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)

2008
Interim Report

Corporate Information

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

SHAREHOLDERS' ENQUIRIES

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

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Interim Results

The board of directors (the "Board") of China Power International Development Limited (the "Company") hereby announces the unaudited operating results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting". The interim financial information has not been audited but has been reviewed by the Audit Committee of the Company and PricewaterhouseCoopers.

OVERVIEW

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

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

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

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

Business Review for the six months ended 30 June 2008

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

Operation environment

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

Coal prices increase

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

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

Tariffs hikes

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

Power Generation

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

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

Commissioning of new power generation units

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

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

Wu Ling Acquisition

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

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

Significant Investment

In December 2006, the Company acquired 390,876,250 shares of Shanghai Electric Power Co., Ltd. ("Shanghai Power", whose A shares were listed on the Shanghai Stock Exchange) at a consideration of RMB4.26 per share. On 17 June 2008, Shanghai Power converted its capital reserve into the share capital on the basis of 2 additional shares for every 10 existing shares. The total number of shares held by the Company was increased by 78,175,250 shares to 469,051,500 shares, whereas the shareholding percentage remained at 21.92%.

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

Operating Data of our Operational Power Plants

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

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

Outlook of the second half of the year

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

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

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

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

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

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

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

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

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

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

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

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

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

Management Discussion and Analysis

OPERATING RESULTS

Turnover

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

Other Income

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

Operating Costs

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

Fuel Costs

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

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

Depreciation

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

* For identification only

Staff Costs

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

Repairs and Maintenance

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

Other Operating Expenses

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

Operating Profit

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

Interest Income from Bank Deposits

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

Finance Costs

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

Share of Losses of Associated Companies

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

Taxation

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

Loss Attributable to Equity Holders of the Company

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

SEGMENT INFORMATION

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

LIQUIDITY AND FINANCIAL RESOURCES

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

DEBT AND GEARING RATIO

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

CAPITAL EXPENDITURE

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

BORROWINGS

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

The debts incurred by the Group were used for general corporate purposes, including capital expenditure and working capital requirements.

RISK MANAGEMENT

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

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

FOREIGN EXCHANGE RATE RISK

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

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

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

INTEREST RATE RISK

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

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

COMMODITY PRICE RISK

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

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

LIQUIDITY RISK

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

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

EMPLOYEES

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

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

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

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

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

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

SHARE OPTION SCHEMES

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

The Pre-IPO Share Option Scheme was terminated on the date on which dealings in the shares of the Company ("Shares") commenced on the Stock Exchange of Hong Kong Limited (i.e. 15 October 2004). No further options will be granted after that date but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect. The main terms of the Pre-IPO Share Option Scheme are summarised in our 2007 annual report.

Movements of the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme for the six months ended 30 June 2008 are as follows:

		Number of shares subject to Options						
Grantee	Date of grant	As at 1 January 2008	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2008	Expiry date	Exercise price per share (HK$)
Directors:								
Li Xiaolin	18 September 2004	1,661,500	–	–	–	1,661,500	17 September 2014	2.53
Gao Guangfu	18 September 2004	207,700	–	–	–	207,700	17 September 2014	2.53
Wang Binghua *(Note)*	18 September 2004	1,495,400	–	1,495,400	–	–	17 September 2014	2.53
Hu Jiandong *(Note)*	18 September 2004	996,900	–	996,900	–	–	17 September 2014	2.53
Other employees	18 September 2004	3,696,900	–	–	–	3,696,900	17 September 2014	2.53
Other employees	11 October 2004	2,473,000	–	–	–	2,473,000	10 October 2014	2.53

Note: Mr. Wang Binghua and Mr. Hu Jiandong resigned as Directors on 1 January and 30 January 2008 respectively. Their options have been lapsed in accordance with the Pre-IPO Share Option Scheme.

As at the date of this interim report, a total of 8,039,100 shares (representing approximately 0.22% of the existing issued share capital of the Company) will be issued by the Company if all outstanding Pre-IPO Share Options under the Pre-IPO Share Option Scheme are exercised.

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

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

(B) Share Option Scheme

The Share Option Scheme was conditionally approved and adopted by a written resolution passed by the Company's shareholders on 24 August 2004. The purposes of the Share Option Scheme are to attract and retain high-calibre personnel and to provide them with the opportunity to acquire equity in the Company so as to incite them for better performance. The major terms of the Share Option Scheme are summarised in our 2007 annual report.

Movements of the options granted under the Share Option Scheme for the six months ended 30 June 2008 are as follows:

		Number of Shares subject to Options						
Grantee	Date of grant	As at 1 January 2008	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2008	Expiry date	Exercise price per share (HK$)
Directors:								
Li Xiaolin	4 April 2007	1,905,000	–	–	–	1,905,000	3 April 2017	4.07
Gao Guangfu	4 April 2007	667,000	–	–	–	667,000	3 April 2017	4.07
Wang Binghua *(Note)*	4 April 2007	921,000	–	921,000	–	–	3 April 2017	4.07
Hu Jiandong *(Note)*	4 April 2007	1,377,000	–	1,377,000	–	–	3 April 2017	4.07
Other employees	4 April 2007	15,759,000	–	–	–	15,759,000	3 April 2017	4.07

Note: Mr. Wang Binghua and Mr. Hu Jiandong resigned as Directors on 1 January and 30 January 2008 respectively. Their options have been lapsed in accordance with the Share Option Scheme.

As at the date of this interim report, a total of 18,331,000 shares (representing approximately 0.51% of the existing issued share capital of the Company) will be issued by the Company if all outstanding options under the Share Option Scheme are exercised.

The Company has also used the Model to value the options granted pursuant to the Share Option Scheme for the six months ended 30 June 2008, which is a common model used in assessing the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option. As such, the fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the valuation model used.

The options were granted to the Directors, senior management and other employees of the Company pursuant to the Share Option Scheme on 4 April 2007. The fair value of the options as at the date of grant under the Model was HK$23,517,000. For the six months ended 30 June 2008, a share option expense of RMB3,606,000 has been recognised with a corresponding adjustment in the Group's employee share-based compensation reserve.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2008, save as disclosed below, none of the Directors or the Company's chief executive has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) which will have to be notified to the Company and The Stock Exchange 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 Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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
Li Xiaolin	Beneficial owner	the Company	18 September 2004 and 4 April 2007	3,566,500	0.10	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 by the Company under the Pre-IPO Share Option Scheme and Share Option Scheme.

(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 2008, save as disclosed below, none of the Directors or the Company's chief executive has any interests or short positions in the shares or underlying shares of the Company which are required to record in the register kept under Section 336 of the SFO.

Name	Capacity	Number of shares in which interested other than under equity derivatives *(Note 3)*	Percentage of issued share capital of the Company (%)	Long/Short position
China Power Development Limited ("CPDL")	Beneficial owner	1,996,500,000	55.38	Long
CPI Holding *(Note 1)*	Interest of a controlled corporation	1,996,500,000	55.38	Long
	Beneficial owner	17,276,000	0.47	Long
CPI Group *(Note 2)*	Interest of a controlled corporation	2,013,776,000	55.85	Long
Mondrian Investment Partners Limited	Investment Manager	226,728,000	6.29	Long
The Bank of New York Mellon Corporation	Interest of a controlled corporation	218,399,422	6.06	Long

Notes:

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2008.

By order of the Board
China Power International Development Limited

Li Xiaolin
Chairman
Hong Kong, 3 September 2008

Corporate Governance Report

The Corporate Governance Report of the Board has been set out in our 2007 annual report. Save for the deviations from Code A.2.1 and Code A.4, the Company has complied with the provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2008.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Code A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. For the year ended 31 December 2007, the positions of the Chairman of the Board and the Chief Executive Officer were served by Wang Binghua and Li Xiaolin respectively. Wang Binghua duly resigned as Non Executive Director and Chairman of the Company on 1 January 2008, and Li Xiaolin was appointed as Chairman of the Company thereafter. Li Xiaolin currently serves as Chairman of the Board and Chief Executive Officer. The Board believes that Li Xiaolin has extensive experience in the capital market and the industry as she has served as the Chief Executive Officer before her appointment as the Chairman. Higher effectiveness will be achieved in developing the Company's long-term business strategies and executing the Company's business plans if Li Xiaolin continues to serve as the Chief Executive Officer of the Company. To maintain a balance of power, the Company has also set up an Executive Committee, which comprises certain Executive Directors and senior management. Meetings were convened regularly to make decisions on matters concerning the daily management and business of the Company.

TERM OF OFFICE OF THE DIRECTORS

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

The Non Executive Directors of the Company 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, the Company will 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 to comply fully with the code provisions and the Articles.

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 retirement by rotation reflects the significance of such position with a view to minimize 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 2008.

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

The Company established the Audit Committee on 24 August 2004 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and provisions of the Code which have been effective since 31 December 2004. The Audit Committee comprises three members, namely, Kwong Che Keung, Gordon, Li Fang and Tsui Yiu Wa, Alec, all of whom are independent non-executive directors. The Audit Committee is chaired by Kwong Che Keung, Gordon. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company. The interim financial information for the six months ended 30 June 2008 has not been audited but has been reviewed by the Audit Committee of the Company and PricewaterhouseCoopers.

REMUNERATION AND NOMINATION COMMITTEE

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

The Remuneration and Nomination Committee comprises three members, namely Li Fang, Kwong Che Keung, Gordon and Tsui Yiu Wa, Alec, all of whom are Independent Non Executive Directors. The Committee is chaired by Li Fang.

CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

		Unaudited Six months ended 30 June	
	Note	**2008 RMB'000**	2007 RMB'000
Turnover	4	**4,043,212**	2,745,013
Other income	5	**4,315**	21,207
Fuel costs		**(3,036,003)**	(1,780,809)
Depreciation		**(343,143)**	(219,449)
Staff costs		**(176,032)**	(160,883)
Repairs and maintenance		**(190,477)**	(140,656)
Consumables		**(42,808)**	(36,731)
Other gains	6	**3,526**	3,828
Other operating expenses		**(239,164)**	(203,343)
Operating profit	7	**23,426**	228,177
Interest income from bank deposits		**6,039**	15,362
Finance costs	8	**(261,637)**	(69,136)
Share of losses of associated companies		**(3,666)**	(105,530)
Share of loss of a jointly controlled entity		**(928)**	—
Gain on deemed disposal of interest in an associated company		**—**	28,847
(Loss)/profit before taxation		**(236,766)**	97,720
Taxation	9	**(12,983)**	(28,385)
(Loss)/profit for the period		**(249,749)**	69,335
Attributable to:			
Equity holders of the Company		**(249,382)**	69,603
Minority interests		**(367)**	(268)
		(249,749)	69,335
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company during the period (expressed in RMB per share)			
— basic	10	**(0.07)**	0.02
— diluted	10	**(0.07)**	0.02

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2008

	Note	As at 30 June 2008 Unaudited RMB'000	As at 31 December 2007 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**15,732,387**	14,594,556
Prepayment for construction of power plants	12	**—**	881,858
Land use rights	12	**42,886**	43,334
Goodwill		**166,939**	166,939
Interest in an associated company		**843,627**	847,294
Interest in a jointly controlled entity		**29,072**	—
Available-for-sale financial assets	13	**2,115,423**	3,775,865
Other long-term prepayments		**27,645**	58,668
		18,957,979	20,368,514
Current assets			
Inventories		**384,325**	277,843
Accounts receivable	14	**1,015,998**	1,283,074
Prepayments, deposits and other receivables		**277,113**	175,404
Amount due from an intermediate holding company	20	**—**	3,821
Amounts due from fellow subsidiaries	20	**70,918**	41,341
Dividends receivable from an associated company		**65,699**	65,699
Tax recoverable		**3,196**	—
Cash and cash equivalents		**970,764**	734,057
		2,788,013	2,581,239
Total assets		**21,745,992**	22,949,753

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2008

	Note	As at 30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	3,798,610	3,798,610
Share premium		2,755,361	2,755,361
Reserves	16	2,646,041	4,580,918
		9,200,012	11,134,889
Minority interests		81,491	44,458
Total equity		9,281,503	11,179,347
LIABILITIES			
Non-current liabilities			
Deferred income		75,150	163,028
Long-term bank borrowings	17	9,168,150	7,706,350
Long-term payable to CPI Financial Company ("CPIF")	20	270,295	270,295
Deferred income tax liabilities		61,908	227,362
		9,575,503	8,367,035
Current liabilities			
Accounts payable	18	501,961	428,630
Construction cost payable		954,729	1,322,781
Other payables and accrued charges		343,660	318,813
Amount due to ultimate holding company	20	88,196	81,471
Amount due to an intermediate holding company	20	483	—
Amounts due to fellow subsidiaries	20	96,410	26,163
Current portion of long-term bank borrowings	17	170,000	466,000
Short-term bank and other borrowings	17	595,000	605,000
Current portion of long-term payable to CPIF	20	129,030	127,863
Taxation payable		9,517	26,650
		2,888,986	3,403,371
Total liabilities		12,464,489	11,770,406
Total equity and liabilities		21,745,992	22,949,753
Net current liabilities		(100,973)	(822,132)
Total assets less current liabilities		18,857,006	19,546,382

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital RMB'000	Share premium RMB'000	Other reserves (Note 16) RMB'000	Accumulated losses RMB'000	Minority interests RMB'000	Total RMB'000
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	775	–	–	–	1,281
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 property, plant and equipment	–	–	806	–	–	806
Share of reserves of an associated company	–	–	618	–	–	618
2006 final dividend	–	–	–	(288,408)	–	(288,408)
Balance at 30 June 2007	3,798,610	2,755,361	3,334,395	(1,022,822)	25,558	8,891,102
Balance at 1 January 2008	3,798,610	2,755,361	4,990,815	(409,897)	44,458	11,179,347
Lapse of share options	–	–	(3,782)	3,782	–	–
Loss for the period	–	–	–	(249,382)	(367)	(249,749)
Employee share option benefits	–	–	3,606	–	–	3,606
Release of revaluation reserve upon disposal of property, plant and equipment						
– Group	–	–	(30)	30	–	–
– Associated company	–	–	(1)	1	–	–
Decrease in fair value of available-for-sale financial assets	–	–	(1,660,442)	–	–	(1,660,442)
Deferred tax on decrease in fair value of available-for-sale financial assets	–	–	166,044	–	–	166,044
Contribution from minority shareholders of subsidiaries	–	–	–	–	37,400	37,400
2007 final dividend	–	–	–	(194,703)	–	(194,703)
Balance at 30 June 2008	3,798,610	2,755,361	3,496,210	(850,169)	81,491	9,281,503

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Unaudited Six months ended 30 June	
	2008 **RMB'000**	2007 RMB'000
Net cash generated from operating activities	**106,994**	826,990
Net cash used in investing activities	**(868,784)**	(2,006,869)
Net cash generated from financing activities	**998,497**	951,670
Net increase/(decrease) in cash and cash equivalents	**236,707**	(228,209)
Cash and cash equivalents at beginning of period	**734,057**	1,446,928
Cash and cash equivalents at end of period	**970,764**	1,218,719
Analysis of cash and cash equivalents:		
Cash and bank balances	**970,764**	1,139,249
Cash and bank balances included in assets of disposal group classified as held for sale	**—**	79,470
	970,764	1,218,719

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 principal activities of the Company and its subsidiaries (together, the "Group") are principally engaged in the generation and sale of electricity, investment holdings 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 3 September 2008.

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 2008 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 2007.

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 2008, the Group's current liabilities exceeded its current assets by RMB100,973,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3 ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual accounts for the year ended 31 December 2007, except that the following interpretations are mandatory for financial year ending 31 December 2008.

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4 TURNOVER, REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

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

Notes:

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

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

Segment information

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5 OTHER INCOME

	Unaudited Six months ended 30 June	
	2008 RMB'000	2007 RMB'000
Management fee income (Note 20)	4,049	4,961
Rental income	266	4,628
Repairs and maintenance services fee income (note)	—	11,618
	4,315	21,207

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

6 OTHER GAINS

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

7 OPERATING PROFIT

Operating profit is stated after charging the following:

	Unaudited Six months ended 30 June	
	2008 RMB'000	2007 RMB'000
Amortisation of land use rights (Note 12)	448	256
Depreciation of property, plant and equipment (Note 12)	343,143	219,449
Operating lease rental in respect of		
— equipment	—	225
— leasehold land and buildings	17,117	15,566
Staff costs including directors' emoluments	176,032	160,883
Write-off of pre-operating expenses	2,588	8,076

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

8 FINANCE COSTS

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

9 TAXATION

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the period (2007: Nil).

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

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

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

Share of taxation attributable to associated companies for the period ended 30 June 2008 of RMB140,000 (2007: RMB11,784,000) is included in the Group's share of losses of associated companies for the period.

Pursuant to the relevant PRC income tax rules and regulations, special income tax rates have been granted to certain subsidiaries of the Group and the associated company as being foreign invested enterprises which are engaged in the energy, transportation or infrastructure activities. These companies are subject to a tax rate of 18% for the year 2008 (2007: 15%) followed by tax rates gradually increased from 20% to 25% in the ensuing four years towards 2012. A subsidiary acquired by the Group in year 2005 will be subject to tax rates gradually increased from 9% for the year 2008 (2007: 7.5%) to 25% in the ensuing four years towards 2012. A subsidiary of the Group that started operations in 2007 entitled to a two-year exemption from income tax starting year 2007 followed by a 50% reduction in income tax rate towards year 2011 at rates gradually increased from 10% to 12%, and at 25% thereafter. Certain subsidiaries of the Group that started operations in 2008 also entitled to a two-year exemption from income tax starting year 2008 followed by a 50% reduction in income tax rate towards year 2012 at rates gradually increased from 11% to 12.5%, and at 25% thereafter.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Unaudited Six months ended 30 June	
	2008	2007
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(249,382)	69,603
Weighted average number of shares in issue (shares in thousands)	3,605,611	3,605,515
Basic (loss)/earnings per share (RMB)	(0.07)	0.02

(b) Diluted

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

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

11 DIVIDEND

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12 CAPITAL EXPENDITURE

	Unaudited		
	Property, plant and equipment RMB'000	Prepayment for construction of power plants RMB'000	Land use rights RMB'000
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	(152,879)	—	—
Closing net book amount as at 30 June 2007	10,018,266	3,254,935	30,937
Opening net book amount as at 1 January 2008	14,594,556	881,858	43,334
Additions	553,829	46,324	—
Disposals	(1,037)	—	—
Depreciation and amortisation	(343,143)	—	(448)
Transfer	928,182	(928,182)	—
Closing net book amount as at 30 June 2008	15,732,387	—	42,886

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at	
	30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
Equity securities listed outside Hong Kong, at fair value	**2,115,423**	3,775,865

There were no disposals or impairment provisions on available-for-sale financial assets during the period.

The following is the details of the available-for-sale financial assets as at 30 June 2008:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activity
Shanghai Electric Power Co., Ltd ("Shanghai Power")	The PRC	RMB2,139,739,257	21.9%	Joint stock company with limited liability with its A shares listed on the Shanghai Stock Exchange	Investment holdings and the generation and sale of electricity

As at 31 December 2007 and 30 June 2008, the directors of the Company evaluated the shareholder structure and the composition of the board of directors in Shanghai Power and concluded that the Group is not able to exercise significant influence over the financial and operating decisions of Shanghai Power despite that the Group held an aggregate 21.9% interest in Shanghai Power. Consequently, the Group continues to account for its investment in Shanghai Power as "Available-for-sale financial assets" which is measured based on its fair value, with the changes in fair value recognised in equity.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

14 ACCOUNTS RECEIVABLE

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

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

Note:

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

	As at	
	30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
1 to 3 months	890,380	844,762
4 to 6 months	—	16,169
7 to 9 months	649	423
	891,029	861,354

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15 SHARE CAPITAL

(a) Authorised and issued capital

	Number of shares (of HK$1 each)	RMB'000
Authorised:		
At 1 January 2007, 31 December 2007 and 30 June 2008	10,000,000,000	10,600,000
Issued and fully paid:		
At 1 January 2007	3,605,103,850	3,798,104
Exercise of share options (note)	507,000	506
At 31 December 2007 and 30 June 2008	3,605,610,850	3,798,610

Note:

During the year ended 31 December 2007, 507,000 new share of HK$1 each were issued at a price of HK$2.53 each for cash upon the exercise of the relevant options to subscribe for 507,000 shares of the Company under a share option scheme of the Company. These new shares rank pari passu in all respects with the existing shares.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15 SHARE CAPITAL *(Continued)*

(b) Share option schemes

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

(i) Option Scheme

Details of the options granted under the Option Scheme outstanding as at 30 June 2008 and 31 December 2007 are as follows:

				Number of shares subject to the options	
	Date of grant	Expiry date	Exercise price	**30 June 2008**	31 December 2007
Directors	4 April 2007	3 April 2017	HK$4.07	**2,572,000**	4,870,000
Senior management and other employees	4 April 2007	3 April 2017	HK$4.07	**15,759,000**	15,759,000
				18,331,000	20,629,000

During the period, no share options granted under the Option Scheme were cancelled or exercised except that options to subscribe for 2,298,000 shares of the Company were lapsed. 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)

15 SHARE CAPITAL *(Continued)*

(b) Share option schemes *(Continued)*

(ii) Pre-IPO Scheme

Details of the options granted under the Pre-IPO Scheme outstanding as at 30 June 2008 and 31 December 2007 are as follows:

				Number of shares subject to the options	
	Date of grant	Expiry date	Exercise price	**30 June 2008**	31 December 2007
Directors	18 September 2004	17 September 2014	HK$2.53	**1,869,200**	4,361,500
Senior management and other employees	18 September 2004	17 September 2014	HK$2.53	**3,696,900**	3,696,900
Senior management and other employees	11 October 2004	10 October 2014	HK$2.53	**2,473,000**	2,473,000
				8,039,100	10,531,400

During the period, no share options granted under the Pre-IPO Scheme were cancelled or exercised except that options to subscribe for 2,492,300 shares of the Company were lapsed. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

16 RESERVES

	Merger reserve RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	Available-for - sale investments RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2007	350,395	2,293,848	536,248	–	137,972	12,826	(804,764)	2,526,525
Deferred tax on property, plant and equipment	–	–	806	–	–	–	–	806
Employee share option benefits	–	–	–	–	–	2,429	–	2,429
Lapse of share options	–	–	–	–	–	(747)	747	–
Share of reserves of an associated company	–	–	–	–	618	–	–	618
2006 final dividend	–	–	–	–	–	–	(288,408)	(288,408)
Profit for the period	–	–	–	–	–	–	69,603	69,603
At 30 June 2007	350,395	2,293,848	537,054	–	138,590	14,508	(1,022,822)	2,311,573
At 1 January 2008	**306,548**	**2,262,848**	**511,440**	**1,751,557**	**137,972**	**20,450**	**(409,897)**	**4,580,918**
Release of revaluation reserve upon disposal of property, plant and equipment								
– Group	–	–	(30)	–	–	–	30	–
– Associated company	–	–	(1)	–	–	–	1	–
Decrease in fair value of available -for-sale financial assets	–	–	–	(1,660,442)	–	–	–	(1,660,442)
Deferred tax on decrease in fair value of available-for-sale financial assets	–	–	–	166,044	–	–	–	166,044
Employee share option benefits	–	–	–	–	–	3,606	–	3,606
Lapse of share options	–	–	–	–	–	(3,782)	3,782	–
2007 final dividend	–	–	–	–	–	–	(194,703)	(194,703)
Loss for the period	–	–	–	–	–	–	(249,382)	(249,382)
At 30 June 2008	**306,548**	**2,262,848**	**511,409**	**257,159**	**137,972**	**20,274**	**(850,169)**	**2,646,041**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

17 BORROWINGS

Bank and other borrowings are analysed as follows:

	As at 30 June 2008 Unaudited RMB'000	As at 31 December 2007 Audited RMB'000
Non-current		
Long-term bank borrowings		
– secured	193,000	343,000
– unsecured	9,145,150	7,829,350
	9,338,150	8,172,350
Less: current portion of long-term bank borrowings		
– secured	(150,000)	(150,000)
– unsecured	(20,000)	(316,000)
	9,168,150	7,706,350
Current		
Current portion of long-term bank borrowings	170,000	466,000
Short-term bank borrowings - unsecured	595,000	605,000
	765,000	1,071,000
Total borrowings	9,933,150	8,777,350

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

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

	As at 30 June 2008 Unaudited	As at 31 December 2007 Audited
Long-term bank borrowings, at floating rates	7.0%	6.2%
Short-term bank borrowings, at floating rates	6.6%	5.9%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

17 BORROWINGS *(Continued)*

At 30 June 2008, the Group had the following undrawn committed borrowing facilities:

	As at	
	30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
Long-term bank borrowings, at floating rates	3,220,200	4,355,500

18 ACCOUNTS PAYABLE

	As at	
	30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
Accounts payable	418,989	370,093
Due to related companies (note 20)	82,972	58,537
	501,961	428,630

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19 COMMITMENTS

(a) Capital commitments

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

	As at	
	30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
Authorised but not contracted for in respect of		
– property, plant and equipment	20,849	67,770
– other investments	70,033	111,003
Contracted but not provided for in respect of		
– property, plant and equipment	1,120,709	1,877,952
– investments in subsidiaries	1,014,661	944,628
– investment in an associated company	749,500	749,500
	2,975,752	3,750,853

In addition to the above, pursuant to a Memorandum of Understanding entered into between the Company and 中國電力投資集團公司 (China Power Investment Corporation) ("CPI Group") dated 27 May 2008, the Company proposed to acquire 63% interest in 五凌電力有限公司 ("Wu Ling Power") from CPI Group (the "Proposed Acquisition"). Wu Ling Power is incorporated in the PRC and registered as a sino-foreign joint venture with limited liability. Wu Ling Power is principally engaged in the development, production and supply of hydropower and coal-fired power in Hunan and Guizhou Provinces. Details of the Proposed Acquisition, including terms and consideration, which are subject to the approval of the relevant regulatory authorities, have not been concluded up to the date of this report.

(b) Commitments under operating leases

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

	As at	
	30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
Land and buildings		
Not later than one year	34,234	31,796
Later than one year and not later than five years	24,757	41,645
	58,991	73,441

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19 COMMITMENTS *(Continued)*

(c) Future operating lease arrangements

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

	As at	
	30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
Other equipment		
Not later than one year	4,481	4,481
Later than one year and not later than five years	—	2,240
	4,481	6,721

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 RELATED PARTY TRANSACTIONS

The Group is controlled by China Power Development Limited ("CPDL"), a company incorporated in the British Virgin Islands, which owns approximately 55.38% 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.

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

Related parties	Relationship with the Company
CPI Group（中國電力投資集團公司）	Ultimate holding company
China Power International Holding Limited ("CPIH")	An intermediate holding company
CPIF（中電投財務有限公司）	A company controlled by CPI Group
Shanxi Shentou Industrial Company Limited（山西神頭電力實業有限責任公司）	A fellow subsidiary of the Company
Shanxi Shentou Engineering Company Limited（山西神頭電力檢修有限責任公司）	A fellow subsidiary of the Company
Huainan Pingwei Electric Power Industry Company Limited（淮南平圩電力實業有限責任公司）	A fellow subsidiary of the Company
Anhui Huainan Pingwei Power Engineering Maintenance Company Limited（安徽淮南平圩電力檢修工程有限責任公司）	A fellow subsidiary of the Company
Pingdingshan Yaomeng Power Engineering Co., Ltd.（平頂山姚孟電力工程有限責任公司）	A fellow subsidiary of the Company
Pingdingshan Yaomeng Power Industrial Co., Ltd.（平頂山姚孟電力實業有限責任公司）	A fellow subsidiary of the Company
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 these accounts. Management of the Group are of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 RELATED PARTY TRANSACTIONS *(Continued)*

(i) Revenue

		Unaudited Six months ended 30 June	
	Note	2008 RMB'000	2007 RMB'000
Sales of electricity to regional and provincial power grid companies	(a)	3,805,036	2,745,013
Income from generation of electricity on behalf of fellow subsidiaries and other related companies	(b)	146,630	—
Management fee from CPIH	(c)	4,049	4,961

(a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, which are regarded as state-owned enterprises, the Group is required to sell its generated electric power to those power grid companies at approved tariff rates. 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 power grid companies, subject to the approval of the relevant government authorities.

(b) Income from generation of electricity on behalf of fellow subsidiaries and other related companies are calculated on mutually agreed prices.

(c) 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Expenses

	Note	Unaudited Six months ended 30 June 2008 RMB'000	2007 RMB'000
Operating lease rental in respect of land to CPI Group	(a)	8,530	8,630
Operating lease rental in respect of buildings to CPIH	(a)	5,200	5,646
Purchases of fuel, raw materials and spare parts from	(b)		
– other related companies		—	263
– fellow subsidiaries		32,557	9,372
Service fees to	(c)		
– other related companies		36,037	37,254
– fellow subsidiaries		175,137	21,705
Construction costs to	(d)		
– other related companies		380	—
– fellow subsidiaries		6,563	23
Labor costs charged by	(e)		
– other related companies		—	8,315
– fellow subsidiaries		3,610	400
Purchases of coal from other state-owned enterprises	(f)	2,316,589	1,359,287
Interest expense to CPIF	(g)	9,035	8,983

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

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

(c) Service fees mainly related to 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 the relevant contracts.

(e) Labor costs were charged on a cost reimbursements 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% (2007: 3.6% to 5.27%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 RELATED PARTY TRANSACTIONS *(Continued)*

(iii) Key management compensation

	Unaudited Six months ended 30 June 2008 RMB'000	2007 RMB'000
Basic salaries, housing allowance, other allowances, discretionary bonus and benefits in kind	4,447	3,640
Employer's contributions to pension schemes	—	8
Share-based compensation	2,449	1,963
	6,896	5,611

(iv) Period-end balances with related parties

	Note	As at 30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
Accounts receivable from regional and provincial power grid companies	(a)	967,177	1,184,607
Amount due from CPIH	(b)	—	3,821
Amount due to CPIH	(b)	483	—
Amounts due from fellow subsidiaries	(b)	70,918	41,341
Amounts due to fellow subsidiaries	(b)	96,410	26,163
Amounts payable to CPIF	(c)	399,325	398,158
Amount due to CPI Group	(b)	88,196	81,471
Prepayments to other state-owned enterprises	(d)	232,020	143,532
Accounts payable to other state-owned enterprises	(e)	82,972	58,537

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

(b) The balances with holding companies and fellow subsidiaries are unsecured, interest free and are repayable on demand. Substantially all of the balances are denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20 RELATED PARTY TRANSACTIONS *(Continued)*

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

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

	As at	
	30 June 2008 Unaudited RMB'000	31 December 2007 Audited RMB'000
Repayable by 5 November 2008, bearing interest at 3.6% per annum	129,030	127,863
Repayable by 30 June 2010, bearing interest at 5.27% per annum	270,295	270,295
	399,325	398,158

The amounts payable to CPIF are denominated in RMB and the carrying amounts approximate their fair values.

(d) 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 utilised in accordance with the respective trading terms.

(e) 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 shall be settled in accordance with the respective trading terms.

21 SUBSEQUENT EVENTS

(a) On 2 July 2008, the Company granted options under the Option Scheme to certain directors, senior management and other employees of the Group, which entitle them to subscribe for a total of 29,590,000 shares at HK$2.326 per share, upon payment of HK$1 per grant. Consideration in connection with all options granted were received. 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. The Group has no legal or constructive obligation to purchase or settle the options in cash. The financial impact of granting these options is still being assessed by the Group up to the date of this report.

(b) On 15 July 2008, the Company entered into a facility agreement ("Facility Agreement") relating to a US$100,000,000 term loan facility ("Loan Facilities") with a syndicate of banks. The Loan Facilities will be used for financing the general corporate funding requirements of the Company and its subsidiaries. The Loan Facilities have a term of three years commencing from the date of the Facility Agreement.

PRICEWATERHOUSECOOPERS

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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 21 to 48, 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 2008 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, 3 September 2008