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)

2007
INTERIM REPORT

Corporate Information

Chairman of the Board and Non-Executive Director:	Wang Binghua
Vice-Chairman of the Board, Executive Director and Chief Executive Officer:	Li Xiaolin
Executive Director and Executive Vice President:	Hu Jiandong
Non-Executive Director:	Gao Guangfu
Independent Non-Executive Directors:	Kwong Che Keung, Gordon Li Fang Tsui Yiu Wa, Alec
Qualified Accountant:	Hui Ka Chun (CPA, FCCA)
Company Secretary:	Chong Wai Sang
Auditors:	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, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Stock Code:	2380
Company Website:	www.chinapower.hk http://www.irasia.com/listco/hk/chinapower/index.htm

SHAREHOLDERS' ENQUIRIES

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

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Interim Results

The Board of directors (the "Board") of China Power International Development Limited (the "Company") is pleased to announce the unaudited operating results of the Company and its subsidiaries (the "Group" or "We") for the six months ended 30 June 2007 prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting". The interim financial information has not been audited, but has been reviewed by the Company's Audit Committee and PricewaterhouseCoopers, Certified Public Accountants, the auditor of the Company.

OVERVIEW

The principal business of the Group is to develop, construct, own, operate and manage large power plants in the People's Republic of China ("China" or the "PRC"). As at 30 June 2007, the Group owns and operates the power plants held by the following subsidiaries and associated companies: Anhui Huainan Pingwei Electric Power Generating Company Limited ("Pingwei Power Plant") (100% ownership), Pingdingshan Yaomeng Power Generating Company Limited ("Yaomeng Power Plant") (100% ownership), Shanxi Shentou Power Generating Company Limited ("Shentou I Power Plant") (100% ownership), and Jiangsu Changshu Electric Power Generating Company Limited ("Changshu Power Plant") (50% ownership) which is an associated company, and Shanghai Electric Power Co., Ltd. ("Shanghai Power") (24.71% equity interest), a power company of which its shares are listed on the Shanghai Stock Exchange.

The Group also manages five other power plants on behalf of China Power International Holding Limited ("CPI Holding") (a wholly-owned subsidiary of China Power Investment Corporation ("CPI Group")), namely Liaoning Qinghe Electric Power Generating Company Limited (1,200 MW), China Power (Jiangxi Guixi) Electricity Generation Company Limited (500 MW), China Power (Fujian) Electricity Development Company Limited (300 MW), Wuhu Shaoda Power Development Company Limited (250 MW) and CPI (Wuhu) Power Generating Company Limited (250 MW), which have a total installed capacity of 2,500 MW.

In addition, the Group has three power plants which have been approved by the National Development and Reform Commission of the PRC ("NDRC") and are under construction, namely Huainan Pingwei No.2 Electrical Power Co., Ltd. ("Pingwei Power Plant II") (100% ownership), Pingdingshan Yaomeng No. 2 Power Co., Ltd. ("Yaomeng Power Plant II") (100% ownership) and Huanggang Dabieshan Power Company Limited ("Huanggang Dabieshan Power Plant") (93% ownership).

BUSINESS REVIEW FOR THE SIX MONTHS ENDED 30 JUNE 2007

Turnover of the Group for the six months ended 30 June 2007 was approximately RMB2,745,013,000, representing an increase of approximately 10.2% over the corresponding period last year. Profit attributable to equity holders of the Company was approximately RMB69,603,000, representing a decrease of approximately 77.3% over the corresponding period last year. Excluding the share of loss on changes in fair value of derivative component of Shanghai Power's convertible bonds, adjusted profit attributable to equity holders of the Company was approximately RMB232,540,000, representing a decrease of approximately 24.3% over the corresponding period last year.

In the first half of 2007, China's economy maintained a fast and steady growth. The gross domestic product rose by 11.5%, which is 0.5% higher than that for the corresponding period last year. Demand for electricity continued its strong growth, the power supply increased further to alleviate the tight situation in supply and demand for electricity. In the first half of the year, the total national power consumption was approximately 1,514.954 billion kWh, representing a year-on-year increase of approximately 15.6%. The total national power generation was approximately 1,485.0 billion kWh, representing a year-on-year increase of approximately 16%. In the first half of 2007, average accumulated utilisation hours of power plants of the whole nation amounted to 2,437 hours, decreasing by 100 hours as compared with the same period last year, of which coal-fired utilisation hours were 2,638 hours, representing a year-on-year decrease of 103 hours. In the first half of 2007, with the mutual efforts of the management of the Group and all its employees, we have overcome the operating difficulties arising from the soaring coal prices. We refined our management measures to increase generation and actively enhanced the competitiveness of the existing units, at the same time speed up the construction of new power plants and the processes of selection of acquisition targets, so as to lay a solid foundation for the operating results next year and future years.

Power Generation

In the first half of 2007, the gross generation of the Group was approximately 12,323,591 MWh, representing an increase of approximately 3.7% over the 11,884,930 MWh of the corresponding period last year. The increase was mainly attributable to the commencement of operations of the new generation unit of Pingwei Power Plant II during the period. Also, under the favorable conditions of robust power demand in the respective regions in which the Group's power plants locate, the Group had reasonably scheduled overhaul and technical upgrades of the generating units, improved quality on repair and maintenance, continuously upgraded the management standard of the operation of its generating units and endeavored to increase generation. With the downward trend of the load factor of power plants in general, our equipment utilisation hours stand out in the respective provinces and regions in which the Group's power plants locate.

Fuel Cost Control

In the first half of 2007, with the full liberalisation of the thermal coal market, national thermal coal contract prices increased substantially by 9.0% over the same period last year whilst natural coal prices rose by more than RMB30 per ton. Meanwhile, the reforms undertaken by the State in relation to the policies of energy saving and pollutants emission reduction and resources fee further supported high coal prices. The Group tracked and analysed the changes in thermal coal market prices and made timely adjustments to the purchase of thermal coal in response to the significant rise in ex-mine thermal coal prices. At the same time, the Company strengthened the management of the operation of its generating units, reduced coal consumption rate and actively controlled the increase in the unit fuel cost. The unit fuel cost of the Group for the first half of 2007 was RMB155.79 per MWh on average, representing an increase of approximately 13.2% over the same period last year.

Commissioning of new power generation units

In the first half of 2007, the No.3 power generation unit of Pingwei Power Plant II, the first commissioned unit among our six 600MW power generation units under construction, was put into commercial operation. This contributed an addition of 600MW to our attributable installed capacity, which is approximately 5,936MW now.

According to the approval document issued by NDRC in respect of Pingwei Power Plant II, the two 600MW power generation units of Pingwei Power Plant II are among the first batch of power generation units which are called the "Anhui-to-east Power Transfer" project. The "Anhui-to-east Power Transfer" project is part of the regional energy development strategy actively facilitated by the Anhui Provincial Government and NDRC. The total capacity of the power generation units under the project which have currently commenced construction was approximately 7,200MW or six power plants with 2 x 600MW power generation units. The No.3 power generation unit of Pingwei Power Plant II is the first commissioned power generation unit under the "Anhui-to-east Power Transfer" project. Since the relevant policies following the commissioning of the power generation units have not been introduced, the basic generation of the No.3 power generation unit of Pingwei Power Plant II was not effectively implemented following its commissioning. And hence the approved benchmark tariff could not be realised. As a result, Pingwei Power Plant II failed to achieve its expected gains in the first half of the year.

To overcome the problem of base generation allocation, the Group communicated and coordinated with authorities such as NDRC and the Anhui Provincial Government on a continued basis to actively strive for the implementation of the relevant policies following the commissioning of the power generation units under the "Anhui-to-east Power Transfer" project. It is anticipated that greater progress will be made in the second half thereby bringing positive changes to the operating results of the Group.

Power Plants under Construction

Pingwei Power Plant II: the first generation unit has commenced operation. The construction and production preparation of the second generation unit, which is scheduled to commence operation in the fourth quarter of 2007, is under smooth progress.

Yaomeng Power Plant II: The project is under smooth progress. Two power generation units are scheduled to commence operation in the fourth quarter of 2007 and the first quarter of 2008 respectively.

Huanggang Dabieshan Power Plant: The project is under smooth progress. Two power generation units are scheduled to commence operation in the first and the second quarters of 2008 respectively.

Operating Data for Power Plants in Operation

The following table sets out the operating data of Pingwei Power Plant, Yaomeng Power Plant, Shentou I Power Plant, Pingwei Power Plant II and Changshu Power Plant for the six months ended 30 June 2007:

	Pingwei Power Plant	Yaomeng Power Plant	Shentou I Power Plant	Pingwei Power Plant II	Changshu Power Plant
Installed capacity (MW)	1,230	1,210	1,200	600	1,230
Average utilisation hours (hours)	3,166	3,120	3,227	1,306	2,749
Gross generation (MWh)	3,893,630	3,774,631	3,871,795	783,535	3,381,850
Net generation (MWh)	3,713,473	3,478,259	3,497,900	741,170	3,204,620
Net coal consumption rate (grams/kWh)	330.45	338.03	373.46	322.20	339.12

OUTLOOK OF THE SECOND HALF OF THE YEAR

In the second half of 2007, the growth of the fast-growing national economy will slow down to some extent but the growth momentum will continue. This will likely drive the continued growth of power demand contributing a favorable external factor for the Group's power generation. However, with the new power plants on stream, the supply capability of power generation will be further released. Competition in the electricity market and high fuel prices will exert greater operating pressure on the Group. In this connection, the Group will take full advantage of favorable factors such as the commissioning of new power generation units to strive for the gradual implementation of the policies in relation to the "Anhui-to-east Power Transfer" project. Besides, it will make an effort to improve the standard of operational management and production operation, step up efforts in cost control and strive for the best operating results.

The key objectives of the Group for second half of 2007 are as follows:

1. To make zealous endeavors to implement various strategic development measures, actively speed up acquisitions and construction of new generation units, so as to expand our capacity;

2. To strengthen safety production management, upgrade operation quality of our equipments to generate power as much as possible;

3. To coordinate with relevant government departments, actively seek government support for the commissioning of the new generation units, ensuring the operating results of the new power plants;

4. To strengthen the management of fuel procurement to ensure stable coal supply and to step up efforts to control fuel costs;

5. To strengthen efforts on technical upgrades, increase energy conservation and raise environmental protection standard;

6. To strengthen our talent team, cultivate an outstanding team of operation staff and management personnel for the further development of the Company.

Management Discussion and Analysis

OPERATING RESULTS

Turnover

Turnover of the Group for the six months ended 30 June 2007 was approximately RMB2,745,013,000, representing an increase of approximately 10.2% over RMB2,491,240,000 of the corresponding period last year. The followings are the main reasons for the increase of the turnover:

- Tariff increases

  Since the last round of tariff adjustment by the State in the second half of 2006, the Group made zealous endeavors to implement the tariff adjustment policy, ensuring the on-grid tariffs of Pingwei Power Plant, Yaomeng Power Plant and Shentou I Power Plant increased by an average of 5.6%, which in turn generated an increase of approximately RMB135,317,000 in revenue.

- Increase of net generation

  With the commissioning of a new generation units of 600 MW in Pingwei Power Plant II and a relatively high utilisation rate maintained by the existing generation units, the net generation of the Group recorded an increase over the same period last year, of which an increase of approximately RMB186,120,000 was attributable to the commissioning of the new generation unit, whilst a reduction of the net generation of existing generation units reduced the revenue by approximately RMB67,664,000.

Operating Costs

In the first half of 2007, operating costs of the Group amounted to approximately RMB2,541,871,000, representing an increase of approximately 17.1% over RMB2,171,158,000 of the corresponding period last year.

Fuel Costs

Fuel costs were the major component of the Group's operating costs. In the first half of 2007, fuel costs of the Group was approximately RMB1,780,809,000, accounting for 70.1% of the operating costs. Fuel costs increased by approximately 17.7% over RMB1,512,896,000 of the corresponding period last year, of which an increase of RMB133,425,000 was attributable to the commissioning of the new generation units in Pingwei Power Plant II; an increase of approximately RMB183,101,000 was attributable to the increases of fuel prices and unit fuel cost; whilst reductions on on-grid generation of existing generation units and coal consumption reduced the fuel costs by approximately RMB48,613,000.

Depreciation

In the first half of 2007, depreciation of the Group amounted to approximately RMB219,449,000, representing an increase of approximately 15.3% over RMB190,392,000 of the corresponding period last year. The increase in depreciation of approximately RMB20,119,000 was attributable to the commissioning of the generation units in Pingwei Power Plant II. The net revaluation surplus from the property, plant and equipment last year also led to an increase in depreciation of approximately RMB8,062,000. Technical upgrades such as desulphurisation resulted in addition of property, plant and equipment, leading to an increase of depreciation of approximately RMB876,000.

Staff Costs

In the first half of 2007, staff costs of the Group amounted to approximately RMB160,883,000, representing an increase of approximately 5.9% over RMB151,938,000 of the corresponding period last year. Staff costs increased by approximately RMB7,550,000 due to the adjustment on staff remuneration, and by approximately RMB1,395,000 owing to the commissioning of the generation units in Pingwei Power Plant II.

Repairs and Maintenance

For the first half of 2007, repairs and maintenance costs of the Group amounted to approximately RMB140,656,000, representing an increase of approximately 32.0% over RMB106,587,000 of the corresponding period last year. The scheduled overhaul of generation units during the period and the commissioning of the new generation units in Pingwei Power Plant II increased repairs and maintenance costs by approximately RMB31,293,000 and RMB2,776,000 respectively.

Other Operating Expenses

For the first half of 2007, other operating expenses of the Group amounted to approximately RMB203,343,000, representing an increase of approximately RMB31,312,000 or approximately 18.2%, over RMB172,031,000 of the corresponding period last year, of which, an increase of approximately RMB6,285,000 was attributable to the commissioning of the new generation units in Pingwei Power Plant II. The increases in other operating expenses of approximately RMB8,567,000, approximately RMB8,399,000, approximately RMB5,534,000 and approximately RMB2,527,000 were attributable to increased repairing cost of buildings and roads, increased emission charge standard, increased rentals for leasing land and buildings and other factors respectively.

Operating Profit

Operating profit of the Group for the six months ended 30 June 2007 was approximately RMB228,177,000, representing a decrease of approximately 31.8% over RMB334,721,000 of the corresponding period last year.

Share of (Loss)/Profit of Associated Companies

For the first half of 2007, share of loss of associated companies of the Group was approximately RMB105,530,000 compared with share of profit of an associated company of approximately RMB42,075,000 of the same period last year. Share of profit of associated companies was reduced by approximately RMB13,542,000 as a result of a decline in profits generated from Changshu Power Plant due to increased coal prices and fuel costs. In addition, the Group started to account for the results of Shanghai Power in March 2007 but it was significantly adjusted by the share of loss on changes in fair value of derivative component of the convertible bonds issued by Shanghai Power of approximately RMB162,937,000.

Finance Costs

For the six months ended 30 June 2007, finance costs amounted to approximately RMB69,136,000, representing an increase of approximately 18.9% over RMB58,150,000 of the corresponding period last year. Finance costs increased by approximately RMB19,844,000 due to the commissioning of the new generation units in Pingwei Power Plant II that ceased interest capitalisation. Net exchange loss decreased by approximately RMB3,178,000. Other factors such as a decrease in other borrowings for operations led to a decrease in finance costs of approximately RMB5,680,000.

Taxation

Taxation expenses of the Group for the first half of 2007 were approximately RMB28,385,000, representing a decrease of approximately 31.6% over RMB41,509,000 of the corresponding period last year. Such decrease was mainly attributable to the decrease in profit before taxation. There were no tax expenses for Pingwei Power Plant II as it was still within the tax holiday. Shentou I Power Plant has entered the tax concession period with an applicable tax rate of 7.5%, resulting in an increase of its taxation expenses.

Profit Attributable to Equity Holders of the Company

For the six months ended 30 June 2007, profit attributable to equity holders of the Company was approximately RMB69,603,000, representing a decrease of approximately 77.3% over RMB307,213,000 of the corresponding period last year. Excluding the share of loss on changes in fair value of derivative component of Shanghai Power's convertible bonds, adjusted profit attributable to equity holders of the Company was approximately RMB232,540,000, representing a decrease of approximately 24.3% over the corresponding period last year.

Segment information

The Group's principal activities are the generation and sale of electricity, and the development of power plants as a single business segment. Substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC except that certain cash and bank balances equivalent to approximately RMB157 million were deposited in certain banks in Hong Kong at 30 June 2007 (31 December 2006: approximately RMB476 million).

CONVERSION OF SHANGHAI POWER'S CONVERTIBLE BONDS

In December 2006, the Company acquired 390,876,250 shares of Shanghai Power at RMB4.26 per share. As at 30 June 2007, the previous five-day average closing price of Shanghai Power is RMB8.97 per share. Compared with the acquisition price of Shanghai Power, this represented an increase of 110.6%.

On 1 December 2006, Shanghai Power issued convertible bonds for an aggregate principal amount of RMB1,000 million with a term of 5 years (the "Convertible Bonds"). According to the terms of the Convertible Bonds, holders of the Convertible Bonds are eligible for conversion into new shares of Shanghai Power until maturity date after expiry of 6 months from the date of issue of 1 December 2006 and the conversion price of the Convertible Bonds can be amended when certain conditions are fulfilled. In accordance with the requirements of HKAS 39 "Financial Instruments — Recognition and Measurement", the Convertible Bonds contract must be separated into two components: a derivative component consisting of the conversion option together with related put and call options and a liability component consisting of the straight debt element of the Convertible Bonds. The derivative is carried at fair value on the balance sheet with any changes in fair value being charged or credited to the profit and loss account in the period when the changes occur. For the six months ended 30 June 2007, the share of loss on changes in fair value of derivative component of the Convertible Bonds amounted to RMB162,937,000.

Under PRC Accounting Standards, profit attributable to equity holders of Shanghai Power for the first half year ended 30 June 2007 is approximately RMB211,382,000. As the Group is required to recognise the loss on changes in fair value of the derivative component of Shanghai Power's Convertible Bonds based on its accounting policies, which also conform to Hong Kong Accounting Standards, the Group has therefore equity accounted for such losses in its consolidated results for the period. This, however, may not reflect the actual financial results of Shanghai Power.

The following is an extract of the published financial information of Shanghai Power for the six months ended 30 June 2007 which has been prepared in accordance with the relevant accounting rules and regulations in the PRC.

	Six months ended 30 June 2007 RMB'000
Operating results	
Turnover	3,940,166
Profit before taxation	348,025
Profit attributable to equity holders	211,382

	As at 30 June 2007 RMB'000
Financial position	
Non-current assets	16,537,398
Current assets	2,747,708
Current liabilities	(6,649,124)
Non-current liabilities	(3,589,726)
	9,046,256

On 23 August 2007, Shanghai Power announced that by 14 August 2007 holders of the Convertible Bonds with an aggregate principal amount of approximately RMB972,877,000 have been converted into new shares of Shanghai Power pursuant to the terms and conditions of the Convertible Bonds whereas all the remaining outstanding Convertible Bonds with an aggregate principal amount of approximately RMB27,123,000 were redeemed by Shanghai Power at their original terms by 21 August 2007. As a result, the Group's interest in Shanghai Power was diluted from 24.71% to 21.92%.

MAJOR FINANCIAL RATIOS

Current Ratio

As at 30 June 2007, the Group had cash and bank deposits totalling approximately RMB1,218,719,000 (including cash and bank deposits under disposal group), whereas the total current assets amounted to approximately RMB2,873,815,000 and the current ratio was 0.78 times (31 December 2006: 0.78 times).

Gearing Ratio

As at 30 June 2007, the gearing ratio (total borrowings/shareholders' equity) was 90.57% (31 December 2006: 74.80%).

CAPITAL EXPENDITURE AND SOURCES OF CAPITAL

In the first half of 2007, the actual capital expenditure of the Group was approximately RMB2,077,482,000, primarily attributable to power plants under construction and technical upgrades. The capital was mainly derived from project finance and operations cashflow.

Power Plants under Construction

Pingwei Power Plant II: Actual investment for completing the project in the first half of 2007 was approximately RMB594,418,000.

Yaomeng Power Plant II: Actual investment for completing the project in the first half of 2007 was approximately RMB810,247,000.

Huanggang Dabieshan Power Plant: Actual investment for completing the project in the first half of 2007 was approximately RMB553,817,000.

Technical Upgrades

In the first half of 2007, the Group carried out technical upgrades such as energy consumption reduction and desulphurisation for existing generation units, and spent approximately RMB119,000,000 for such upgrades.

Borrowings

As at 30 June 2007, total borrowings of the Group amounted to approximately RMB8,029,797,000 which consisted of short term bank borrowings of approximately RMB1,967,000,000, long term bank loans of approximately RMB5,506,500,000 and other borrowings of approximately RMB556,297,000. The interest rates on the borrowings ranged from 3.6% to 6.6%. The interest rates on the Group's bank borrowings will be adjusted in accordance with the relevant regulations of the People's Bank of China.

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

RISK MANAGEMENT

The Group has implemented an all-rounded risk management, and has established a systematic and comprehensive risk management mechanism and internal control system. Specific department for risk management has been set up to oversee the implementation of the risk management system and the consistent application of risk management measures, with an aim to manage finance risks such as exchange rate risks and interest rate risks and other operation risks involved in our financing and operating activities.

Owing to the State macro-monetary policy and the adjustment on base rate, the current lending rate slightly rises. With good operating results and asset condition, interest rate adjustment will have no substantial effect on the Group's operation in the short term.

FOREIGN EXCHANGE RATE RISK

The Group experienced spectacular development in business in both Hong Kong and the PRC, and collected most of its revenue in Renminbi. As a result, the foreign currency transaction volumes inside and outside the country as well as foreign currency deposits were relatively large. The exchange rate reform of Renminbi and the increased fluctuations in exchange rates will expose us to certain foreign exchange rate risks at the translation of US dollars and HK dollars we held into RMB, which may affect the Group's financial situations and operation results. Therefore, we had to face certain risk exposure to foreign exchange fluctuations (for the purpose of this report, the exchange rate of HK$1.00:RMB0.9744 has been used in the conversion of Hong Kong dollars into Renminbi).

The Group currently does not use any derivative instruments to manage exposures to foreign currency and interest rate risks. Still, we strive to seek management method to monitor these risks and minimise the effects on our profit and interest arising from fluctuation in foreign exchange rate.

PLEDGE OF ASSETS

As at 30 June 2007, a subsidiary of the Group pledged its machinery with a net book value of approximately RMB698,000,000 to a bank to secure a bank loan in the amount of RMB343,000,000.

CONTINGENT LIABILITIES

As at 30 June 2007, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2007, the Group and its associated company, Changshu Power Plant (excluding Shanghai Power) had a total of 7,599 full-time employees.

The Group determined the emoluments of its directors and employees based on their respective performance, working experiences, duties and the prevailing market rates. The Group also implemented incentive policy linking emoluments with performances.

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

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

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

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

SHARE OPTION SCHEMES

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

(A) Pre-IPO Share Option Scheme

The Company has conditionally approved and adopted the Pre-IPO Share Option Scheme on 24 August 2004. The purposes of the Pre-IPO Share Option Scheme are to attract and retain high-calibre personnel whom have contributed to the Company's long-term development and profitability and to motivate them to higher levels of performance by providing them with the opportunity to acquire equity in the Company.

The Pre-IPO Share Option Scheme ended on the date on which dealings in the shares commenced on the Hong Kong Stock Exchange (i.e. 15 October 2004). No further options may be granted after that date but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect. The main terms of the Pre-IPO Share Option Scheme have been summarised in our 2006 annual report.

Each option granted under the Pre-IPO Share Option Scheme (The "Pre-IPO Share Options") 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).

Movements of the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme for the six months ended 30 June 2007 are as follows:

		Number of Shares subject to Options						
Grantee and Position	Date of grant	As at 1 January 2007	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2007	Expiry date	Exercise price per share (HK$)
WANG Binghua *Chairman of the Board and Non-Executive Director*	18 September 2004	1,495,400	–	–	–	1,495,400	17 September 2014	2.53
LI Xiaolin *Vice-Chairman of the Board, Executive Director and Chief Executive Officer*	18 September 2004	1,661,500	–	–	–	1,661,500	17 September 2014	2.53
HU Jiandong *Executive Director and Executive Vice President*	18 September 2004	996,900	–	–	–	996,900	17 September 2014	2.53
GAO Guangfu *Non-Executive Director*	18 September 2004	207,700	–	–	–	207,700	17 September 2014	2.53
GU Dake *Executive Vice President*	18 September 2004	872,300	–	–	–	872,300	17 September 2014	2.53
WANG Zhiying *Executive Vice President*	18 September 2004	872,300	–	–	–	872,300	17 September 2014	2.53
ZHAO Yazhou *Executive Vice President*	18 September 2004	872,300	–	–	–	872,300	17 September 2014	2.53
ZHAO Xinyan *Vice President*	18 September 2004	540,000	–	–	–	540,000	17 September 2014	2.53
WANG Zichao *Vice President*	18 September 2004	540,000	–	–	–	540,000	17 September 2014	2.53
TSE Hiu Tung, Sheldon *(Note)*	18 September 2004	207,700	–	105,700	102,000	–	17 September 2014	2.53
Other employees	11 October 2004	3,553,000	–	675,000	405,000	2,473,000	10 October 2014	2.53

Note: Mr. Tse Hiu Tung, Sheldon exercised his share options to subscribe for a total of 102,000 shares of the Company on 8 June 2007. The share price of the Company on the trading day immediately before his exercise of options was HK$4.15. Mr. Tse Hiu Tung, Sheldon ceased to be an employee of the Company since 30 April 2007 and the unvested Pre-IPO Share Option lapsed upon his resignation.

As at the date of this interim report, a total of 10,531,400 shares (representing approximately 0.29% of the existing issued share capital of the Company) may be issued by the Company if all Pre-IPO Share Options which had been granted under the Pre-IPO Share Option Scheme have been exercised.

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

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

(B) Share Option Scheme

The Share Option Scheme was conditionally approved and adopted by a resolution in writing passed by the Company's shareholders on 24 August 2004. The purposes of the Share Option Scheme are to attract and retain high-calibre personnel to provide them with the opportunity to acquire equity in the Company and to motivate them to higher levels of performance. The main terms of the Share Option Scheme have been summarised in our 2006 annual report.

Movements of the options granted under the Share Option Scheme for the six months ended 30 June 2007 are as follows:

		Number of Shares subject to Options						
Grantee and Position	Date of grant	As at 1 January 2007	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2007	Expiry date	Exercise price per share (HK$)
WANG Binghua *Chairman of the Board and Non-Executive Director*	4 April 2007	–	921,000	–	–	921,000	3 April 2017	4.07
LI Xiaolin *Vice-Chairman of the Board, Executive Director and Chief Executive Officer*	4 April 2007	–	1,905,000	–	–	1,905,000	3 April 2017	4.07
HU Jiandong *Executive Director and Executive Vice President*	4 April 2007	–	1,377,000	–	–	1,377,000	3 April 2017	4.07
GAO Guangfu *Non-Executive Director*	4 April 2007	–	667,000	–	–	667,000	3 April 2017	4.07
GU Dake *Executive Vice President*	4 April 2007	–	1,377,000	–	–	1,377,000	3 April 2017	4.07
WANG Zhiying *Executive Vice President*	4 April 2007	–	1,377,000	–	–	1,377,000	3 April 2017	4.07
ZHAO Yazhou *Executive Vice President*	4 April 2007	–	1,377,000	–	–	1,377,000	3 April 2017	4.07
ZHAO Xinyan *Vice President*	4 April 2007	–	804,000	–	–	804,000	3 April 2017	4.07
WANG Zichao *Vice President*	4 April 2007	–	804,000	–	–	804,000	3 April 2017	4.07
LIU Genyu Vice President	4 April 2007	–	804,000	–	–	804,000	3 April 2017	4.07
LIU Feng Vice President	4 April 2007	–	600,000	–	–	600,000	3 April 2017	4.07
XU Lihong Vice President	4 April 2007	–	600,000	–	–	600,000	3 April 2017	4.07
YU Bing Vice President	4 April 2007	–	804,000	–	–	804,000	3 April 2017	4.07
Other employees	4 April 2007	–	7,212,000	–	–	7,212,000	3 April 2017	4.07

As at the date of issue of this interim report, the total number of shares in respect of which options may be granted under the Share Option Scheme was 20,629,000, representing approximately 0.57% of the total number of shares in issue.

The Company has also used the Model to value the options granted pursuant to the Share Option Scheme for the six months ended 30 June 2007. The Model is one of the commonly used models to estimate the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option. As such, the fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the valuation model used.

The options granted pursuant to the Share Option Scheme were granted on 4 April 2007 to the Directors and senior management of the Company. The fair value of the options determined at the dates of grant using the Model were HK$23,517,000. For the six months ended 30 June 2007, an amount of share option expense of RMB2,747,000 has been recognised, with a corresponding adjustment recognised in the Group's employee share-based compensation reserve.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2007, save as disclosed below, none of the Directors or the Company's chief executive officer has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) which will have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Name	Capacity	Name of company in which interests are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives	Percentage of issued share capital of the Company (%)	Long/Short position
WANG Binghua	Beneficial owner	the Company	18 September 2004 and 4 April 2007	2,416,400	0.07	Long
LI Xiaolin	Beneficial owner	the Company	18 September 2004 and 4 April 2007	3,566,500	0.10	Long
HU Jiandong	Beneficial owner	the Company	18 September 2004 and 4 April 2007	2,373,900	0.07	Long
GAO Guangfu	Beneficial owner	the Company	18 September 2004 and 4 April 2007	874,700	0.02	Long

Notes:

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2007, save as disclosed below, none of the Directors or the Company's chief executive, has an interest or short position in the shares or underlying shares of the Company which should be recorded in the register kept under Section 336 of the SFO.

Name	Capacity	Number of shares in which interested other than under equity derivatives	Percentage of issued share capital of the Company (%)	Long/Short position
China Power Development Limited ("CPDL")	Beneficial owner	1,996,500,000	55.37	Long
CPI Holding[1]	Interest of a controlled corporation	1,996,500,000	55.37	Long
CPI Group[2]	Interest of a controlled corporation	1,996,500,000	55.37	Long
Merrill Lynch & Co Inc. [3] ("ML")	Interests of controlled corporations	184,058,543[3]	5.10	Long

Note:

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

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

(3) The number of shares, as indicated in the Form 2 filed by ML with the Hong Kong Stock Exchange, were held by several companies within the Merrill Lynch group. On 12 July 2007, ML reduced its shareholding in the Company to 4.91%.

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

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 for the six months ended 30 June 2007.

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE

The Corporate Governance Report of the Board has been set out in our 2006 annual report. Save for deviations from Code A4, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2007.

TERM OF OFFICE OF THE DIRECTORS

Code A4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Code A4.2 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 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 (the "Articles"). In addition, as provided in the Articles, 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 year 2007.

The Company will also ensure that all Directors (with the exception of the executive Director who is also the chief executive officer of the Company) are subject to retirement by rotation and re-election at least once every three years.

The Company is of the view that the position of chief executive officer is indispensable to the operation of the Company and the provision in the Articles excluding the chief executive officer from the requirement of retirement by rotation reflects the indispensable nature of such position with a view to minimising disruption caused to the operation of the Company.

SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (the "Code of Conduct"), the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to the Directors, all Directors confirmed that they have complied with the Code of Conduct for the six months ended 30 June 2007.

COMMITTEES OF THE BOARD

The Company has currently three professional committees under the Board, being the Audit Committee, the Remuneration and Nomination Committee, and the Investment and Risk Control Committee to conduct self-regulation and control in relevant aspects to 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. In the first half of 2007, the Board has approved the working system of the Audit Committee, which stipulates the primary duties of the Audit Committee, including (1) To communicate with the internal audit department and determine the annual internal audit plan; to review the internal audits with the internal auditor at least once every half year; to review and monitor the internal control system, functions of the internal auditor and effect of the annual audit plan. (2) To make proposals to the Board in respect of the appointment, renewal and removal of external auditors; to consider and monitor the independence, objectiveness and the effectiveness of the audit process of external auditors based on the related standards issued by HKICPA; to determine and implement appointment policies on the provision of non-auditing services by external auditors. (3) To consider the financial information of the Company. (4) To monitor the financial reporting system and internal control system. (5) Under authorisation by the Board to conduct any investigation within the scope of its duties, and the Audit Committee has the right to request for any information required from any employee, and all employees are instructed to cooperate with the committee to satisfy any request of the committee.

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. In order to enhance independence, all committee members have appropriate professional qualifications, experience in accounting or related financial management as required under the Listing Rules.

REMUNERATION AND NOMINATION COMMITTEE

The Company established the Remuneration and Nomination Committee on 24 August 2004. Its primary duties are to evaluate the performance and make recommendations on the remuneration of our senior management, evaluate and make recommendations in relation to our Performance Unit Plan and recommend board candidates to the Board.

The Remuneration 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 committee is chaired by Mr. Li Fang.

INVESTMENT AND RISK CONTROL COMMITTEE

The Company established the Investment and Risk Control Committee on 24 August 2004. Its primary duties are to formulate our overall development plans and investment decision-making procedures, monitor the implementation of our strategic plans, provide training to the Board with regard to the strategies of the Company and assist the senior management in managing our internal and external risks.

The Investment and Risk Control Committee comprises four members, namely Mr. Wang Binghua, Ms. Li Xiaolin, Mr. Hu Jiandong and Mr. Gao Guangfu. The committee is chaired by Mr. Wang Binghua.

INTERNAL CONTROL

The Company has set up an internal control department, which has important effect on internal controls, to include internal controls into the Company's development strategy, and to proactively create a good internal control environment. The internal control department regulary or irregulary provides supervisory reports on internal control assessments to the chief executive, and regularly reports to the Audit Committee and the Board on the Company's internal controls; makes reviews and audits on the process of the Company's internal audits, providing reasonable guarantee for the Company to avoid risks, and establish an effective internal control system.

In the first half year, the Company strengthened the construction of its internal control system through the issue of "Internal Control Manual" and system rules, and continued to evaluate the adaptivity and effectiveness of the internal control system through the conduct of specific audits, subsequent audits and internal evaluations, and set up a risk management expert database through risk management trainings to enhance the concept of risk management, remind risks to the management, so as to ensure the effective operation of the control system.

CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2007

		Unaudited Six months ended 30 June	
	Note	2007 RMB'000	2006 RMB'000
Turnover	4	2,745,013	2,491,240
Other income	5	21,207	11,405
Fuel costs		(1,780,809)	(1,512,896)
Depreciation		(219,449)	(190,392)
Staff costs		(160,883)	(151,938)
Repairs and maintenance		(140,656)	(106,587)
Consumables		(36,731)	(37,314)
Other gains	6	3,828	3,234
Other operating expenses		(203,343)	(172,031)
Operating profit	7	228,177	334,721
Interest income from bank deposits		15,362	29,494
Finance costs	8	(69,136)	(58,150)
Share of (loss)/profit of associated companies	13	(105,530)	42,075
Gain on deemed disposal of interest in an associated company	13	28,847	—
Profit before taxation		97,720	348,140
Taxation	9	(28,385)	(41,509)
Profit for the period		69,335	306,631
Attributable to:			
Equity holders of the Company		69,603	307,213
Minority interests		(268)	(582)
		69,335	306,631
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB per share)			
- basic	10	0.02	0.10
- diluted	10	0.02	0.10

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2007

	Note	As at 30 June 2007 Unaudited RMB'000	As at 31 December 2006 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	10,018,266	8,206,774
Prepayment for construction of power plants	12	3,254,935	3,374,073
Leasehold land prepayments	12	30,937	18,518
Goodwill		166,939	166,939
Interests in associated companies	13	2,389,152	850,675
Prepayment for acquisition of an associated company	13	—	1,665,133
Other long-term prepayments		26,501	28,980
		15,886,730	14,311,092
Current assets			
Inventories		266,497	287,142
Accounts receivable	14	889,241	860,804
Prepayments, deposits and other receivables		97,316	112,251
Amount due from an intermediate holding company	21	—	1,638
Amount due from a fellow subsidiary	21	12,389	11,441
Amount due from an associated company	21	64,030	—
Dividend receivable from an associated company		98,751	98,751
Taxation recoverable		4,916	—
Cash and cash equivalents		1,139,249	1,446,928
		2,572,389	2,818,955
Assets of disposal group classified as held for sale	15	301,426	—
		2,873,815	2,818,955
Total assets		18,760,545	17,130,047

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2007

	Note	As at 30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	**3,798,610**	3,798,104
Share premium		**2,755,360**	2,754,586
Reserves	17	**2,311,573**	2,526,525
		8,865,543	9,079,215
Minority interests		**25,558**	25,826
Total equity		**8,891,101**	9,105,041
LIABILITIES			
Non-current liabilities			
Deferred income		**230,260**	158,156
Long-term bank borrowings	18	**5,506,500**	3,812,000
Long-term payable to CPI Financial Company ("CPIF")	21	**396,860**	395,562
Long-term payable to Shanxi Electric Power Corporation ("SEPC")	21	**19,437**	19,437
Deferred income tax liabilities		**9,471**	10,907
		6,162,528	4,396,062
Current liabilities			
Accounts payable	19	**345,438**	240,244
Construction cost payable		**798,435**	422,613
Other payables and accrued charges		**336,463**	304,520
Amount due to ultimate holding company	21	**72,524**	68,889
Amount due to a fellow subsidiary	21	**9,461**	3,279
Current portion of long-term bank borrowings	18	**792,000**	996,000
Short-term bank and other borrowings	18	**1,175,000**	1,428,000
Short-term loan from CPIF	21	**140,000**	140,000
Taxation payable		**10,616**	25,399
		3,679,937	3,628,944
Liabilities directly associated with assets of disposal group classified as held for sale	15	**26,979**	—
		3,706,916	3,628,944
Total liabilities		**9,869,444**	8,025,006
Total equity and liabilities		**18,760,545**	17,130,047
Net current liabilities		**(833,101)**	(809,989)
Total assets less current liabilities		**15,053,629**	13,501,103

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital RMB'000	Share premium RMB'000	Other reserves (Note 17) RMB'000	Accumulated losses RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1 January 2006	3,323,100	1,507,626	3,237,652	(1,259,989)	11,044	6,819,433
Profit for the period	–	–	–	307,213	(582)	306,631
Employee share option benefits	–	–	967	–	–	967
2005 final dividend	–	–	–	(247,665)	–	(247,665)
Contribution from minority shareholders of a subsidiary	–	–	–	–	4,487	4,487
Balance at 30 June 2006	3,323,100	1,507,626	3,238,619	(1,200,441)	14,949	6,883,853
Balance at 1 January 2007	3,798,104	2,754,586	3,331,289	(804,764)	25,826	9,105,041
Exercise of share options	506	774	–	–	–	1,280
Lapse of share options	–	–	(747)	747	–	–
Profit for the period	–	–	–	69,603	(268)	69,335
Employee share option benefits	–	–	2,429	–	–	2,429
Deferred tax on net revaluation surplus of property, plant and equipment						
- Group	–	–	(1,185)	–	–	(1,185)
- Associated companies	–	–	1,991	–	–	1,991
Share of reserves of an associated company	–	–	618	–	–	618
2006 final dividend	–	–	–	(288,408)	–	(288,408)
Balance at 30 June 2007	3,798,610	2,755,360	3,334,395	(1,022,822)	25,558	8,891,101

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2007

		Unaudited Six months ended 30 June	
	Note	**2007** **RMB'000**	2006 RMB'000
Net cash generated from operating activities		**826,990**	606,669
Net cash used in investing activities		**(2,006,869)**	(1,396,289)
Net cash generated from financing activities		**951,670**	671,047
Net decrease in cash and cash equivalents		**(228,209)**	(118,573)
Cash and cash equivalents at beginning of period		**1,446,928**	2,187,943
Cash and cash equivalents at end of period		**1,218,719**	2,069,370
Analysis of cash and cash equivalent balances:			
Cash and bank balances		**1,139,249**	2,069,370
Cash and bank balances included in assets of disposal group classified as held for sale	15	**79,470**	—
		1,218,719	2,069,370

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Power International Development Limited (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 (the "Stock Exchange") on 15 October 2004.

The Company and its subsidiaries (together the "Group") are principally engaged in the 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 have been approved for issue on 5 September 2007.

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 2007 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 2006.

The Group's subsidiaries and associated companies are mainly established in the PRC and have prepared their respective statutory accounts in accordance with the relevant accounting rules and regulations in the PRC. According to the Group's accounting policies, where necessary, accounting policies for subsidiaries and associated companies will be changed to ensure consistency with policies adopted by the Group. The differences arising from such adjustments to bring the respective companies' accounting policies in line with those used by the Group are adjusted in the Group's financial information but will not be taken up in the local accounting books and records of the respective companies.

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. Under these circumstances, the directors consider that it is proper to prepare this condensed consolidated interim financial information on a going concern basis notwithstanding that at 30 June 2007, the Group's current liabilities exceeded its current assets by RMB833,101,000 .

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual accounts for the year ended 31 December 2006, as described in the annual accounts for the year ended 31 December 2006. The following standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2007.

HKAS 1 (Amendment)	Presentation to Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the above standards, amendments to standards and interpretations did not have any significant financial impact to the Group. Full disclosures as required by HKAS 1 and HKFRS 7 will be disclosed in the annual accounts for the year ending 31 December 2007.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

HKAS 23 (Revsied)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4 TURNOVER AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Unaudited Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Sales of electricity	2,745,013	2,491,240

The Group's principal activities are the generation and sale of electricity, and the development of power plants as a single business segment. Substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC except that certain cash and bank balances equivalent to approximately RMB157 million were deposited in certain banks in Hong Kong at 30 June 2007 (31 December 2006: approximately RMB476 million). Accordingly, no segment information is presented.

5 OTHER INCOME

	Unaudited Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Management fee income (Note 21)	4,961	6,831
Rental income	4,628	4,574
Income from provision of repair and maintenance services	11,618	—
	21,207	11,405

6 OTHER GAINS

	Unaudited Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Amortisation of deferred income	3,763	2,419
Gain on disposal of property, plant and equipment	65	815
	3,828	3,234

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

7 OPERATING PROFIT

Operating profit is stated after charging the following:

	Unaudited Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Amortisation of leasehold land prepayments (Note 12)	256	193
Depreciation of property, plant and equipment (Note 12)	219,449	190,392
Operating lease rental in respect of		
– equipment	225	1,358
– leasehold land and buildings	15,566	10,032
Staff costs including directors' emoluments	160,883	151,938
Write-off of pre-operating expenses	8,076	5,556

8 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Interest expense on		
– bank borrowings wholly repayable within five years	90,606	65,109
– bank borrowings not wholly repayable within five years	115,951	36,358
– other borrowings wholly repayable within five years	2,330	2,373
– long-term payable to related companies wholly repayable within five years	8,983	11,130
	217,870	114,970
Less: Amounts capitalised in property, plant and equipment	(157,566)	(68,830)
	60,304	46,140
Net exchange loss	8,832	12,010
	69,136	58,150

Net exchange loss included in other operating expenses in prior period is reclassified under finance costs to conform to the current period presentation.

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 assessable profit in Hong Kong for the period (2006: Nil).

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

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

	Unaudited Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
PRC current income tax	30,663	41,509
Deferred taxation	(2,278)	—
	28,385	41,509

Share of taxation attributable to the associated companies for the period ended 30 June 2007 of RMB 11,784,000 (2006: RMB7,335,000) are included in the condensed consolidated interim profit and loss account as share of (loss)/profit of associated companies.

Pursuant to the relevant PRC income tax rules and regulations, a special income tax rate of 15% (2006: 15%) has been granted to certain subsidiaries and an associated company of the Group as being foreign invested enterprises which are engaged in the energy, transportation or infrastructure activities. A subsidiary acquired by the Group in year 2005 is entitled to a two-year exemption from income tax starting from year 2005 and followed by a 50% reduction in income tax rate of 7.5% for the subsequent three years towards year 2009.

In March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). Both domestic enterprises and foreign invested enterprises will be subject to a single tax rate of 25% under the new CIT Law with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities and grandfathering provisions on the determination of taxable profit. The Group has assessed the deferred income tax balances as at 30 June 2007 based on their best estimates. As and when the State Council announces the additional regulations, the Company will reassess their impact, if any, and this change in accounting estimate will be accounted for prospectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 30 June 2007 are based on the profit attributable to equity holders of the Company for the period of RMB 69,603,000 (2006: RMB307,213,000). The basic earnings per share is calculated based on the weighted average of 3,605,515,099 (2006: 3,135,000,000) shares in issue during the period. The diluted earnings per share is based on 3,609,925,967 (2006: 3,135,474,493) shares, which is the weighted average number of shares in issue during the period plus the weighted average number of shares deemed to be issued at no consideration if all outstanding options had been exercised.

11 DIVIDEND

At a meeting held on 27 April 2007 the directors proposed a final dividend of RMB0.08 per share for the year ended 31 December 2006, which was paid on 30 May 2007, and has been reflected as an appropriation of reserves for the six months ended 30 June 2007.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: Nil).

12 CAPITAL EXPENDITURE

	Unaudited		
	Property, plant and equipment RMB'000	Prepayment for construction of power plants RMB'000	Leasehold land prepayments RMB'000
Opening net book amount as at 1 January 2006	5,343,209	1,845,647	18,904
Additions	590,109	850,371	—
Disposals	(14,842)	—	—
Depreciation and amortisation	(190,392)	—	(193)
Transfer	70,568	(70,568)	—
Closing net book amount as at 30 June 2006	5,798,652	2,625,450	18,711
Opening net book amount as at 1 January 2007	8,206,774	3,374,073	18,518
Additions	1,627,524	449,958	—
Disposals	(125)	—	—
Depreciation and amortisation	(219,449)	—	(256)
Transfer	556,421	(569,096)	12,675
Reclassification as held for sale (Note 15)	(152,879)	—	—
Closing net book amount as at 30 June 2007	10,018,266	3,254,935	30,937

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

13 INTERESTS IN ASSOCIATED COMPANIES

	Unaudited Six months ended 30 June 2007 RMB'000	2006 RMB'000
Beginning of the period	**850,675**	835,860
Acquisition of an associated company (note a)	**1,665,133**	—
Direct costs related to acquisition of an associated company	**25,593**	—
Dividends	**(78,175)**	—
	2,463,226	835,860
Share of results		
- (Loss)/profit before taxation (note b)	**(93,746)**	49,410
- Taxation	**(11,784)**	(7,335)
	(105,530)	42,075
Gain on deemed disposal of interest in an associated company (note c)	**28,847**	—
Other equity movements (Note 17)	**2,609**	—
End of the period	**2,389,152**	877,935

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

13 INTERESTS IN ASSOCIATED COMPANIES *(Continued)*

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Listed shares in the PRC: Shanghai Electric Power Co., Ltd		
- Share of net assets (note a)	**1,362,830**	—
- Goodwill (note a)	**145,491**	—
	1,508,321	—
Unlisted shares in the PRC: Jiangsu Changshu Electric Power Generating Company Limited		
- Share of net assets	**880,831**	850,675
	2,389,152	850,675
Market value of listed shares		
- Listed shares in the PRC: Shanghai Electric Power Co., Ltd	**3,314,631**	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

13 INTERESTS IN ASSOCIATED COMPANIES *(Continued)*

Shanghai Electric Power Co., Ltd. ("Shanghai Power") is a joint stock company with limited liability listed on the Shanghai Stock Exchange. The following is an extract of the published financial information of Shanghai Power for the period ended 30 June 2007 which has been prepared in accordance with the relevant accounting rules and regulations in the PRC.

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
Operating results		
Turnover	**3,940,166**	3,624,342
Profit before taxation	**348,025**	272,939
Profit attributable to equity holders	**211,382**	192,370

	As at	
	30 June 2007	31 December 2006
	RMB'000	RMB'000
Financial position		
Non-current assets	**16,537,398**	14,966,708
Current assets	**2,747,708**	2,819,526
Current liabilities	**(6,649,124)**	(5,316,273)
Non-current liabilities	**(3,589,726)**	(3,621,579)
	9,046,256	8,848,382

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

13 INTERESTS IN ASSOCIATED COMPANIES *(Continued)*

Note:

(a) Pursuant to an agreement entered into by the Company and China Power Investment Corporation ("CPI Group") on 27 August 2004, the Company was granted a call option (the "Call Option") to acquire up to 25% equity interest in Shanghai Power. Pursuant to a resolution passed by an extraordinary general meeting of the Company on 6 December 2006, the shareholders granted their approval to exercise the Call Option to acquire 25% equity interest in Shanghai Power at an aggregate consideration of approximately RMB1,665 million. As at 31 December 2006, the consideration was fully paid in cash to CPI Group and the amount was recorded as a prepayment for acquisition of an associated company as at 31 December 2006.

During the period, the acquisition was completed and the Group commenced to account for Shanghai Power as an associated company as from 17 March 2007. The initial accounting for the acquisition of Shanghai Power is determined on a provisional basis as the allocation of fair value to the identifiable assets and liabilities of the acquisition are still progressing. Adjustments to those provisional values of identifiable assets and liabilities, including any additional depreciation, amortisation or other profit or loss effect, if any, will be recognised on completion of the initial accounting.

(b) Share of results of associated companies for the period ended 30 June 2007 included a share of Shanghai Power's loss on changes in fair value of derivative component of convertible bonds amounting to RMB162,937,000, which is calculated in accordance with the Group's accounting policies as follows:

In accordance with the requirements of HKAS 39, "Financial Instruments – Recognition and Measurement", the convertible bond contract of Shanghai Power must be separated into two component elements: a derivative component consisting of the conversion option together with related put and call options and a liability component consisting of the straight debt element of the bonds.

On the issue of the convertible bonds, the fair value of the derivative component, including the embedded conversion option together with the related put and call options, was determined with reference to the market value of the relevant bonds, which was also listed on the Shanghai Stock Exchange. The derivative component is carried at fair value on the balance sheet with any changes in fair value being charged or credited to the profit and loss account in the period when the change occurs. The remainder of the proceeds is allocated to debt element of the bonds, net of transaction costs, and is recorded as the liability component. The liability component is subsequently carried at amortised cost until extinguished on conversion or redemption. Interest expense is calculated using the effective interest method by applying the effective interest rate to the liability component through the maturity date.

When the convertible bonds are converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the convertible bonds are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in the profit and loss account.

(c) As of 30 June 2007, holders of the convertible bonds of Shanghai Power with an aggregate principal amount of approximately RMB81 million have been converted into new shares of Shanghai Power pursuant to the terms and conditions of the convertible bonds. As a result, the Group's interest in Shanghai Power was diluted from 25% to 24.7% and a gain on deemed disposal of interest in Shanghai Power of RMB28,847,000 was recorded.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

14 ACCOUNTS RECEIVABLE

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Accounts receivable from provincial power companies (note a)	599,232	424,796
Bills receivable (note b)	290,009	436,008
	889,241	860,804

The carrying value of accounts receivable and bills receivable approximate their fair values due to the short term maturity.

Note:

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

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
1 to 3 months	599,232	408,635
4 to 6 months	—	16,161
	599,232	424,796

(b) Bills receivable are normally with maturity period of 90 to 180 days (2006: 90 to 180 days).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Pursuant to an agreement entered into between the Company and China Power International Holding Limited ("CPIH"), an intermediate holding company of the Company, dated 23 May 2007, the Company agreed to dispose of its entire interests in certain wholly-owned subsidiaries, namely Pingdingshan Yaomeng Power Industrial Co., Ltd. ("YMIC"), Pingdingshan Yaomeng Power Engineering Co., Ltd. ("YMEC"), Huainan Pingwei Electric Power Industry Company Limited ("PWIC") and Anhui Huainan Pingwei Power Engineering Maintenance Company Limited ("PWEC") to CPIH at an aggregate cash consideration of RMB285,087,000.

YMIC, YMEC, PWIC and PWEC mainly held certain non-core assets and liabilities of the Group in relation to (i) the provision of repair and maintenance services for the power generation units and equipment and (ii) the provision of ancillary services to the relevant power plants. The disposal is consistent with the Group's long-term policy to focus its resources in the generation and sale of electricity and on the development of power plants.

Pursuant to a resolution passed by an extraordinary general meeting of the Company on 27 July 2007, the proposed disposal was approved by the shareholders of the Company and the disposal is expected to be completed on or before 31 December 2007 with a gain of approximately RMB10 million. The major assets and liabilities of the subsidiaries classified as held for sale at the balance sheet date are as follows:

Assets of disposal group classified as held for sale:

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Property, plant and equipment	**152,879**	—
Deferred income tax assets	**350**	—
Inventories	**143**	—
Prepayments, deposits and other receivables	**68,584**	—
Cash and cash equivalents	**79,470**	—
	301,426	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15 ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(Continued)*

Liabilities directly associated with assets of disposal group classified as held for sale:

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Deferred income tax liabilities	693	—
Other payables and accrued charges	25,877	—
Tax payable	409	—
	26,979	—

16 SHARE CAPITAL

(a) Authorised and issued capital

	Number of shares	RMB'000
Authorised:		
At 1 January 2006, 31 December 2006 and 30 June 2007	10,000,000,000	10,600,000
Issued and fully paid:		
At 1 January 2006	3,135,000,000	3,323,100
Placing of shares	470,000,000	474,897
Exercise of share options	103,850	107
At 31 December 2006	3,605,103,850	3,798,104
At 1 January 2007	3,605,103,850	3,798,104
Exercise of share options	507,000	506
At 30 June 2007	3,605,610,850	3,798,610

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

16 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) Share Option Scheme

During the period, 20,629,000 share options were granted under the Option Scheme to certain directors and employees of the Group, which entitle them to subscribe for a total of 20,629,000 shares at HK$4.07 per share, upon payment of HK$1 per grant. 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.

Details of the options granted under the Option Scheme outstanding as at 30 June 2007 and 31 December 2006 are as follows:

				Number of shares subject to the options	
	Date of grant	Expiry date	Exercise price	**30 June 2007**	31 December 2006
Directors	4 April 2007	3 April 2017	HK$4.07	**4,870,000**	—
Senior management	4 April 2007	3 April 2017	HK$4.07	**8,547,000**	—
Other employees	4 April 2007	3 April 2017	HK$4.07	**7,212,000**	—
				20,629,000	—

During the period, no share option granted under the Option Scheme were cancelled or exercised. The Group has no legal or constructive obligation to purchase or settle the options in cash.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

16. SHARE CAPITAL *(Continued)*

(b) Share option schemes *(Continued)*

(i) Share Option Scheme *(Continued)*

The fair value of options granted under the Option Scheme determined using the Black-Scholes Option Pricing Model were as follows:

Option value	HK$1.14
Significant inputs into the valuation model:	
Exercise price	HK$4.07
Share price at grant date	HK$4.07
Expected volatility *(Note)*	30.95%
Risk-free interest rate	4.16%
Expected life of options	6.25 years
Expected dividend yield	2.75%

Note:

The volatility of the underlying stock during the life of the options is estimated based on the historical volatility of the Company since its listing on the Stock Exchange on 15 October 2004 up to the date of grant of the options.

(ii) Pre-IPO Share Option Scheme

Details of the options granted under the Pre-IPO Scheme outstanding as at 30 June 2007 and 31 December 2006 are as follows:

				Number of shares subject to the options	
	Date of grant	Expiry date	Exercise price	30 June 2007	31 December 2006
Directors	18 September 2004	17 September 2014	HK$2.53	**4,361,500**	4,361,500
Senior management	18 September 2004	17 September 2014	HK$2.53	**3,696,900**	3,904,600
Other employees	11 October 2004	10 October 2014	HK$2.53	**2,473,000**	3,553,000
				10,531,400	11,819,100

During the period, no share options in repect of the Pre-IPO Scheme were granted or cancelled except that 780,700 share options were lapsed and 507,000 share options were exercised. The weighted average share price at the time of exercise was HK$4.43 per share. 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)

17 RESERVES

	Merger reserve (note (i)) RMB'000	Capital reserve (note (ii)) RMB'000	Revaluation reserve RMB'000	Other reserve (note (iii)) RMB'000	Accumulated losses (note (iv)) RMB'000	Total RMB'000
At 1 January 2006	350,395	2,293,848	443,762	149,647	(1,259,989)	1,977,663
Employee share option benefits	–	–	–	967	–	967
Profit for the period	–	–	–	–	307,213	307,213
2005 final dividend	–	–	–	–	(247,665)	(247,665)
At 30 June 2006	350,395	2,293,848	443,762	150,614	(1,200,441)	2,038,178
At 1 January 2007	350,395	2,293,848	536,248	150,798	(804,764)	2,526,525
Lapse of share options	–	–	–	(747)	747	–
Employee share option benefits	–	–	–	2,429	–	2,429
Deferred tax on net revaluation surplus of property, plant and equipment						
- Group	–	–	(1,185)	–	–	(1,185)
- Associated companies	–	–	1,991	–	–	1,991
Share of reserves of an associated company	–	–	–	618	–	618
Profit for the period	–	–	–	–	69,603	69,603
2006 final dividend	–	–	–	–	(288,408)	(288,408)
At 30 June 2007	350,395	2,293,848	537,054	153,098	(1,022,822)	2,311,573

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

17 RESERVES *(Continued)*

Note:

(i) Merger reserve

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

(ii) Capital reserve

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

(iii) Other reserves

Other reserves mainly represent statutory reserves and share-based compensation reserve.

(iv) Accumulated losses

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18 BORROWINGS

Bank and other borrowings are analysed as follows:

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Non-current		
Long-term bank borrowings		
- secured	343,000	493,000
- unsecured	5,955,500	4,315,000
Less: current portion of long-term bank borrowings		
- secured	(150,000)	(150,000)
- unsecured	(642,000)	(846,000)
	5,506,500	3,812,000
Current		
Short-term bank borrowings - unsecured	1,175,000	1,330,000
Short-term other borrowings - unsecured	—	98,000
	1,175,000	1,428,000
Current portion of long-term bank borrowings	792,000	996,000
	1,967,000	2,424,000
Total borrowings	7,473,500	6,236,000

All the Group's bank and other borrowings are denominated in RMB and carry interest at market rates. The carrying amounts of these borrowings approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19 ACCOUNTS PAYABLE

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Accounts payable	345,438	226,535
Due to related companies (Note 21)	—	13,709
	345,438	240,244

The carrying value of accounts payable approximates their fair values due to the short term maturity.

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

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
1 to 6 months	333,641	228,266
7 to 12 months	8,602	1,703
Over 1 year	3,195	10,275
	345,438	240,244

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 COMMITMENTS

(a) Capital commitments

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

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Authorised but not contracted for in respect of		
- property, plant and equipment	**1,613,443**	1,373,804
Contracted but not provided for in respect of		
- property, plant and equipment	**3,538,822**	3,133,943
- investment in a jointly controlled entity	**30,000**	30,000
	5,182,265	4,537,747

(b) Commitments under operating leases

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

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Land and buildings		
Not later than one year	**30,300**	30,454
Later than one year and not later than five years	**45,148**	46,200
	75,448	76,654

Generally, the Group's operating leases are for terms of 1 to 3 years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 COMMITMENTS *(Continued)*

(c) Future operating lease arrangements

Future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Other equipment		
Not later than one year	4,481	4,481
Later than one year and not later than five years	4,481	6,721
	8,962	11,202

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21 RELATED-PARTY TRANSACTIONS

The Group is controlled by China Power Development Limited ("CPDL"), a company incorporated in the British Virgin Islands, which owns approximately 55.37% of the Company's shares. The remaining interests are widely held. The directors regard CPI Group, a company incorporated in the PRC, as being the ultimate holding company.

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

Related parties	Relationship with the Company
CPI Group（中國電力投資集團有限公司）	Ultimate holding company
CPIH	An intermediate holding company
CPIF（中電投財務有限公司）	A company controlled by CPI Group
Shanxi Shentou Industrial Co. Ltd.（山西神頭電力實業有限責任公司）	A fellow subsidiary of the Company
Shanxi Shentou Engineering Co. Ltd.（山西神頭電力檢修有限責任公司）	A fellow subsidiary of the Company
SEPC（山西省電力公司）	Related party of the Company as defined under HKAS 24
Other related companies	Companies owned by certain individuals who are also employees or operational managers of certain subsidiaries of the Group
Other state-owned enterprises	Related parties of the Company as defined under HKAS 24

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 condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21 RELATED-PARTY TRANSACTIONS *(Continued)*

(i) Revenue

	Note	Unaudited Six months ended 30 June 2007 RMB'000	2006 RMB'000
Management fee from CPIH	(a)	**4,961**	6,831
Sales of electricity to other state-owned enterprises	(b)	**2,587,614**	2,491,240
Sales of electricity to other related companies	(c)	**148,373**	—

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

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

(c) Sales of electricity to other related companies were charged in accordance with the terms of the relevant agreements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21 RELATED-PARTY TRANSACTIONS *(Continued)*

(ii) Expenses

	Note	Unaudited Six months ended 30 June 2007 RMB'000	2006 RMB'000
Operating lease rental in respect of land to CPI Group	(a)	**8,630**	8,654
Operating lease rental in respect of building to CPIH	(a)	**5,646**	—
Purchases of fuel, raw materials and spare parts from	(b)		
- other related companies		**263**	6,444
- fellow subsidiaries		**9,372**	—
Services fees to	(c)		
- other related companies		**37,254**	119,113
- fellow subsidiaries		**21,705**	—
Construction costs to	(d)		
- other related companies		**—**	57
- fellow subsidiaries		**23**	—
Labor costs charged by	(e)		
- other related companies		**8,315**	9,519
- fellow subsidiaries		**400**	—
Purchases of coal from other state-owned enterprises	(f)	**1,359,287**	1,209,684
Interest expense to CPIF	(g)	**8,983**	10,579
Interest expense to SEPC	(h)	**424**	551

(a) Rental expense in respect of certain land and building 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) Services fees mainly related to repair and maintenance services and transportation services which were carried out at mutually agreed prices.

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

(e) Labor costs were charged on a cost reimbursement basis.

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

(g) Interest expense to CPIF was charged based on outstanding loan balance at 3.6% to 5.27% (2006: 3.6% to 5.27%) per annum.

(h) Interest expense to SEPC was charged based on outstanding loan balance at 5.52% (2006: 5.52%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21 RELATED-PARTY TRANSACTIONS *(Continued)*

(iii) Key management compensation

	Unaudited Six months ended 30 June	
	2007 RMB'000	2006 RMB'000
Basic salaries, housing allowances, other allowances, discretionary bonus and benefits in kind	3,640	3,802
Employer's contributions to pension schemes	8	40
Share-based compensation	1,963	379
	5,611	4,221

(iv) Period-end balances with related parties

		As at	
	Note	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Accounts receivable from other state-owned enterprises (Note 14)	(a)	889,241	860,804
Amount due from CPIH	(b)	—	1,638
Amount due from a fellow subsidiary	(b)	12,389	11,441
Amount due to a fellow subsidiary	(b)	9,461	3,279
Amount due from an associated company	(b)	64,030	—
Long-term payable to CPIF	(c)	396,860	395,562
Short-term loan from CPIF	(c)	140,000	140,000
Long-term payable to SEPC	(d)	19,437	19,437
Payables to other related companies (Note 19)	(a)	—	13,709
Amount due to CPI Group	(b)	72,524	68,889
Prepayments to other state-owned enterprises	(e)	60,270	55,675
Accounts payable to other state-owned enterprises	(f)	60,267	24,992

(a) The terms of balances with related parties are disclosed in Notes 14 and 19 respectively.

(b) The balances with holding companies, fellow subsidiaries and an associated company are unsecured, interest free and are repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21 RELATED-PARTY TRANSACTIONS *(Continued)*

(iv) Period-end balances with related parties *(Continued)*

(c) The long term payable to CPIF are unsecured and are repayable as follows:

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Repayable by 5 November 2008, bearing interest at 3.6% per annum	**126,565**	125,267
Repayable by 30 June 2010, bearing interest at 5.27% per annum	**270,295**	270,295
	396,860	395,562

The short term loan from CPIF is unsecured, bearing interest at 5.5% (2006: 5.5%) per annum and is repayable on 19 November 2007.

(d) The long-term payable to SEPC is unsecured, bearing interest at 5.52% (2006: 5.52%) per annum and is repayable on 30 June 2010.

(e) Prepayments to other state-owned enterprises mainly relate to purchase prepayments made by the Group and are included under prepayments, deposits, and other receivables. Balances are unsecured, interest free and shall be settled in accordance with the respective trading terms.

(f) Accounts payable to other state-owned enterprises mainly relate to purchase accruals made by the Group and are included under accounts payable. Balances are unsecured, interest free and will be settled in accordance with the respective trading terms.

(v) Others

	As at	
	30 June 2007 Unaudited RMB'000	31 December 2006 Audited RMB'000
Prepayment for acquisition of an associated company (Note 13)	**—**	1,665,133

22 SUBSEQUENT EVENTS

On 23 August 2007, Shanghai Power announced that by 14 August 2007 holders of its convertible bonds with an aggregate principal amount of approximately RMB973 million have been converted into new shares of Shanghai Power pursuant to the terms and conditions of the convertible bonds whereas all the remaining outstanding convertible bonds with an aggregate principal amount of approximately RMB27 million were redeemed by Shanghai Power at their original terms by 21 August 2007. As a result, the Group's interest in Shanghai Power was diluted from 24.7% to 21.9%.

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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 24 to 54, which comprises the condensed consolidated interim balance sheet of China Power International Development Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2007 and the related condensed consolidated interim profit and loss account, condensed consolidated interim statement of changes in equity and condensed consolidated interim cash flow statement 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 Main Board of 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.

PRICEWATERHOUSECOOPERS

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, 5 September 2007