Audited RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		52,473,695	49,350,730
Prepayments for construction of power plants		1,691,142	2,385,556
Land use rights		465,991	457,764
Goodwill		767,453	767,365
Interests in associated companies		1,555,631	1,523,617
Interests in jointly-controlled entities		344,365	351,949
Available-for-sale financial assets		2,373,774	2,063,105
Deferred income tax assets		74,544	45,187
		<b>59,746,595</b>	<b>56,945,273</b>
<b>Current assets</b>			
Inventories		755,392	730,971
Accounts receivable	11	2,143,339	1,911,467
Prepayments, deposits and other receivables		1,148,968	791,627
Amounts due from group companies		265,798	332,109
Loan due from a fellow subsidiary		1,500,000	1,500,000
Tax recoverable		1,232	1,196
Derivative financial instruments		14,272	-
Pledged bank deposits		81,360	-
Cash and cash equivalents		2,898,591	1,179,817
		<b>8,808,952</b>	<b>6,447,187</b>
<b>Total assets</b>		<b>68,555,547</b>	<b>63,392,460</b>

	As at	
	30 June 2012 Unaudited RMB'000	31 December 2011 Audited RMB'000
<b>EQUITY</b>		
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	5,121,473	5,121,473
Share premium	4,303,111	4,303,111
Reserves	4,251,708	3,700,408
	<hr/>	<hr/>
	13,676,292	13,124,992
Non-controlling interests	3,627,082	3,364,510
	<hr/>	<hr/>
Total equity	17,303,374	16,489,502
	<hr/>	<hr/>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income	70,991	75,289
Long-term bank borrowings	28,599,035	26,881,231
Long-term borrowings from ultimate holding company	1,473,816	1,473,816
Long-term borrowings from CPI Financial Company ("CPIF")	2,232,095	1,161,800
Corporate bonds	1,794,020	1,794,020
Convertible bonds	866,610	853,454
Long-term other borrowings	154,259	399,260
Obligations under finance leases	157,409	166,623
Deferred income tax liabilities	924,048	741,934
Other long-term liabilities	6,772	8,557
	<hr/>	<hr/>
	36,279,055	33,555,984
	<hr/>	<hr/>

		As at	
	<i>Note</i>	<b>30 June 2012 Unaudited RMB'000</b>	31 December 2011 Audited RMB'000
<b>Current liabilities</b>			
Accounts and bills payables	12	1,749,433	875,389
Construction cost payable		2,244,827	1,987,536
Other payables and accrued charges		949,242	875,384
Derivative financial instruments		-	32,965
Amounts due to group companies		211,075	128,110
Current portion of long-term bank borrowings		2,626,952	2,702,450
Current portion of long-term other borrowings		245,001	-
Short-term bank borrowings		4,507,653	2,987,800
Other bank borrowings		-	211,710
Short-term borrowings from CPIF		750,000	1,680,000
Current portion of long-term borrowings from CPIF		400,000	670,295
Short-term other borrowings		1,092,000	1,100,000
Current portion of obligations under finance leases		18,188	17,714
Taxation payable		178,747	77,621
		<u>14,973,118</u>	<u>13,346,974</u>
Total liabilities		<u>51,252,173</u>	<u>46,902,958</u>
<b>Total equity and liabilities</b>		<u>68,555,547</u>	<u>63,392,460</u>
<b>Net current liabilities</b>		<u>6,164,166</u>	<u>6,899,787</u>
<b>Total assets less current liabilities</b>		<u>53,582,429</u>	<u>50,045,486</u>

## Notes

### 1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2012 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 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual accounts for the year ended 31 December 2011.

In preparing this condensed consolidated interim financial information, the directors have also 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 2012, the Group had undrawn committed banking facilities amounting to approximately RMB11,275,000,000 (31 December 2011: RMB11,597,000,000) and will refinance and/or restructure certain short-term loans into long-term loans or to consider alternative sources of financing, where applicable. Under these circumstances, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared this condensed consolidated interim financial information on a going concern basis notwithstanding that as at 30 June 2012, the Group’s current liabilities exceeded its current assets by approximately RMB6,164,166,000.

### 2 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 2011, except for the adoption of new and revised HKFRS issued by the Hong Kong Institute of Certified Public Accountants which are effective to the Group for accounting periods beginning on or after 1 January 2012. The adoption of the new HKFRS has no material impact on the Group’s results and financial position for the current or prior periods.

### 3 Revenue and segment information

Revenue, representing turnover, recognised during the period is as follows:

	Unaudited	
	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Sales of electricity to regional and provincial power grid companies (note (a))	9,014,592	8,091,100
Provision of power generation and related services (note (b))	86,785	92,052
	<u>9,101,377</u>	<u>8,183,152</u>

Notes:

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

#### Segment information

The chief operating decision maker of the Group 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 condensed consolidated interim financial information.

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

Segment liabilities exclude taxation payable, deferred income tax liabilities, derivative financial instruments and corporate liabilities which are managed on a central basis.



	<b>Unaudited</b>				
	<b>Six months ended 30 June 2012</b>				
	<b>Coal-fired electricity RMB'000</b>	<b>Hydropower electricity RMB'000</b>	<b>Reportable segments total RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue</b>					
Sales of electricity	7,371,060	1,643,532	9,014,592	-	9,014,592
Provision of power generation and related services	35,056	51,729	86,785	-	86,785
	<u>7,406,116</u>	<u>1,695,261</u>	<u>9,101,377</u>	<u>-</u>	<u>9,101,377</u>
<b>Results of reportable segments</b>	<u>801,615</u>	<u>1,032,006</u>	<u>1,833,621</u>	<u>-</u>	<u>1,833,621</u>
A reconciliation of results of reportable segments to profit for the period is as follows:					
<b>Results of reportable segments</b>	<b>801,615</b>	<b>1,032,006</b>	<b>1,833,621</b>	<b>-</b>	<b>1,833,621</b>
Unallocated income	-	-	-	47,552	47,552
Unallocated expenses	-	-	-	(74,528)	(74,528)
<b>Operating profit/(loss)</b>	<b>801,615</b>	<b>1,032,006</b>	<b>1,833,621</b>	<b>(26,976)</b>	<b>1,806,645</b>
Finance income	2,423	43,331	45,754	12,406	58,160
Finance costs	(368,471)	(482,394)	(850,865)	(10,834)	(861,699)
Share of profits of associated companies	32,014	-	32,014	-	32,014
Share of losses of jointly-controlled entities	(3,610)	-	(3,610)	(3,983)	(7,593)
<b>Profit/(loss) before taxation</b>	<b>463,971</b>	<b>592,943</b>	<b>1,056,914</b>	<b>(29,387)</b>	<b>1,027,527</b>
Taxation	(95,476)	(151,209)	(246,685)	(474)	(247,159)
<b>Profit/(loss) for the period</b>	<u><b>368,495</b></u>	<u><b>441,734</b></u>	<u><b>810,229</b></u>	<u><b>(29,861)</b></u>	<u><b>780,368</b></u>
<b>Other segment information:</b>					
Capital expenditure	1,633,159	1,669,346	3,302,505	10,342	3,312,847
Depreciation on property, plant and equipment	565,362	437,506	1,002,868	4,075	1,006,943
Amortisation of land use rights	1,285	2,952	4,237	-	4,237

**Unaudited**  
**As at 30 June 2012**

	<b>Coal-fired electricity RMB'000</b>	<b>Hydropower electricity RMB'000</b>	<b>Reportable segments total RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
<b>Segment assets</b>					
Other segment assets	26,106,039	34,514,560	60,620,599	-	60,620,599
Goodwill	-	767,453	767,453	-	767,453
Interests in associated companies	1,537,780	-	1,537,780	17,851	1,555,631
Interests in jointly-controlled entities	222,893	-	222,893	121,472	344,365
	<u>27,866,712</u>	<u>35,282,013</u>	<u>63,148,725</u>	<u>139,323</u>	<u>63,288,048</u>
Available-for-sale financial assets					2,373,774
Loan due from a fellow subsidiary					1,500,000
Deferred income tax assets					74,544
Derivative financial instruments					14,272
Other unallocated assets					<u>1,304,909</u>
<b>Total assets per consolidated balance sheet</b>					<u><u>68,555,547</u></u>
<b>Segment liabilities</b>					
Other segment liabilities	(3,652,801)	(1,695,462)	(5,348,263)	-	(5,348,263)
Borrowings	(16,483,339)	(27,537,057)	(44,020,396)	(721,045)	(44,741,441)
	<u>(20,136,140)</u>	<u>(29,232,519)</u>	<u>(49,368,659)</u>	<u>(721,045)</u>	<u>(50,089,704)</u>
Taxation payable					(178,747)
Deferred income tax liabilities					(924,048)
Other unallocated liabilities					<u>(59,674)</u>
<b>Total liabilities per consolidated balance sheet</b>					<u><u>(51,252,173)</u></u>

**Unaudited**  
**Six months ended 30 June 2011**

	<b>Coal-fired electricity</b>	<b>Hydropower electricity</b>	<b>Reportable segments total</b>	<b>Others</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>					
Sales of electricity	6,674,373	1,416,727	8,091,100	-	8,091,100
Provision of power generation and related services	28,703	63,349	92,052	-	92,052
	<u>6,703,076</u>	<u>1,480,076</u>	<u>8,183,152</u>	<u>-</u>	<u>8,183,152</u>
<b>Results of reportable segments</b>	<u>537,338</u>	<u>893,347</u>	<u>1,430,685</u>	<u>-</u>	<u>1,430,685</u>
A reconciliation of results of reportable segments to profit for the period is as follows:					
<b>Results of reportable segments</b>	537,338	893,347	1,430,685	-	1,430,685
Unallocated income	-	-	-	22,559	22,559
Unallocated expenses	-	-	-	(56,508)	(56,508)
<b>Operating profit/(loss)</b>	537,338	893,347	1,430,685	(33,949)	1,396,736
Finance income	975	44,000	44,975	3,917	48,892
Finance costs	(266,618)	(447,117)	(713,735)	(19,446)	(733,181)
Share of losses of associated companies	(8,509)	-	(8,509)	-	(8,509)
Share of losses of jointly-controlled entities	(6,934)	-	(6,934)	(3,550)	(10,484)
<b>Profit/(loss) before taxation</b>	256,252	490,230	746,482	(53,028)	693,454
Taxation	(31,021)	(127,005)	(158,026)	-	(158,026)
<b>Profit/(loss) for the period</b>	<u>225,231</u>	<u>363,225</u>	<u>588,456</u>	<u>(53,028)</u>	<u>535,428</u>
<b>Other segment information:</b>					
Capital expenditure	1,079,229	1,987,247	3,066,476	1,775	3,068,251
Depreciation on property, plant and equipment	503,828	404,488	908,316	5,864	914,180
Amortisation of land use rights	1,528	3,014	4,542	-	4,542

**Audited**  
**As at 31 December 2011**

	<b>Coal-fired electricity</b>	<b>Hydropower electricity</b>	<b>Reportable segments total</b>	<b>Others</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Segment assets</b>					
Other segment assets	23,829,484	32,167,048	55,996,532	-	55,996,532
Goodwill	-	767,365	767,365	-	767,365
Interests in associated companies	1,505,766	-	1,505,766	17,851	1,523,617
Interests in jointly-controlled entities	207,715	-	207,715	144,234	351,949
	<u>25,542,965</u>	<u>32,934,413</u>	<u>58,477,378</u>	<u>162,085</u>	<u>58,639,463</u>
Available-for-sale financial assets					2,063,105
Loan due from a fellow subsidiary					1,500,000
Deferred income tax assets					45,187
Other unallocated assets					<u>1,144,705</u>
<b>Total assets per consolidated balance sheet</b>					<u><u>63,392,460</u></u>
<b>Segment liabilities</b>					
Other segment liabilities	(2,273,412)	(1,810,046)	(4,083,458)	-	(4,083,458)
Borrowings	(16,012,179)	(25,603,947)	(41,616,126)	(299,710)	(41,915,836)
	<u>(18,285,591)</u>	<u>(27,413,993)</u>	<u>(45,699,584)</u>	<u>(299,710)</u>	<u>(45,999,294)</u>
Derivative financial instruments					(32,965)
Taxation payable					(77,621)
Deferred income tax liabilities					(741,934)
Other unallocated liabilities					<u>(51,144)</u>
<b>Total liabilities per consolidated balance sheet</b>					<u><u>(46,902,958)</u></u>

#### 4 Other income

	Unaudited	
	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Rental income	33,136	33,535
Hotel operations income	20,890	23,074
Dividend income	20,173	20,073
Clean development mechanism income	16,126	14,271
Income from the provision of repairs and maintenance services	14,173	16,157
Management fee income	2,487	2,487
	<u>106,985</u>	<u>109,597</u>

#### 5 Other gains

	Unaudited	
	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation of deferred income	5,337	5,386
Gain on disposal of property, plant and equipment	-	132
Fair value gain on derivative financial instruments	47,237	14,023
Government subsidies	7,479	10,002
Others	1,076	704
	<u>61,129</u>	<u>30,247</u>

#### 6 Operating profit

Operating profit is stated after charging the following:

	Unaudited	
	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation of land use rights	4,237	4,542
Depreciation of property, plant and equipment	1,006,943	914,180
Operating lease rental in respect of leasehold land and buildings	16,796	16,316
Staff costs including directors' emoluments	414,353	307,569
Write-off of pre-operating expenses	8,048	10,298
	<u>1,440,377</u>	<u>1,253,905</u>

## 7 Finance income and finance costs

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	2011
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Finance income</b>		
Interest income from bank deposits	17,210	8,167
Interest income from a fellow subsidiary	40,950	40,725
	<u>58,160</u>	<u>48,892</u>
<b>Finance costs</b>		
Interest expense on		
- bank borrowings wholly repayable within five years	201,048	190,905
- bank borrowings not wholly repayable within five years	904,168	647,032
- long-term borrowings from ultimate holding company not wholly repayable within five years	38,368	37,407
- short-term borrowings from CPIF	53,452	53,251
- long-term borrowings from CPIF wholly repayable within five years	40,434	23,125
- long-term other borrowings wholly repayable within five years	49,267	22,626
- long-term other borrowings not wholly repayable within five years	22,862	23,128
- short-term other borrowings	18,453	17,132
- obligations under finance leases	4,927	5,376
	<u>1,332,979</u>	<u>1,019,982</u>
Less: Amounts capitalised	<u>(425,585)</u>	<u>(255,117)</u>
	907,394	764,865
Net exchange gains	<u>(45,695)</u>	<u>(31,684)</u>
	<u>861,699</u>	<u>733,181</u>

The weighted average interest rate on capitalised borrowings is approximately 6.5% (2011: 4.9%) per annum.

## 8 Taxation

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the period (2011: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2011: 25%) on the estimated assessable income for the period except as disclosed below.

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<b>RMB'000</b>	<b>RMB'000</b>
PRC current income tax	<b>179,286</b>	121,088
Deferred income tax charge	<b>67,873</b>	36,938
	<b>247,159</b>	<b>158,026</b>

Share of taxation charge attributable to associated companies for the period of RMB11,662,000 (2011: RMB2,916,000) is included in the Group's share of profits/(losses) of associated companies for the period.

Pursuant to the relevant PRC income tax rules and regulations, special income tax rates have been granted to certain subsidiaries of the Group and 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 25% for the year 2012 (2011: 24%). A subsidiary acquired by the Group in the year 2005 is subject to tax rates of 25% for the year 2012 (2011: 24%). 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 of 12.5% (2011: 12% to 12.5%) during the period. The tax rates for these companies will be gradually increased to 25% towards year 2013.

## 9 Earnings per share

### (a) Basic

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
Profit attributable to owners of the Company (RMB'000)	<b>547,796</b>	411,508
Weighted average number of shares in issue (shares in thousands)	<b>5,107,061</b>	5,107,061
Basic earnings per share (RMB)	<b>0.11</b>	0.08

(b) **Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares arising from the Company's share options and convertible bonds. For the six months ended 30 June 2012 and 2011, the Company only has convertible bonds that have dilutive potential ordinary shares. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
Profit attributable to owners of the Company (RMB'000)	<b>547,796</b>	411,508
Adjustment for finance cost on convertible bonds (after tax) (RMB'000)	<b>18,161</b>	5,937
Profit used to determine diluted earnings per share (RMB'000)	<b>565,957</b>	417,445
Weighted average number of shares in issue (shares in thousands)	<b>5,107,061</b>	5,107,061
Adjustment for convertible bonds (shares in thousands)	<b>583,551</b>	12,344
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	<b>5,690,612</b>	5,119,405
Diluted earnings per share (RMB)	<b>0.10</b>	0.08

**10 Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: Nil).

**11 Accounts receivable**

	<b>As at</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2012</b>	<b>2011</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Accounts receivable from regional and provincial power grid companies (note (a))	<b>1,933,489</b>	1,778,073
Accounts receivable from other companies (note (a))	<b>25,854</b>	5,411
Notes receivable (note (b))	<b>183,996</b>	127,983
	<b>2,143,339</b>	1,911,467



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

As at 30 June 2012, 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 2012 was amounting to RMB1,539,553,000 (2011: RMB1,161,965,000).

Notes:

- (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:

	<b>As at</b>	
	<b>30 June 2012 Unaudited RMB'000</b>	31 December 2011 Audited RMB'000
1 to 3 months	<b>1,959,343</b>	1,783,484

- (b) The notes receivable are normally with maturity period of 180 days (2011: 180 days).

## 12 Accounts and bills payables

	<b>As at</b>	
	<b>30 June 2012 Unaudited RMB'000</b>	31 December 2011 Audited RMB'000
Accounts payable (note (a))	<b>1,096,209</b>	510,920
Due to non-controlling shareholders	<b>240,504</b>	214,469
	<b>1,336,713</b>	725,389
Bills payable (note (b))	<b>412,720</b>	150,000
	<b>1,749,433</b>	875,389

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

Notes:

- (a) The normal credit period for accounts payable generally range from 30 to 90 days. Ageing analysis of the accounts payable is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2012</b>	2011
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
1 to 6 months	<b>1,275,206</b>	524,216
7 to 12 months	<b>42,370</b>	186,296
Over 1 year	<b>19,137</b>	14,877
	<b>1,336,713</b>	725,389

- (b) Bills payable are bills of exchange with average maturity period of 3 to 6 months (2011: 3 to 6 months). As at 30 June 2012, bank deposits of RMB81,360,000 (2011: Nil) were pledged against these bills payable as security.

## **Management's Discussion and Analysis**

### **BUSINESS OVERVIEW**

The principal business of the Group is engaged in investment, development, operation and management of coal-fired power and hydropower plants in China. Its power generation business is mainly located in Eastern China power grid, Central China power grid and Northern China power grid.

In general, the power supply and demand in China were balanced in the first half of 2012. As affected by economic slowdown, the total electricity consumption in China rose by 5.5%, the growth decreased significantly as compared with the corresponding period last year. Although the growth of the national power demand slowed down, as new coal-fired power generation units were put into operation and significant increase in hydropower generation resulted from sufficient rainfall during the period, the aggregate power generation of the Group for the period recorded reasonable increment.

In the first half of 2012, the average on-grid tariff of the Group's coal-fired power generation increased significantly due to the carry over effect of the upward tariff adjustments last year. Since market price of coal has been decreasing steadily in the first half of the year coupled with the Group's continual effort in enhancing equipment efficiency to strengthen environmental protection management, the coal consumption rate was reduced during the period and the fuel cost was controlled effectively. As a result of the above factors, the Group achieved satisfactory growth in net profit for the period.

In the first half of 2012, the Group recorded a revenue of approximately RMB9,101,377,000, representing an increase of approximately 11.22% as compared with the corresponding period last year, while the profit attributable to the owners of the Group amounted to approximately RMB547,796,000, representing an increase of approximately 33.12% as compared with the corresponding period last year. The basic earnings per share was approximately RMB0.11, representing an increase of approximately RMB0.03 from RMB0.08 of the corresponding period last year. Net assets per share, excluding interests of non-controlling shareholders, was RMB2.68.

### **ATTRIBUTABLE INSTALLED CAPACITY**

As at 30 June 2012, the attributable installed capacity of the Group reached 11,831MW, of which the attributable installed capacity of coal-fired power was 8,917MW, representing 75% of the total attributable installed capacity, and the attributable installed capacity of hydropower was 2,914MW, representing 25% of the total attributable installed capacity.

### **POWER GENERATION AND UTILIZATION HOURS**

In the first half of 2012, the aggregate gross power generation of the Group reached 27,013,695MWh, representing an increase of 4.24% as compared with the corresponding period last year, of which the coal-fired power and hydropower generation reached 21,013,338MWh and 6,000,357MWh respectively. In the first half of 2012, the average utilization hours of coal-fired power plants reached 2,679 hours, representing a decrease of 280 hours as compared with the corresponding period last year, while the average utilization hours of hydropower plants was 1,715 hours, representing an increase of 273 hours as compared with the corresponding period last year.

### **ON-GRID TARIFF**

In the first half of 2012, the average on-grid tariff of coal-fired power of the Group was RMB376.35/MWh, representing an increase of RMB34.08/MWh as compared with the corresponding period last year, while the average on-grid tariff of hydropower of the Group was RMB276.82/MWh, representing a decrease of RMB9.15/MWh as compared with the corresponding period last year.

The increase in the average on-grid tariff of coal-fired power was mainly attributable to the tariff adjustments made by the National Development and Reform Commission in 2011. After the adjustment, all the on-grid tariffs of the coal-fired power plants of the Group were up to the provincial benchmark tariff. While higher tariff was implemented during the dry-season in the first half of 2011, the average on-grid tariff of hydropower was lowered to normal approved tariff in the first half of 2012.

## **UNIT FUEL COST**

In the first half of 2012, the unit fuel cost of the Group was approximately RMB265.81/MWh, representing an increase of approximately 3.76% from the average unit fuel cost of RMB256.19/MWh of last year.

The increase in unit fuel cost was due to the proportion of contracted coal of the Group accounted for 75% of the total coal demand. The increase in the integrated unit cost of such coal for the first half of this year was approximately 5%. However, due to the decrease of market coal price, the increase of the average unit fuel cost of the Group in the first half of 2012 was lower than expectation at the beginning of the year.

In addition to coal price control, the Group continued to implement measures, such as optimizing coal structure, increasing heat value, controlling monthly procurement plan in advance, raising the fulfillment rate for major contracted coal, minimizing the difference in heat value between coal received and fired to control the overall fuel cost. New units with large capacity commenced production while old units were upgraded and renovated. These measures enhanced the Group's equipment efficiency by lowering coal consumption and fuel cost.

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2012, the Group is interested in 18.86% of the issued share capital of Shanghai Electric Power Co., Ltd. ("**Shanghai Power**"), whose A shares were listed on the Shanghai Stock Exchange.

The Group recognizes its shareholding in Shanghai Power as "Available-for-sale financial assets". As at 30 June 2012, the fair value of the shareholding held by the Group was approximately RMB2,219,062,000.

## **NEW POWER PLANTS**

Among the Group's coal-fired power projects under construction, Shentou I Power Plant's "Replacement of Small Units with Large Units" project with two generation units of 600MW and Xintang Power Plant with two generation units of 300MW (cogeneration plants) have a total installed capacity of 1,800MW. Among its hydropower projects, Baishi Power Plant, Tuokou Power Plant and small hydropower projects in Sichuan have a total installed capacity of 1,308MW. Currently, such projects all go smoothly. The construction of the second 600MW power generation unit of Fuxi Power Plant was completed and it commenced operation in May this year.

## **THE NEW DEVELOPMENT PROJECTS**

The Group has been actively seeking development opportunities for both coal-fired power and hydropower projects which have large capacities and high parameters, and are energy saving and environment-friendly in areas with resources, geographical and market advantages. Currently, the total installed capacity of new projects in a preliminary development stage (including where PRC government approvals have been applied for) is over 7,400MW. Of which, the installed capacity of coal-fired projects amounts to 7,200MW. These projects include the expansion project of two 1,000MW coal-fired generation units of Pingwei Power Plant III, the expansion project of two 1,000MW coal-fired generation units of Shanxi Shentou Power Plant, the project of two 600MW coal-fired generation units of Guizhou Pu'an Power Plant and the expansion project of two 1,000MW coal-fired generation units of Changshu Power Plant (an associated company). In addition, the Group will continue to further expand coal-fired projects in developed areas such as the coastal areas of Guangdong Province. Currently, the installed capacity of the hydropower projects under preliminary development and acquisition is approximately 200MW. They are mainly the small- and medium-sized hydropower projects located in the southwest areas.

## **ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION**

The Group puts high priority on environmental protection and shoulders social responsibilities. The Group fully utilized the hydropower generated clean energy. The hydropower generation to the total power generation of the Company was 22.21%. The Group strengthened environmental protection management of its coal-fired power generation units by installing all coal-fired power generation units with desulphurization facilities which resulted in lower discharge of pollutants with a desulphurization rate of 95.25%. As the result of the active measures on energy saving and reduction in coal consumption, the Group achieved an average in coal consumption rate of 317.07g/KWh for power generation in the first half of 2012, representing a decrease of 2.40g/KWh as compared with the corresponding period last year.

## **OPERATING RESULTS FOR THE FIRST HALF OF 2012**

In the first half of 2012, revenue of the Group was approximately RMB9,101,377,000, representing an increase of approximately 11.22% as compared with the corresponding period last year. Profit attributable to owners of the Company was approximately RMB547,796,000, representing an increase of approximately RMB136,288,000 as compared with the corresponding period last year.

In the first half of 2012, the net profit of the Group amounted to approximately RMB780,368,000, representing an increase of approximately RMB244,940,000 as compared with the corresponding period last year. Among which, the net profit of hydropower amounted to approximately RMB429,030,000 while the net profit of coal-fired power amounted to approximately RMB351,338,000, representing a profit contribution ratio of 1.22:1.

The net profit increased as compared to the first half of 2011 mainly due to the following factors:

- As a result of the carry over effect of the tariff adjustments in 2011, the average on-grid tariff of coal-fired power plants in the first half of 2012 increased as compared with the corresponding period last year. The increase contributed approximately RMB670,586,000 to the net profit of the Group;
- In the first half of 2012, the total power generation increased by 1,099,638MWh as compared with the corresponding period last year, contributing approximately RMB289,655,000 to the net profit of the Group.

However, the increase was partly offset by the following:

- In the first half of 2012, the average on-grid tariff of hydropower decreased as compared to the corresponding period last year. As a result, the net profit of the Group decreased by approximately RMB54,320,000;
- In the first half of 2012, the increase in the average unit fuel cost had resulted in a decrease of approximately RMB299,966,000 in net profit;
- Interest-bearing liabilities increased and led to an increase of 17.53% in the finance expenses as compared with the corresponding period last year.

## **REVENUE**

In the first half of 2012, revenue of the Group was approximately RMB9,101,377,000, representing an increase of 11.22% as compared with approximately RMB8,183,152,000 of the corresponding period last year. The increase in revenue was mainly attributed to the carry over impact of the tariff adjustments in 2011 and the increase in the total power generation which resulted in rising operating income.

## **SEGMENT INFORMATION**

The reportable segments identified by the Group at present are the “Generation and sales of coal-fired electricity” and “Generation and sales of hydropower electricity”.

## **OPERATING COSTS**

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

In the first half of 2012, operating costs of the Group amounted to approximately RMB7,462,846,000, representing an increase of 7.75% as compared with approximately RMB6,926,260,000 of the corresponding period last year. The increase was mainly due to the increase in fuel costs and depreciation.

Fuel costs were the largest component of the Group's operating costs. In the first half of 2012, the fuel costs of the Group was approximately RMB5,230,819,000, representing 70.09% of the total operating costs and an increase of 5.88% over approximately RMB4,940,387,000 of the corresponding period last year.

## **OPERATING PROFIT**

In the first half of 2012, the Group's operating profit was approximately RMB1,806,645,000, representing an increase of 29.35% as compared with the operating profit of approximately RMB1,396,736,000 of the corresponding period last year.

## **FINANCE COSTS**

In the first half of 2012, finance costs of the Group amounted to approximately RMB861,699,000, representing an increase of 17.53% as compared with approximately RMB733,181,000 of the corresponding period last year.

## **SHARE OF RESULTS OF ASSOCIATED COMPANIES**

In the first half of 2012, the share of profits of associated companies was approximately RMB32,014,000, representing an increase in profits of approximately RMB40,523,000 as compared with the share of losses of approximately RMB8,509,000 of the corresponding period last year.

## **TAXATION**

In the first half of 2012, taxation charges of the Group were approximately RMB247,159,000, representing an increase of approximately RMB89,133,000 as compared with approximately RMB158,026,000 of the corresponding period last year.

Among the coal-fired power plants of the Group, Yaomeng Power Plant II and Dabieshan Power Plant currently enjoy the preferential tax treatment "First two years exemption and

subsequent three years 50% reduction”, which will end in 2012, while Pingwei Power Plant, Pingwei Power Plant II, Yaomeng Power Plant, Shentou I Power Plant and Changshu Power Plant are subject to the applicable income tax rate of 25% for the year. All hydropower plants of the Group are subject to the applicable income tax rate of 25% for the year (the applicable tax rate of some small hydropower plants in Sichuan is less than 25%).

## **PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**

In the first half of 2012, profit attributable to owners of the Company was approximately RMB547,796,000, representing an increase of approximately RMB136,288,000 as compared with approximately RMB411,508,000 of the corresponding period last year.

## **EARNINGS PER SHARE AND INTERIM DIVIDEND**

In the first half of 2012, the basic and diluted earnings per share attributable to owners of the Company was approximately RMB0.11 and RMB0.10 respectively. The Board resolved not to distribute any interim dividend in 2012.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2012, cash and cash equivalents of the Group were approximately RMB2,898,591,000 (31 December 2011: RMB1,179,817,000). The Group derived its funds mainly from cash inflow from operating activities, bank borrowings, project finance and issuing bonds. Current assets amounted to approximately RMB8,808,952,000 (31 December 2011: RMB6,447,187,000) and current ratio was 0.59 time (31 December 2011: 0.48 time).

## **DEBTS**

As at 30 June 2012, total borrowings of the Group amounted to approximately RMB44,741,441,000 (31 December 2011: RMB41,915,836,000). All of the Group’s bank and other borrowings are mainly denominated in Renminbi, Japanese Yen (“JPY”) and United States Dollars (“USD”).

The borrowings of the Group are mainly used for general corporate purposes, including capital expenditure and working capital requirements.

The Group’s debt to equity ratio (total borrowings/shareholders’ equity) as at 30 June 2012 and 31 December 2011 were approximately 327.15% and 319.36% respectively.



## **CAPITAL EXPENDITURE**

In the first half of 2012, capital expenditure of the Group was approximately RMB3,312,847,000, 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, issuing bonds 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. Amid global financial uncertainties, the financial risks and operational risks that the Group encountered increased.

To effectively control its risk exposure, 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 the Mainland China, with most transactions denominating in Renminbi. Apart from 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 borrowings denominated in JPY and USD. Increased fluctuation on Renminbi exchange rate and JPY exchange rate resulted in the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results. As at 30 June 2012, the balance of the Group's borrowings denominated in foreign currencies amounted to approximately RMB1,625,677,000 (31 December 2011: RMB1,729,702,000).

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 JPY2,731,596,000 (31 December 2011: JPY2,861,672,000).

## **PLEDGE OF ASSETS**

As at 30 June 2012, the Group pledged its property, plant and equipment with a net book value of approximately RMB547,875,000 (31 December 2011: RMB555,619,000) to certain banks to secure bank loans in the amount of RMB273,570,000 (31 December 2011: RMB277,320,000). 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 borrowings as at 30 June 2012 was amounting to approximately RMB1,539,553,000 (31 December 2011: RMB1,161,965,000).

## **CONTINGENT LIABILITIES**

As at 30 June 2012, the Group had no material contingent liabilities.

## **EMPLOYEES**

As at 30 June 2012, the Group had a total of 7,733 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.

The Group also focused on the training of employees and communication between employees of different positions. It continued to improve the professional and technical skills and overall competence of its employees to satisfy the needs of its expanding business.

## **OUTLOOK OF THE SECOND HALF OF THE YEAR**

In the second half of 2012, the power demand and supply of China is expected to maintain balance in general. Although the growth of electricity consumption of China slowed down in the first half of 2012, electricity consumption of China is expected to increase in the second half of the year with the introduction and the effects of relevant national policies for achieving stable growth. Coal market is expected to decline, which will reduce the fuel cost pressure of the Group. In addition, the benefit of the increase in coal-fired power tariff will continue to realize in the second half of the year. Anticipated decrease of inflation, rise on interest rate cut expectation and eased monetary policy of China will reduce the cost of capital and improve the financial position of the Group.

In the second half of 2012, the Group strives to achieve an objective of “increasing the overall profit” by staying focus on all aspects of business management in responding to the changes of both international and domestic economic conditions as well as the complicated and changing market environment.

## **Purchase, Sale or Redemption of Listed Securities of the Company**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2012.

## **Corporate Governance**

The Company strives to raise the standard of corporate governance and regards corporate governance as part of value creation. The corporate governance principles of the Company emphasise a quality Board, maintain sound internal controls, and transparency and accountability to all shareholders. The Corporate Governance Report has been set out in our 2011 annual report. Save for the deviations from Code A.2.1 and Code A.4.2 (which has been disclosed in the 2011 annual report), the Company has complied with the provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the six months ended 30 June 2012.

## **Securities Transactions by Directors**

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (“Code of Conduct”), the terms of which are no less 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 all directors, they confirmed that they have complied with the Code of Conduct for the six months ended 30 June 2012.

## **Audit Committee and Review of Condensed Consolidated Interim Financial Information**

The Audit Committee, which comprises three independent non-executive directors, has discussed and reviewed with the management and the auditor of the Company the condensed consolidated interim financial information for the six months ended 30 June 2012.

## **Publication of Interim Results Announcement and Interim Report on the Websites of The Stock Exchange of Hong Kong Limited and the Company**

This interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> and on the Company's websites at <http://www.chinapower.hk> and <http://www.irasia.com/listco/hk/chinapower/index.htm> respectively.

The printed copy of the 2012 interim report will be send to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the interim report will also be made available for review on the above websites in due course.

By order of the Board  
**China Power International Development Limited**  
**Li Xiaolin**  
*Chairman and Chief Executive Officer*

Hong Kong, 14 August 2012

*As at the date of this announcement, the directors of the Company are: executive directors Li Xiaolin and Gu Dake, non-executive directors Guan Qihong and Wang Zichao, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec.*