

# Powering *our Dreams*



**CR Power**  
Interim Report 2008

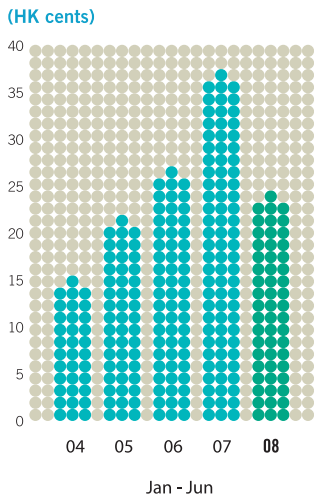
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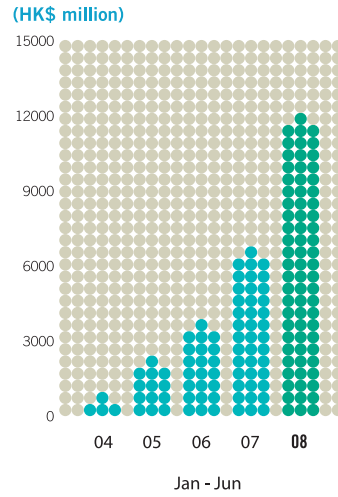
# Performance Highlights

	1H2008	1H2007	1H2006	1H2005	1H2004
<b>Earnings per share (HK cents)</b>					
Basic	24.25	36.71	26.29	21.44	15.15
Diluted	23.69	35.10	25.81	21.29	15.11
<b>Turnover (HK\$'000)</b>	<b>12,143,757</b>	6,628,010	3,767,656	2,208,773	609,076
<b>Profit attributable to equity holders of the Company (HK\$'000)</b>					
Operating power plants					
Subsidiaries	877,499	1,212,040	720,489	424,779	115,608
Associates	327,991	333,303	337,621	375,364	403,718
Jointly controlled entity	—	—	—	106,727	147,187
Others	(199,596)	(133,891)	(56,160)	(90,362)	(89,449)
Total	1,005,894	1,411,452	1,001,950	816,508	577,064
<b>Generation volume of operating power plants (MWh)</b>					
Total gross generation	52,507,535	37,585,705	26,819,508	23,231,209	15,199,668
Total net generation	49,111,384	35,218,775	25,184,623	21,848,634	14,311,182
	30/6/2008	30/6/2007	30/6/2006	30/6/2005	30/6/2004
<b>Extracts of consolidated balance sheet (HK\$'000)</b>					
Equity attributable to equity holders of the Company	26,650,838	16,761,955	13,535,338	10,892,956	9,575,700
Total assets	74,760,207	43,491,530	30,999,410	23,915,563	17,841,334
Bank balances, cash and pledged bank deposits	5,281,475	2,932,147	4,053,686	2,819,497	3,238,691
Bank and other borrowings	33,788,480	19,125,562	12,767,282	10,382,668	6,321,182
<b>Key financial ratios</b>					
Current ratio (times)	0.63	0.61	0.99	1.49	0.98
Quick ratio (times)	0.57	0.55	0.93	1.42	0.96
Net debt to equity (%)	107.0	96.6	64.4	69.4	32.2
EBITDA interest coverage (times)	3.9	5.2	5.1	5.0	7.7
<b>Attributable operational generation capacity (MW)</b>					
Eastern China	4,403	3,380	2,676	1,926	555
Southern China	3,096	1,863	1,086	954	945
Central China	2,995	2,961	1,911	1,323	51
Northeastern China	1,509	—	—	—	—
Northern China	927	537	537	460	150
Total	12,930	8,741	6,210	4,663	1,701

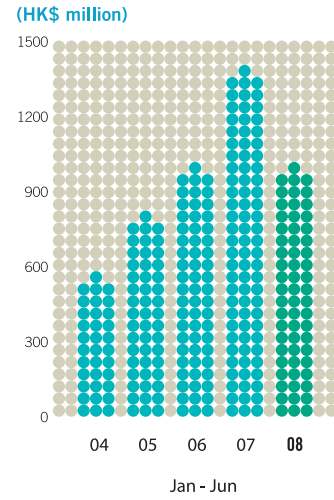
Basic EPS



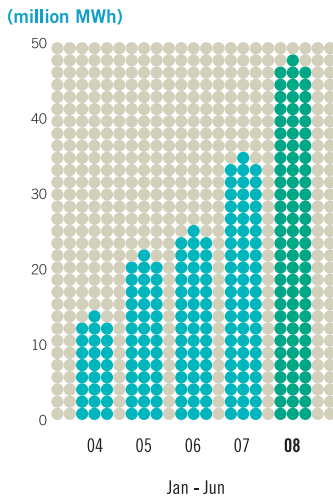
Turnover



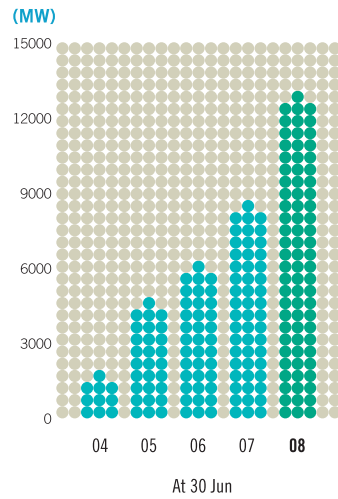
Profit attributable to equity holders of the Company



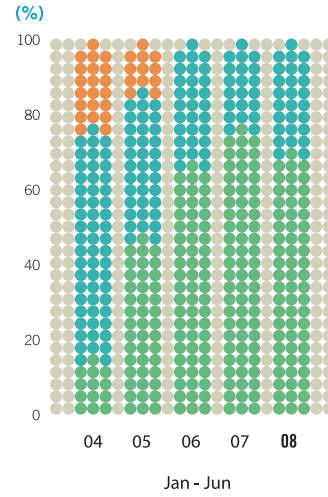
Net generation volume of operating power plants



Attributable operational generation capacity



Percentage of profit contribution



- Subsidiaries
- Associates
- Jointly controlled entity

# Service Areas



- Beijing**
  - Beijing Thermal
- Liaoning**
  - Jinzhou
  - Shenhai
- Hebei**
  - Tangshan
  - Hengfeng
  - Hengxing
  - Cangzhou
  - ▲ Weichang
- Shandong**
  - ▲ Penglai
- Henan**
  - Shouyangshan
  - Dengfeng
  - Gucheng
  - Jiaozuo
  - Luoyang
- Jiangsu**
  - Changshu
  - Huaxin
  - Yixing
  - Xuzhou
  - Yangzhou No.2
- Anhui**
  - Fuyang
- Zhejiang**
  - Wenzhou
- Hubei**
  - Puqi
- Hunan**
  - ▲ Lianyuan
- Guangdong**
  - Liyujiang B
  - Liyujiang
  - Shajiao C
  - Xingning
  - Guangzhou
  - Dannan
  - Shantou
- Yunnan**
  - Yunpeng

● Power plants in commercial operation  
 ▲ Power plants under construction

# Company Profile

China Resources Power Holdings Company Limited (the “Company” or “CR Power”) is a fast-growing independent power producer which invests, develops, operates and manages power plants in the more affluent regions and regions with high GDP growth rate in China.

As at 30 June 2008, CR Power has 28 power plants in commercial operation. The total attributable operational generation capacity of the Company is 12,930MW, with 34.0% located in Eastern China, 23.9% located in Southern China, 23.2% located in Central China, 11.7% located in Northeastern China, and 7.2% located in Northern China.

## Corporate Structure



● Power plants in commercial operation  
▲ Power plants under construction

# Major Events 1H2008



## FEBRUARY

Shantou Wind Farm commenced commercial operation on 14 February 2008 with a total installed capacity of 23.25MW.



## MARCH

CR Power obtained approval from the PRC government for the construction of Lianyuan Power Plant. CR Power owns 100% equity interest in Lianyuan Power Plant. Located in Lianyuan City of Hunan Province, Lianyuan Power Plant is a mine-mouth project. It plans to construct two 300MW coal-fired generating units simultaneously equipped with desulphurisation and denitration facilities.

CR Power entered into an agreement to acquire the 51.5% equity interest in Shenyang Shenhai Thermal Power Co., Ltd. (“Shenhai Thermal Power Plant”) from China Resources (Holdings) Co., Ltd.. Shenhai Thermal Power Plant consists of three 200MW coal-fired generation units. The acquisition was completed in May 2008.



## MAY

CR Power entered into two agreements to acquire 60% and 40% equity interest in China Resources Power (Jiangsu) Investment Co., Ltd. (“Jiangsu Investment”) from China Resources Co., Ltd. (“CRL”) and Jiangsu Kunlun Investments Co., Ltd., respectively. Jiangsu Investment has five power plants in operation with an attributable operational capacity of 1,965MW and one power plant under construction with an attributable capacity of 840MW. The acquisition of 60% equity interest in Jiangsu Investment from CRL was duly passed by independent shareholders at the EGM held on 2 July 2008.

# Chairman's Statement

Dear Shareholders,  
On behalf of the Board, I am pleased to announce the Company's operating results for the six months ended 30 June 2008.

## Result highlights

For the six months ended 30 June 2008, CR Power recorded a consolidated turnover of HK\$12,144million, representing an increase of 83.2% as compared with the same period of last year. Profit attributable to equity holders of the Company amounted to HK\$1,006 million, representing a decrease of 28.7% as compared with the same period of last year. Basic earnings per share was HK24.25 cents, representing a decrease of 33.9% as compared with the same period last year. The Board resolved to declare an interim dividend of HK5 cents per share.

## Review for the first half of 2008

During the reporting period, our installed generation capacity continued to grow. At 30 June 2008, our attributable operational capacity reached 12,930MW, up 425MW or 3.4% from 12,505MW as at 31 December 2007. We have added a number of generation units in the first half of 2008, including the three 200MW heat and power co-generation units of Shenhai Thermal Power Plant, and wind power generation units of Shantou Wind Farm with an attributable operational capacity of 23.25MW. In addition, we announced in May to acquire 60% and 40% equity interest in Jiangsu Investment from China Resources Co., Ltd., our parent company, and Jiangsu Kunlun Investments Co., Ltd. (江蘇昆侖投資有限公司), an independent third party, respectively. There are six power plants under Jiangsu Investment with a total attributable operational capacity of 1,965MW and an attributable capacity of 840MW under construction. It is expected that the transaction will be completed in the second half of this year.



In the first half of 2008, the economy of China maintained its rapid pace of growth. According to the statistics from China Electricity Council, power consumption in China increased 11.67% in the first half of 2008 nationwide. The demand for power also grew strongly in our service areas. In the first half of 2008, total net generation of our consolidated power plants increased 49.0% compared with the same period of last year. For the sixteen coal-fired power plants which were in commercial operation for the entire period of both the first half of 2007 and 2008, net generation increased by 4.4% year-on-year. While the national average utilisation hours of coal-fired power plants further decreased by 50 hours to 2,555 hours in the first half of 2008, the average utilisation hours of our sixteen coal-fired power plants which were in commercial operation for the entire period of both the first half of 2007 and 2008 went up by 104 hours to 2,996 hours.

During the first half of 2008, CR Power faced some unprecedented challenges in the operational environment in China. Due to a number of reasons, including reduction of coal production volume as a result of concerns of the various government agencies over production safety practices, closure of various coal mines in different parts of the country, and strong demand from other high energy consumption industries such as metallurgical and petrochemical industries, demand for thermal coal outstripped supply. Furthermore, certain parts of the country were hit by snow storm and earthquake in the first half of the year which also had negative impact on coal production volume and coal transportation capacities. During the reporting period, the weighted average standard coal cost and average unit fuel cost of our operational power plants recorded a year-on-year increase of 23.8% and 24.0%, respectively. The net generation standard coal consumption rate of our operational power plants increased slightly by 0.5g/kWh to 338.8g/kWh as we had acquired a number of 200MW class generation units which were included in the statistics in the first half of 2008.

As at 30 June 2008, total bank and other borrowings increased by 77% to HK\$33.8 billion as compared with HK\$19.1 billion as at the same date last year. In addition, as more power plants commenced commercial operations, the interest expenses incurred on loans obtained during the construction period were charged to the income statement as expenses. As a result, finance costs charged to income statement for the first half of 2008 increased by 111% year-on-year to HK\$875 million.

The dual transmission lines for power transmission to Guangdong Province of Liyujiang Phase II and Liyujiang B Power Plant were damaged by snow storm, resulting in the suspension of power generation for the two plants for two and half months. Losses on transmission lines were charged as expenses in the first half of 2008.

## Outlook for the second half of 2008

Looking forward, the operation environment for the power industry in China is equally challenging in the second half of 2008.

To control coal price is still our industry's largest challenge. Coal price increased significantly in July and August in China, despite the measures announced by Chinese government to control coal prices. Some of factors underlying the tight supply and demand situation of coal are not likely to get fully resolved in the short run. Spot coal price started to decrease recently. As some small-scale coal mines have re-opened productions and demand for coal from metallurgical and petrochemical industries have come down recently, we believe the supply and demand condition of coal will move back to an equilibrium. We will continue to control fuel costs through various measures and continue to look for investment opportunities so as to increase our self-sufficiency rate of coal supply and mitigate the risk of soaring fuel costs. The integrated coal supply chain development project of Wujianfang is under construction according to our plan and is expected to commence commercial operation in 2010.

Chinese government announced two tariff increases effective from 1 July and 20 August 2008, respectively. For the first tariff adjustment, the average hike in our service areas was approximately RMB 19/MWh or 5.0%; for the second tariff adjustment, the average increase in our service areas was approximately RMB 23/MWh or 5.5%. However, we believe that the announced tariff adjustment magnitudes are not sufficient to compensate the power producers for the coal price increase they have experienced; therefore power producers in China are generally still under significant pressure. We expect Chinese government to make further tariff hike announcement in the near future.

Owing to soaring coal prices, many independent power producers in the country are in loss-making status which creates more opportunities for acquisition and consolidation. We will carefully identify those acquisition opportunities which fit with our business strategies and clear our return hurdle rate and take the opportunity to expand our capacity at relatively low costs.

## Appreciation

I would like to take this opportunity to express my gratitude towards shareholders for their support, towards the Directors for their contributions, towards management team and general staff members for dedications.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Song Lin', with a stylized flourish at the end.

**Song Lin**  
Chairman

1 September 2008

# Management's Discussion and Analysis

## BUSINESS REVIEW FOR THE FIRST HALF OF 2008

### Growth of generation capacity

As at 30 June 2008, we had 28 power plants in commercial operation with a total attributable operational generation capacity of 12,930MW. As a comparison, our attributable operational generation capacity was 8,741MW and 12,505MW, respectively as at 30 June 2007 and 31 December 2007.

The following table sets out the attributable operational generation capacity of our power plants in the context of geographical distribution as at 30 June 2008:

	Attributable operational generation capacity	
	MW	%
Eastern China	4,403	34.0
Southern China	3,096	23.9
Central China	2,995	23.2
Northeastern China	1,509	11.7
Northern China	927	7.2
Total	12,930	100.0

### Development of greenfield power plants

In March 2008, we obtained approval from the PRC government for the construction of Lianyuan Power Plant. Lianyuan Power Plant is located in Lianyuan City of Hunan Province. It comprises two 300MW coal-fired generating units equipped with desulphurisation and denitration facilities. The Company owns 100% equity interest in Lianyuan Power Plant.

### Increase in generation volume

Total gross generation volume of our 28 operating power plants amounted to 52,507,535MWh in the first half of 2008, representing an increase of 39.7% from 37,585,705MWh in the first half of 2007. Total gross generation volume of our 22 subsidiary power plants amounted to 33,955,353MWh in the first half of 2008, representing an increase of 49.6% from 22,692,777MWh in the first half of 2007.

Total net generation volume of our 28 operating power plants amounted to 49,111,384MWh in the first half of 2008, representing an increase of 39.4% from 35,218,775MWh in the first half of 2007. Total net generation volume of our 22 subsidiary power plants amounted to 31,759,981MWh in the first half of 2008, representing an increase of 49.0% from 21,311,304MWh in the first half of 2007.

The increase in gross and net generation volume was primarily due to the growth of attributable operational generation capacity from 8,741MW as at 30 June 2007 to 12,930MW as at 30 June 2008.

For the 16 coal-fired power plants which were in commercial operation for the entire first half of 2007 and 2008, gross generation volume and net generation volume for the first half of 2008 increased by 4.5% and 4.4%, respectively, from the first half of 2007. The average full-load equivalent utilisation hours for the first half of 2008 of these 16 coal-fired power plants amounted to 2,996 hours, representing an increase of 3.6% from 2,892 hours for the first half of 2007.

### Rise in fuel costs

Coal prices increased significantly in the first half of 2008 nationwide, due to a number of reasons, including reduction of coal production volume due to concerns of the various government agencies over production safety practices and closure of various coal mines in different parts of the country. In addition, certain parts of the country were hit by snow storm and earthquake in the first half of the year which also had negative impact on coal production volume and coal transportation capacities. Demand for coal from high energy consumption industries including metallurgical and petrochemical industries increased strongly in the first half of 2008, further pushed up coal prices in the country and competed for transportation capacity.

Average unit fuel cost for our operating power plants in the first half of 2008 was RMB208.5/MWh, representing an increase of 24.0% compared to the average unit fuel cost of the same period last year.

Average standard coal cost for our operating power plants in the first half of 2008 increased by 23.8% compared to the average standard coal cost of the same period last year.

### Environmental expenses

For the six months ended 30 June 2008, environmental fees paid by each of the operating power plants were in the range from RMB0.5 million to RMB22.2 million and the total amount of environmental fees paid by our subsidiary power plants was RMB66.4 million, as compared with RMB25.5 million for the six month period ended 30 June 2007. The increase is mainly due to the acquisition of Jinzhou Power Plant in the second half of 2007 as well as an increase in total number of generation units in operation through both greenfield constructions and acquisitions. Jinzhou Power Plant paid a total of RMB22.2 million environmental fee in the first half of 2008. We plan to demolish some of the existing units of Jinzhou Power Plant and commence construction of large scale new units fully equipped with environmental facilities in the near future.

## PROSPECTS FOR THE SECOND HALF OF 2008

Coal prices increased significantly in the first half of 2008. Despite price limit imposed by the Chinese government, coal prices continued to increase rapidly in the month of July and August in the second half of the year. This has resulted in power producers in China making significant losses in the year. As a result, the Chinese government announced tariff increases effective from 1 July and 20 August 2008, respectively. However, the tariff adjustment magnitudes announced by the government are not sufficient to compensate for the coal price increases, as a result, power producers in China are still under significant pressure due to rising coal prices.

To control our unit fuel costs and coal prices in the second half of the year will be a major challenge for the Company and its management team. For operating power plants, we will endeavor to control our costs of operations, including fuel costs and other cost components including repair and maintenance, administration costs and finance costs. We will also continue to monitor utilisation levels and marginal profits of the power plants in their respective locations and aim to maximise our profitability.

Through our wholly-owned subsidiaries, this year we announced acquisitions of 100% equity interests in China Resources Power (Jiangsu) Investment Company Limited, Shenzhen Yihe Property Company Limited and Jiangsu Kunlun Investment Company Limited. These acquisitions are expected to be completed in the second half of the year. In addition, as power producers in China generally suffered significant losses in 2008 due to rapid coal price increases and lagging of tariff adjustments, we believe a number of power producers and investors have intentions to divest their power assets. This has resulted in more opportunities for power asset acquisitions in China. We will continue to actively explore acquisition opportunities in line with our investment strategies and disciplines.

In addition to power assets acquisitions, we will continue to identify and develop new coal projects in our target markets. This is mainly to secure our coal supply for power plants, have better control over the most important cost component in our operations and enhance our bargaining power over external coal suppliers.

We will also monitor our capital structure and strength of our balance sheet throughout 2008. This is to ensure that as power industry in China goes through a difficult period, we will have a stable capital structure to support the Company's operations and more importantly future development plans.

## OPERATING RESULTS

The results of operations for the six months ended 30 June 2008, which have been reviewed by the auditors and the audit committee of the Company, are as follows:

### Condensed consolidated income statement

	For the six months ended	
	30 June 2008 HK\$'000 (unaudited)	30 June 2007 HK\$'000 (unaudited)
Turnover	12,143,757	6,628,010
Operating expenses		
Fuel	(7,820,611)	(3,622,055)
Repair and maintenance	(143,756)	(110,222)
Depreciation and amortisation	(1,376,581)	(709,520)
Others	(1,277,319)	(539,942)
Total operating expenses	(10,618,267)	(4,981,739)
Other income	207,917	107,539
Fair value gain on derivative financial instruments	32,605	—
Profit from operations	1,766,012	1,753,810
Finance costs	(875,204)	(414,024)
Share of results of associates	346,840	347,842
Profit before taxation	1,237,648	1,687,628
Taxation	(98,189)	(5,383)
Profit for the period	1,139,459	1,682,245
Attributable to:		
Equity holders of the Company	1,005,894	1,411,452
Minority interests	133,565	270,793
	1,139,459	1,682,245
Final dividends paid	830,928	539,236
Interim dividend declared	209,184	194,903
Earnings per share		
– basic (HK cents)	24.25	36.71
– diluted (HK cents)	23.69	35.10

## Management's Discussion and Analysis (Cont'd)

### Condensed consolidated balance sheet

	As at 30 June 2008 HK\$'000 (unaudited)	As at 31 December 2007 HK\$'000 (audited)
Non-current assets		
Property, plant and equipment	48,742,917	39,522,707
Prepaid lease payments	1,031,075	996,630
Mining rights	195,126	138,787
Exploration and resources rights	231,534	—
Interests in associates	6,416,386	5,847,422
Goodwill	3,073,636	2,319,555
Investments in investee companies	128,416	128,416
Deposit paid for investment in an associate	77,942	77,942
Deposit paid for acquisition of subsidiaries	1,324,166	—
Deposit paid for acquisition of property, plant and equipment	535,826	365,342
Pledged bank deposits	37,433	37,433
Deferred taxation assets	103,621	98,061
	<b>61,898,078</b>	49,532,295
Current assets		
Inventories	1,278,381	957,510
Trade receivables, other receivables and prepayments	5,417,918	5,140,101
Amounts due from minority shareholders of subsidiaries	11,454	10,890
Amounts due from associates	803,591	270,346
Amounts due from group companies	38	95
Amounts due from related companies	105,578	—
Financial assets at fair value through profit or loss	1,127	1,057
Pledged bank deposits	5,398	15,090
Bank balances and cash	5,238,644	7,887,134
	<b>12,862,129</b>	14,282,223

## Management's Discussion and Analysis (Cont'd)

	As at 30 June 2008 HK\$'000 (unaudited)	As at 31 December 2007 HK\$'000 (audited)
Current liabilities		
Trade payables, other payables and accruals	8,807,320	8,375,842
Consideration payable for acquisitions of subsidiaries	398,776	484,740
Amount due to an associate	174,450	100
Amounts due to group companies	1,383,617	284,769
Amounts due to minority shareholders of subsidiaries	428,082	734,712
Taxation payable	43,834	39,225
Bank and other borrowings - repayable within one year	9,219,713	8,076,194
	<b>20,455,792</b>	17,995,582
Net current liabilities	<b>(7,593,663)</b>	(3,713,359)
Total assets less current liabilities	<b>54,304,415</b>	45,818,936
Non-current liabilities		
Bank and other borrowings - repayable after one year	24,568,767	18,596,138
Derivative financial instruments	58,426	102,180
Deferred taxation liabilities	72,023	63,061
	<b>24,699,216</b>	18,761,379
	<b>29,605,199</b>	27,057,557
Capital and reserves		
Share capital	4,161,015	4,140,317
Share premium and reserves	22,489,823	20,673,135
	<b>26,650,838</b>	24,813,452
Minority interests	2,954,361	2,244,105
	<b>29,605,199</b>	27,057,557



## Management's Discussion and Analysis (Cont'd)

### Condensed consolidated cash flow statement

	For the six months ended	
	30 June 2008 HK\$'000 (unaudited)	30 June 2007 HK\$'000 (unaudited)
Net cash from operating activities	<b>2,944,050</b>	2,382,104
Net cash used in investing activities		
Dividend received from associates	<b>276,327</b>	309,524
Purchase of property, plant and equipment	<b>(7,292,453)</b>	(3,119,310)
Loan advanced to associates	<b>(386,338)</b>	(61,578)
Capital contribution to associates	<b>(125,691)</b>	(231,237)
Acquisition of subsidiaries	<b>(999,866)</b>	—
Deposits paid for acquisition of subsidiaries	<b>(1,324,166)</b>	—
Other investing cash outflow	<b>(103,278)</b>	(55,258)
	<b>(9,955,465)</b>	(3,157,859)
Net cash from financing activities		
New bank and other borrowings raised	<b>9,822,868</b>	6,471,913
Advances from group companies	<b>1,212,539</b>	—
Capital contribution from minority shareholders	<b>17,952</b>	153,811
Repayment of bank and other borrowings	<b>(4,775,750)</b>	(4,516,039)
Interest paid	<b>(988,004)</b>	(424,410)
Dividend paid	<b>(830,928)</b>	(539,236)
Dividend paid to minority shareholders of subsidiaries	<b>(492,988)</b>	(316,819)
Other financing cash inflow	<b>76,249</b>	71,430
	<b>4,041,938</b>	900,650
Net (decrease) increase in cash and cash equivalents	<b>(2,969,477)</b>	124,895
Cash and cash equivalents at beginning of the period	<b>7,887,134</b>	2,747,242
Effect of foreign exchange rate changes	<b>320,987</b>	20,957
Cash and cash equivalents at end of the period	<b>5,238,644</b>	2,893,094
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	<b>5,238,644</b>	2,893,094

## Management's Discussion and Analysis (Cont'd)

### Overview

For the six months ended 30 June 2008, our net profit decreased by 28.7% to HK\$1,005.9 million from HK\$1,411.5 million for the same period last year. Our turnover increased by 83.2% from HK\$6,628.0 million for the first half of 2007 to HK\$12,143.8 million for the first half of 2008.

The decline in net profit is mainly attributable to the following factors:

- significant increase in fuel costs — Total fuel costs in the first half of 2008 amounted to HK\$7,820.6 million, increased by 115.9% over HK\$3,622.1 million for the first half of 2007. In the meantime, turnover increased by 83.2% as compared with the first half of 2007. Average unit fuel cost for our operating power plants in the first half of 2008 was RMB208.5/MWh, representing an increase of 24.0% compared to the average unit fuel cost of the same period last year. Average standard coal cost for our operating power plants in the first half of 2008 increased by 23.8% compared to the average standard coal cost of the same period last year.
- significant increase in finance costs and balance of borrowings — In 2007, the People's Bank of China announced six interest rate hikes for loans provided by PRC commercial banks. Total bank and other borrowings as at 30 June 2008 amounted to HK\$33,788.5 million, increased by HK\$14,662.9 million or 76.7% as compared with HK\$19,125.6 million as at 30 June 2007. In addition, as power plants commenced commercial operations, interest expenses incurred on loans obtained during the construction period are charged as expenses, instead of being capitalised as part of construction costs. As a result, finance costs charged to income statement for the first half of 2008 was HK\$875.2 million, increased by HK\$461.2 million or 111.4% as compared with HK\$414.0 million for the first half of 2007. However, average interest rate for the Group decreased to 5.97% for the first half of 2008 from 6.05% for the first half of 2007 as the Group increased its HKD or USD denominated debts.
- transmission lines damages and suspension of operation suffered by Liyujiang Phase II and Liyujiang B Power Plant — Due to the extreme weather conditions in certain parts of China in early 2008, the dual transmission lines for power transmission to Guangdong Province of Liyujiang Phase II and Liyujiang B Power Plant were damaged by the formation of thick ice blocks which led to the collapse and twist of transmission towers. The losses on transmission lines were charged as expenses in the first half of 2008. In addition, the operations of Liyujiang Phase II and Liyujiang B Power Plant were suspended for two and half months in the first half of 2008.

### Basis of preparation of the condensed financial statements

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Group had net current liabilities of HK\$7,593.7 million as at 30 June 2008 (at 31 December 2007: HK\$3,713.4 million) with short-term bank borrowings which could be renewed on an annual basis at the discretion of the Company within limits approved by banks. The Directors are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements and for at least the next 12 months commencing from the date of the financial statements. Hence, the financial statements have been prepared on a going concern basis.

### Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, a number of new interpretations issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2008. The adoption of these new interpretations had no material effect on the results and financial position of the Group for the current and prior accounting periods. Accordingly, no prior period adjustment has been required.

### Business segments

The Group is principally engaged in the development, investment and operation of power plants in the PRC. In addition, the Group has recently started to make investments in the construction and operation of coal mines in the PRC in order to facilitate its power plant operations.

### Geographical segments

Nearly all of the Group's assets and liabilities are located in the PRC and operations for the period were substantially carried out in the PRC. Accordingly, no geographical segment information for the period is presented.

### Turnover

Turnover represents the amounts received and receivable for the supply of electricity, and to a limited extent, the amounts received and receivable for heat supplied by thermal power plants, net of VAT, during the period. Turnover for the six months ended 30 June 2008 amounted to HK\$12,143.8 million, representing a 83.2% increase from HK\$6,628.0 million for the six months ended 30 June 2007.

The increase in turnover was mainly due to commencement of commercial operation and acquisition of new subsidiary power plants in 2007 and the first half of 2008. Our attributable operational capacity of subsidiary power plants increased from 6,990MW as at 30 June 2007 to 10,676MW as at 30 June 2008. The increase in turnover is mainly due to the acquisition of Jinzhou Power Plant and Tianneng Group and commencement of operations of Lijjiang B Power Plant and Cangzhou Power Plant.

### Operating expenses

Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation and other administrative costs such as staff costs, office rent, professional fee, traveling expenses and discharge fee. Operating expenses amounted to HK\$10,618.3 million for the six months ended 30 June 2008, representing a 113.1% increase from HK\$4,981.7 million for the six months ended 30 June 2007.

The increase in operating expenses was mainly due to commencement of commercial operation and acquisition of new subsidiary power plants in 2007 and the first half of 2008 and significant increase in fuel costs.

Fuel costs for the six months ended 30 June 2008 amounted to approximately HK\$7,820.6 million, representing an increase of 115.9% from HK\$3,622.1 million for the six months ended 30 June 2007. The significant increase in fuel costs was due to the significant increase in coal prices as well as consolidation of the fuel costs of the new subsidiary power plants acquired or commenced commercial operations during 2007 and the first half of 2008. Fuel costs accounted for approximately 73.7% of the total operating expenses for the first half of 2008, as compared with 72.7% for the first half of 2007.

## Management's Discussion and Analysis (Cont'd)

### Other income

Other income amounted to HK\$207.9 million for the six months ended 30 June 2008, representing a 93.4% increase from HK\$107.5 million for the six months ended 30 June 2007. Other income mainly comprises interest income from bank balances of approximately HK\$51.4 million and gain from foreign exchange rate changes of approximately HK\$94.2 million.

### Fair value gain on derivative financial instruments

The Group uses derivative financial instruments (primarily interest rate swap) to hedge the exposure against changes in interest rate on bank borrowings. Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and subsequently re-measured to their fair values at each balance sheet date. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion and changes in fair value of some swaps that do not qualify for hedge accounting are recognised immediately in profit and loss as other gain or losses. Fair value gain on derivative financial instruments for the six months ended 30 June 2008 amounted to HK\$32.6 million and represented the gain relating to the ineffective portion of cash flow hedge and changes in fair value of some swaps that do not qualify for hedge accounting.

### Profit from operations

Profit from operations represents profit from subsidiaries before deduction of finance costs and minority interests. Profit from operations amounted to HK\$1,766.0 million for the six months ended 30 June 2008, representing a 0.7% increase from HK\$1,753.8 million for the six months ended 30 June 2007. The increase was mainly due to the additional contribution from new subsidiary power plants acquired or commenced operations in 2007 and the first half of 2008, which was almost fully offset by the increase in fuel costs.

### Finance costs

Finance costs amounted to HK\$875.2 million for the six months ended 30 June 2008, representing a 111.4% increase from HK\$414.0 million for the six months ended 30 June 2007. The significant increase in finance costs is mainly due to commencement of commercial operation and acquisition of new subsidiary power plants in 2007 and the first half of 2008. The increase is also attributable to increase in lending rates for commercial loans provided by PRC commercial banks as the People's Bank of China announced six interest rate hikes in 2007. Interest expenses incurred during the construction of the power plants are capitalised and included as part of total construction costs of power plants.

	For the six months ended	
	30 June 2008 HK\$'000	30 June 2007 HK\$'000
Interest on bank and other borrowings:		
– repayable within five years	731,974	367,297
– not repayable within five years	169,850	172,658
	901,824	539,955
Less: Interest capitalised	(26,620)	(125,931)
	875,204	414,024

However, as the Group has increased its HKD and USD denominated loans in 2007 and the first half of 2008 which had lower lending rates as compared with interest rates on loans provided by Chinese commercial banks, average interest rate for the Group decreased to 5.97% for the first half of 2008 from 6.05% for the first half of 2007.

## Management's Discussion and Analysis (Cont'd)

### Share of results of associates

Share of results of associates mainly represents our share of post-tax results of Shajiao C Power Plant, Wenzhou Telluride Phase II, Xuzhou Power Plant, Hengfeng Power Plant, Hengfeng Phase II and Yangzhou No. 2 Power Plant.

Share of results of associates in the first half of 2008 amounted to HK\$346.8 million, representing a 0.3% decrease compared to HK\$347.8 million in the first half of 2007. The decrease in share of results of Shajiao C Power Plant, Wenzhou Telluride Phase II and Xingning Power Plant (which became a subsidiary of the Company in December 2007) was offset by additional contribution from Yangzhou No.2 Power Plant.

### Taxation

Taxation charge for the first half of 2008 was HK\$98.2 million, compared to HK\$5.4 million for the first half of 2007. The increase in PRC Enterprise Income Tax mainly related to tax paid by Tianneng Group, Jinzhou Power Plant, Huaxin Power Plant and Shenhai Power Plant which were acquired by the Group in the second half of 2007 or first half of 2008, as these power plants or operations pay PRC Enterprise Income Tax at the standard rate of 25%. Details of the taxation charge for the six months ended 30 June 2007 and 2008 are set out below:

	For the six months ended	
	30 June 2008 HK\$'000	30 June 2007 HK\$'000
The charge comprises:		
The Company and its subsidiaries		
– Hong Kong Profits Tax	—	—
– PRC Enterprise Income Tax	88,643	1,342
– Deferred taxation	9,546	4,041
	<b>98,189</b>	5,383

No provision for Hong Kong Profits Tax has been made as the Group had no taxable profit in Hong Kong for the reporting periods.

PRC Enterprise Income Tax has been calculated based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the PRC.

## Management's Discussion and Analysis (Cont'd)

### Profit for the period

Profit for the period has been arrived at after charging:

	For the six months ended	
	30 June 2008 HK\$'000	30 June 2007 HK\$'000
Depreciation of property, plant and equipment	1,370,581	697,502
Less: Depreciation of property, plant and equipment capitalised in construction in progress	(15,131)	(4,355)
	1,355,450	693,147
Amortisation of prepaid lease payment	21,131	16,373
Loss of property, plant and equipment (note)	140,351	746
Share of tax of associates (included in share of results of associates)	66,760	50,242
and after crediting:		
Interest income	51,408	28,403

Note: The property, plant and equipment written-off during the period ended 30 June 2008 was due to damages, net of amount recovered.

### Profit for the period attributable to equity holders of the Company

As a result of the above, the Group's net profit for the first half of 2008 decreased to HK\$1,005.9 million, representing a 28.7% decrease compared to HK\$1,411.5 million for the first half of 2007.

### Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	For the six months ended	
	30 June 2008 HK\$'000	30 June 2007 HK\$'000
Profit attributable to equity holders of the Company	1,005,894	1,411,452

	Number of ordinary shares	
	1 January 2008 to 30 June 2008	1 January 2007 to 30 June 2007
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,148,507,863	3,845,116,243
Effect of dilutive potential ordinary shares:		
– share options	81,287,596	175,772,283
– issuable consideration shares for acquisition of subsidiaries	16,006,791	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,245,802,250	4,020,888,526

### Interim dividend and closure of register of members

The Board of Directors resolved to declare an interim dividend of HK5 cents per share for the six months ended 30 June 2008.

The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company on Friday, 26 September 2008. The register of members of the Company will be closed from Monday, 22 September 2008 to Friday, 26 September 2008 (both days inclusive), during which no share transfer will be registered. To qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 19 September 2008. The dividend will be payable on or about 6 October 2008.

### Liquidity and capital resources

The bank balances, cash and pledged bank deposits as at 30 June 2008 denominated in local currency and foreign currencies amounted to HK\$182.8 million, RMB4,147.7 million and US\$48.7 million.

For the six months ended 30 June 2008, the Group's primary sources of funding included loans provided by the PRC domestic commercial banks, net cash inflow from operating activities, advances from group companies and dividend received from associates, which amounted to HK\$9,822.9 million, HK\$2,944.1 million, HK\$1,212.5 million and HK\$276.3 million, respectively. The Group's funds were primarily used in purchase of properties, plants and equipment during the construction of new power plants, repayment of short-term bank loans, payment and deposits for acquisition of subsidiaries, payment of interest, payment of dividend to the Company's shareholders, payment of dividend to minority shareholders of subsidiaries, and loan advanced to associates, which amounted to HK\$7,292.5 million, HK\$4,775.8 million, HK\$2,324.0 million, HK\$988.0 million, HK\$830.9 million, HK\$493.0 million and HK\$386.3 million, respectively.

### Bank and other borrowings

The bank and other borrowings as at 30 June 2008 denominated in local currency and foreign currency amounted to HK\$6,824.0 million, RMB23,023.9 million and USD99.0 million, respectively.

During the six months ended 30 June 2008, the Group repaid bank and other borrowings amounting to HK\$4,775.8 million (six months ended 30 June 2007: HK\$4,516.0 million) and obtained new bank and other borrowings amounting to HK\$9,822.9 million (six months ended 30 June 2007: HK\$6,471.9 million), proceeds of which were used for general working capital and for financing the acquisition of property, plant and equipment.

## Management's Discussion and Analysis (Cont'd)

### Key financial ratios of the Group

	<b>As at 30 June 2008</b>	As at 31 December 2007
Current ratio (times)	<b>0.6</b>	0.8
Quick ratio (times)	<b>0.6</b>	0.7
Net debt to shareholders' equity (%)	<b>107.0</b>	75.5
EBITDA interest coverage (times)	<b>3.9</b>	5.6

Current ratio = balance of current assets at the end of the period / balance of current liabilities at the end of the period

Quick ratio = (balance of current assets at the end of the period - balance of inventories at the end of the period) / balance of current liabilities at the end of the period

Net debt to shareholders' equity = (balance of total bank and other borrowings at the end of the period - balance of bank balances, cash and pledged bank deposits at the end of the period) / balance of equity attributable to equity holders of the Company at the end of the period

EBITDA interest coverage = (profit before taxation + interest expense + depreciation and amortisation) / interest expenditure (including capitalised interests)

### Foreign exchange rate risk

We collect all of our revenue in Renminbi ("RMB") and most of our expenditures including expenditures incurred in the operation of power plants as well as capital expenditures are also denominated in RMB.

As at 30 June 2008, the Group had HK\$182.8 million and US\$48.7 million cash in deposit, and HK\$6,824.0 million and US\$99.0 million bank borrowings on its balance sheet, the remaining assets and liabilities of our power plants and subsidiaries were denominated in RMB.

### Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2008.

### Employees

As at 30 June 2008, the Company and its subsidiaries employed approximately 22,800 employees.



# Report on Review of Interim Financial Information



**TO THE BOARD OF DIRECTORS OF  
CHINA RESOURCES POWER HOLDINGS COMPANY LIMITED**  
華潤電力控股有限公司

## Introduction

We have reviewed the interim financial information set out on pages 22 to 41 which comprises the condensed consolidated balance sheet of China Resources Power Holdings Company Limited as of 30 June 2008 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the 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 the 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 enquiries, 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.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants

Hong Kong  
1 September 2008

# Condensed Consolidated Income Statement

For the six months ended 30 June 2008

	NOTES	<b>1.1.2008 to 30.6.2008 HK\$'000 (unaudited)</b>	1.1.2007 to 30.6.2007 HK\$'000 (unaudited)
Turnover		<b>12,143,757</b>	6,628,010
Operating expenses			
Fuel		<b>(7,820,611)</b>	(3,622,055)
Repair and maintenance		<b>(143,756)</b>	(110,222)
Depreciation and amortisation		<b>(1,376,581)</b>	(709,520)
Others		<b>(1,277,319)</b>	(539,942)
Total operating expenses		<b>(10,618,267)</b>	(4,981,739)
Other income		<b>207,917</b>	107,539
Fair value gain on derivative financial instruments	13	<b>32,605</b>	—
Profit from operations		<b>1,766,012</b>	1,753,810
Finance costs	4	<b>(875,204)</b>	(414,024)
Share of results of associates		<b>346,840</b>	347,842
Profit before taxation		<b>1,237,648</b>	1,687,628
Taxation	5	<b>(98,189)</b>	(5,383)
Profit for the period	6	<b>1,139,459</b>	1,682,245
Attributable to:			
Equity holders of the Company		<b>1,005,894</b>	1,411,452
Minority interests		<b>133,565</b>	270,793
		<b>1,139,459</b>	1,682,245
Final dividends paid	7	<b>830,928</b>	539,236
Interim dividend declared	7	<b>209,184</b>	194,903
Earnings per share	8		
– basic (HK cents)		<b>24.25</b>	36.71
– diluted (HK cents)		<b>23.69</b>	35.10

# Condensed Consolidated Balance Sheet

At 30 June 2008

	NOTES	30.6.2008 HK\$'000 (unaudited)	31.12.2007 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	48,742,917	39,522,707
Prepaid lease payments		1,031,075	996,630
Mining rights		195,126	138,787
Exploration and resources rights		231,534	—
Interests in associates		6,416,386	5,847,422
Goodwill		3,073,636	2,319,555
Investments in investee companies		128,416	128,416
Deposit paid for investment in an associate		77,942	77,942
Deposit paid for acquisition of subsidiaries		1,324,166	—
Deposit paid for acquisition of property, plant and equipment		535,826	365,342
Pledged bank deposits		37,433	37,433
Deferred taxation assets		103,621	98,061
		<b>61,898,078</b>	49,532,295
<b>Current assets</b>			
Inventories		1,278,381	957,510
Trade receivables, other receivables and prepayments	10	5,417,918	5,140,101
Amounts due from minority shareholders of subsidiaries		11,454	10,890
Amounts due from associates		803,591	270,346
Amounts due from group companies		38	95
Amounts due from related companies	18	105,578	—
Financial assets at fair value through profit or loss		1,127	1,057
Pledged bank deposits		5,398	15,090
Bank balances and cash		5,238,644	7,887,134
		<b>12,862,129</b>	14,282,223
<b>Current liabilities</b>			
Trade payables, other payables and accruals	11	8,807,320	8,375,842
Consideration payable for acquisitions of subsidiaries		398,776	484,740
Amount due to an associate		174,450	100
Amounts due to group companies	18	1,383,617	284,769
Amounts due to minority shareholders of subsidiaries		428,082	734,712
Taxation payable		43,834	39,225
Bank and other borrowings - repayable within one year	12	9,219,713	8,076,194
		<b>20,455,792</b>	17,995,582
Net current liabilities		<b>(7,593,663)</b>	(3,713,359)
Total assets less current liabilities		<b>54,304,415</b>	45,818,936

## Condensed Consolidated Balance Sheet (Cont'd)

At 30 June 2008

	NOTES	<b>30.6.2008</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2007 HK\$'000 (audited)
<hr/>			
Non-current liabilities			
Bank and other borrowings – repayable after one year	12	<b>24,568,767</b>	18,596,138
Derivative financial instruments	13	<b>58,426</b>	102,180
Deferred taxation liabilities		<b>72,023</b>	63,061
		<b>24,699,216</b>	18,761,379
		<b>29,605,199</b>	27,057,557
<hr/>			
Capital and reserves			
Share capital	14	<b>4,161,015</b>	4,140,317
Share premium and reserves		<b>22,489,823</b>	20,673,135
		<b>26,650,838</b>	24,813,452
Minority interests		<b>2,954,361</b>	2,244,105
		<b>29,605,199</b>	27,057,557
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The condensed consolidated financial statements on pages 22 to 41 were approved by the Board of Directors and authorised for issue on 1 September 2008 and are signed on its behalf by:

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**SONG LIN**  
DIRECTOR

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**WANG SHUAI TING**  
DIRECTOR

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Attributable to the equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	General reserve HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2007	3,831,162	4,547,073	157,794	40,782	613,886	324,933	87	5,769,142	15,284,859	1,849,703	17,134,562
Exchange differences from translation	—	—	—	—	903,525	—	—	—	903,525	114,484	1,018,009
Share of changes in reserve of associates	—	—	—	—	279,835	—	—	—	279,835	—	279,835
Fair value change on cash flow hedges	—	—	—	—	—	—	(102,267)	—	(102,267)	—	(102,267)
Net income (loss) recognised directly in equity	—	—	—	—	1,183,360	—	(102,267)	—	1,081,093	114,484	1,195,577
Profit for the year	—	—	—	—	—	—	—	3,220,597	3,220,597	585,806	3,806,403
Total recognised income and expenses for the year	—	—	—	—	1,183,360	—	(102,267)	3,220,597	4,301,690	700,290	5,001,980
Shares issued upon exercise of options	71,806	147,380	—	—	—	—	—	—	219,186	—	219,186
Recognition of equity settled share based payments	—	—	—	—	—	155,685	—	—	155,685	—	155,685
Issue of shares in placing and subscription arrangement	200,000	4,660,000	—	—	—	—	—	—	4,860,000	—	4,860,000
Expenses incurred in connection with issue of shares	—	(42,898)	—	—	—	—	—	—	(42,898)	—	(42,898)
Issue of shares in consideration of acquisition of a subsidiary	37,349	732,044	—	—	—	—	—	—	769,393	—	769,393
Transfer of share option reserve on exercise of share options	—	113,560	—	—	—	(113,560)	—	—	—	—	—
Capital contribution by minority shareholders	—	—	—	—	—	—	—	—	—	362,898	362,898
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	(895,406)	(895,406)
Acquisition of additional interests	—	—	—	—	—	—	—	—	—	(365,477)	(365,477)
Additions on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	592,097	592,097
Dividends paid	—	—	—	—	—	—	—	(734,463)	(734,463)	—	(734,463)
Transfer of reserves	—	—	301,228	—	—	—	—	(301,228)	—	—	—
At 31 December 2007	4,140,317	10,157,159	459,022	40,782	1,797,246	367,058	(102,180)	7,954,048	24,813,452	2,244,105	27,057,557

## Condensed Consolidated Statement of Changes in Equity (Cont'd)

For the six months ended 30 June 2008

	Attributable to the equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	General reserve HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
Exchange differences from translation recognised directly in equity	—	—	—	—	1,161,452	—	—	—	1,161,452	177,799	1,339,251
Share of changes in reserve of associates	—	—	—	—	349,199	—	—	—	349,199	—	349,199
Fair value change on cash flow hedges	—	—	—	—	—	—	11,149	—	11,149	—	11,149
Net income recognised directly in equity	—	—	—	—	1,510,651	—	11,149	—	1,521,800	177,799	1,699,599
Profit for the period	—	—	—	—	—	—	—	1,005,894	1,005,894	133,565	1,139,459
Total recognised income and expense for the period	—	—	—	—	1,510,651	—	11,149	1,005,894	2,527,694	311,364	2,839,058
Shares issued upon exercise of options	20,698	55,551	—	—	—	—	—	—	76,249	—	76,249
Recognition of equity settled share based payments	—	—	—	—	—	49,939	—	—	49,939	—	49,939
Transfer of share option reserve on exercise of share options	—	36,530	—	—	—	(36,530)	—	—	—	—	—
Capital contribution by minority shareholders	—	—	—	—	—	—	—	—	—	17,952	17,952
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	(80,278)	(80,278)
Additions on acquisition of subsidiaries (note 16)	—	—	—	—	—	—	—	—	—	461,218	461,218
Dividends paid	—	—	—	—	—	—	—	(830,928)	(830,928)	—	(830,928)
Transfer to income statement in relation to discontinued cash flow hedges	—	—	—	—	—	—	14,432	—	14,432	—	14,432
Transfer of reserves	—	—	21,992	—	—	—	—	(21,992)	—	—	—
<b>At 30 June 2008</b>	<b>4,161,015</b>	<b>10,249,240</b>	<b>481,014</b>	<b>40,782</b>	<b>3,307,897</b>	<b>380,467</b>	<b>(76,599)</b>	<b>8,107,022</b>	<b>26,650,838</b>	<b>2,954,361</b>	<b>29,605,199</b>

## Condensed Consolidated Statement of Changes in Equity (Cont'd)

For the six months ended 30 June 2008

	Attributable to the equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	General reserve HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2007	3,831,162	4,547,073	157,794	40,782	613,886	324,933	87	5,769,142	15,284,859	1,849,703	17,134,562
Exchange differences from translation	—	—	—	—	333,178	—	—	—	333,178	51,598	384,776
Share of changes in reserve of associates	—	—	—	—	98,315	—	—	—	98,315	—	98,315
Fair value change on cash flow hedges	—	—	—	—	—	—	29,916	—	29,916	—	29,916
Net income recognised directly in equity	—	—	—	—	431,493	—	29,916	—	461,409	51,598	513,007
Profit for the period	—	—	—	—	—	—	—	1,411,452	1,411,452	270,793	1,682,245
Total recognised income and expense for the period	—	—	—	—	431,493	—	29,916	1,411,452	1,872,861	322,391	2,195,252
Shares issued upon exercise of options	24,580	46,850	—	—	—	—	—	—	71,430	—	71,430
Recognition of equity settled share based payments	—	—	—	—	—	72,041	—	—	72,041	—	72,041
Transfer of share option reserve on exercise of share options	—	37,670	—	—	—	(37,670)	—	—	—	—	—
Capital contribution by minority shareholders	—	—	—	—	—	—	—	—	—	153,811	153,811
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	(353,745)	(353,745)
Dividends paid	—	—	—	—	—	—	—	(539,236)	(539,236)	—	(539,236)
Transfer of reserves	—	—	140,011	—	—	—	—	(140,011)	—	—	—
At 30 June 2007	3,855,742	4,631,593	297,805	40,782	1,045,379	359,304	30,003	6,501,347	16,761,955	1,972,160	18,734,115

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	NOTE	<b>1.1.2008 to 30.6.2008 HK\$'000 (unaudited)</b>	1.1.2007 to 30.6.2007 HK\$'000 (unaudited)
Net cash from operating activities		<b>2,944,050</b>	2,382,104
Net cash used in investing activities			
Dividend received from associates		<b>276,327</b>	309,524
Purchase of property, plant and equipment		<b>(7,292,453)</b>	(3,119,310)
Loan advanced to associates		<b>(386,338)</b>	(61,578)
Capital contribution to associates		<b>(125,691)</b>	(231,237)
Acquisition of subsidiaries	16	<b>(999,866)</b>	—
Deposits paid for acquisition of subsidiaries		<b>(1,324,166)</b>	—
Other investing cash outflow		<b>(103,278)</b>	(55,258)
		<b>(9,955,465)</b>	(3,157,859)
Net cash from financing activities			
New bank and other borrowings raised		<b>9,822,868</b>	6,471,913
Advances from group companies		<b>1,212,539</b>	—
Capital contribution from minority shareholders		<b>17,952</b>	153,811
Repayment of bank and other borrowings		<b>(4,775,750)</b>	(4,516,039)
Interest paid		<b>(988,004)</b>	(424,410)
Dividend paid		<b>(830,928)</b>	(539,236)
Dividend paid to minority shareholders of subsidiaries		<b>(492,988)</b>	(316,819)
Other financing cash inflow		<b>76,249</b>	71,430
		<b>4,041,938</b>	900,650
Net (decrease) increase in cash and cash equivalents		<b>(2,969,477)</b>	124,895
Cash and cash equivalents at beginning of the period		<b>7,887,134</b>	2,747,242
Effect of foreign exchange rate changes		<b>320,987</b>	20,957
Cash and cash equivalents at end of the period		<b>5,238,644</b>	2,893,094
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash		<b>5,238,644</b>	2,893,094



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Group had net current liabilities of HK\$7,593,663,000 as at 30 June 2008 (at 31 December 2007: HK\$3,713,359,000) with short-term bank borrowings which could be renewed on an annual basis at the discretion of the Company within limit approved by banks. The Directors are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of the financial statements. Hence, the financial statements have been prepared on a going concern basis.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2007 which conform with Hong Kong Financial Reporting Standards.

In the current interim period, the Group has applied, for the first time, the following new interpretations (“new Interpretations”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 January 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 these new Interpretations has no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>2</sup>
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation <sup>1</sup>
HKFRS 2 (Amendment)	Vesting conditions and cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business combinations <sup>2</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2008.

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretation will have no material impact on the results and the financial position of the Group.

### 3. SEGMENT INFORMATION

#### Business segments

The Group's principal activities are the development and operation of power stations as a single business segment.

#### Geographical segments

Nearly all of the Group's assets and liabilities are located in the People's Republic of China, other than Hong Kong (the "PRC"), and the Group's operations for the period were substantially located in the PRC. Accordingly, no geographical segment information for the period is presented.

### 4. FINANCE COSTS

	<b>1.1.2008 to 30.6.2008 HK\$'000</b>	1.1.2007 to 30.6.2007 HK\$'000
Interest on bank and other borrowings:		
– wholly repayable within five years	<b>731,974</b>	367,297
– not wholly repayable within five years	<b>169,850</b>	172,658
	<b>901,824</b>	539,955
Less: Interest capitalised	<b>(26,620)</b>	(125,931)
	<b>875,204</b>	414,024

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 5. TAXATION

	<b>1.1.2008 to 30.6.2008 HK\$'000</b>	1.1.2007 to 30.6.2007 HK\$'000
The charge comprises:		
The Company and its subsidiaries		
– Hong Kong Profits Tax	—	—
– PRC Enterprise Income Tax	<b>88,643</b>	1,342
– Deferred taxation	<b>9,546</b>	4,041
	<b>98,189</b>	5,383

No provision for Hong Kong Profits Tax has been made as the Group has no taxable profit in Hong Kong for both periods.

PRC Enterprise Income Tax has been calculated based on the estimated assessable profits in accordance with the relevant tax laws applicable to the subsidiaries in the PRC.

Pursuant to the relevant laws and regulations in the PRC, certain of the Company's PRC subsidiaries are exempted from PRC Enterprise Income Tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. In addition, certain of the Company's PRC subsidiaries are entitled to a tax benefit ("Tax Benefit"), which is calculated at 40% of the current year's purchase of PRC produced plant and equipment for production use. The Tax Benefit is, however, limited to the amount of increase in enterprise income tax for the current year in which the plant and equipment are acquired as compared with the tax amount of the previous year. The portion of the Tax Benefit that is not utilised in the current year can be carried forward for future application for a period of not more than seven years.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the existing tax rates for group entities from 15% and 18% to 25% progressively over 5 years for certain subsidiaries from 1 January 2008. The deferred tax has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the assets are realised or the liabilities are settled.

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	<b>1.1.2008 to 30.6.2008 HK\$'000</b>	1.1.2007 to 30.6.2007 HK\$'000
Depreciation of property, plant and equipment	<b>1,370,581</b>	697,502
Less: Depreciation of property, plant and equipment capitalised in construction in progress	<b>(15,131)</b>	(4,355)
	<b>1,355,450</b>	693,147
Amortisation of prepaid lease payment	<b>21,131</b>	16,373
Loss of property, plant and equipment (note)	<b>140,351</b>	746
Share of tax of associates (included in share of results of associates)	<b>66,760</b>	50,242
and after crediting:		
Interest income	<b>51,408</b>	28,403

Note: The loss represents property, plant and equipment written-off during the period ended 30 June 2008 due to damages, net of amount recovered.

### 7. DIVIDENDS

	<b>1.1.2008 to 30.6.2008 HK\$'000</b>	1.1.2007 to 30.6.2007 HK\$'000
Final dividend paid in respect of the preceding financial year of HK\$0.20 (2006: HK\$0.14) per share on 4,154,641,000 shares (2006: 3,851,688,000 shares)	<b>830,928</b>	539,236
Interim dividend declared	<b>209,184</b>	194,903

The Board of Directors resolved to declare an interim dividend of HK\$0.05 per share for the six months ended 30 June 2008 (six months ended 30 June 2007: HK\$0.05). The declared interim dividend for 2008 is based on 4,183,677,969 shares in issue at 29 August 2008.

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>1.1.2008 to 30.6.2008 HK\$'000</b>	1.1.2007 to 30.6.2007 HK\$'000
Profit attributable to equity holders of the Company	<b>1,005,894</b>	1,411,452
	<b>Number of ordinary shares</b>	
	<b>1.1.2008 to 30.6.2008</b>	1.1.2007 to 30.6.2007
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>4,148,507,863</b>	3,845,116,243
Effect of dilutive potential ordinary shares:		
– share options	<b>81,287,596</b>	175,772,283
– issuable consideration shares for acquisition of subsidiaries	<b>16,006,791</b>	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>4,245,802,250</b>	4,020,888,526

### 9. PROPERTY, PLANT AND EQUIPMENT/MINING RIGHTS

During the six months ended 30 June 2008, the Group spent HK\$7,292,453,000 (six months ended 30 June 2007: HK\$3,119,310,000) on construction of buildings, power generating plant and equipments, and acquisition of property, plant and equipment.

During the six months ended 30 June 2008, the Group spent HK\$51,321,000 (six months ended 30 June 2007: nil) on acquisition of mining rights.

### 10. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

Trade receivables are due within 60 days from the date of billing.

The following is an ageing analysis of trade receivables included in trade receivables, other receivables and prepayments at the balance sheet date:

	<b>30.6.2008 HK\$'000</b>	31.12.2007 HK\$'000
0 - 30 days	<b>2,755,193</b>	2,815,051
31 - 60 days	<b>591,237</b>	551,497
Over 60 days	<b>181,251</b>	448
	<b>3,527,681</b>	3,366,996

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The following is an ageing analysis of trade payables included in trade payables, other payables and accruals at the balance sheet date:

	<b>30.6.2008</b>	31.12.2007
	<b>HK\$'000</b>	HK\$'000
Trade payables		
0 - 30 days	<b>553,313</b>	664,193
31 - 60 days	<b>99,352</b>	100,206
Over 60 days	<b>242,647</b>	142,129
	<b>895,312</b>	906,528
The other payables and accruals comprise of:		
Accrued purchases of coal and fuel	<b>910,347</b>	596,095
Payables in respect of purchase of property, plant and equipment and construction payables	<b>3,352,840</b>	3,585,849
Accrued wages	<b>578,972</b>	571,426
Accrued retirement benefit cost	<b>109,896</b>	234,167
Payable in respect of employee settlement cost	<b>486,405</b>	456,560
Other tax payables	<b>304,586</b>	347,661
Provision for restoration, rehabilitation and environmental expenditure	<b>209,299</b>	199,796
Other payables and accruals	<b>1,959,663</b>	1,477,760
	<b>7,912,008</b>	7,469,314

### 12. BANK AND OTHER BORROWINGS

During the six months ended 30 June 2008, the Group repaid bank and other loans amounting to HK\$4,775,750,000 (six months ended 30 June 2007: HK\$4,516,039,000) and obtained new bank and other loans amounting to HK\$9,822,868,000 (six months ended 30 June 2007: HK\$6,471,913,000) which were used as general working capital and for financing the acquisition of property, plant and equipment.

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

#### Derivatives under hedge accounting

	<b>30.6.2008</b> <b>HK\$'000</b>	31.12.2007 HK\$'000
Cash flow hedges – Interest rate swaps	<b>27,326</b>	102,180
Other interest rate swaps	<b>31,100</b>	—
	<b>58,426</b>	102,180

#### Cash flow hedges

The Group uses interest rate swaps (net quarterly settlement) to minimise its exposure to interest expenses of its floating-rate Hong Kong Dollar bank borrowings by swapping floating interest rates to fixed interest rates. The interest rate swaps and the corresponding bank borrowings have the similar terms and the directors of the Company considered that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps are set out below:

#### 30 June 2008

Notional amount	Maturity	Swaps
HK\$600,000,000	20 May 2010	From HIBOR + 0.39% to 4.18%
HK\$400,000,000	20 May 2010	From HIBOR + 0.39% to 4.10%
HK\$500,000,000	25 October 2012	From HIBOR to 4.52%
HK\$500,000,000	25 October 2012	From HIBOR to 4.48%

#### 31 December 2007

Notional amount	Maturity	Swaps
HK\$600,000,000	20 May 2010	From HIBOR + 0.39% to 4.18%
HK\$400,000,000	20 May 2010	From HIBOR + 0.39% to 4.10%
HK\$500,000,000	25 October 2012	From HIBOR to 4.52%
HK\$500,000,000	25 October 2012	From HIBOR to 4.48%
HK\$500,000,000	26 October 2012	From HIBOR to 4.48%
HK\$335,000,000	08 November 2012	From HIBOR to 4.29%
HK\$500,000,000	29 October 2012	From HIBOR to 4.415%
HK\$500,000,000	29 October 2012	From HIBOR to 4.38%
HK\$500,000,000	25 October 2012	From HIBOR to 4.50%
HK\$400,000,000	31 December 2012	From HIBOR to 3.97%

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 13. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

#### Other interest rate swaps

During the current period, some cash flow hedges do not qualify for hedge accounting. The terms of the relevant interest rate swaps are disclosed below. As a result, changes in the fair value of such swaps together with the ineffective portion of the changes in fair value of interest rate swaps for effective hedges, amounting to an aggregate of HK\$32,605,000, were recognised in profit or loss in the current period. For cash flow hedges that no longer meet hedge accounting criteria, changes in fair value of interest rate swaps that was previously recognised in equity will be reclassified to profit or loss when the relevant hedged items affect profit or loss. Accordingly, in the current period, changes in fair value of interest rate swaps that was previously recognised in equity of HK\$14,432,000 was reclassified to profit or loss under finance costs.

#### 30 June 2008

Notional amount	Maturity	Swaps
HK\$500,000,000	26 October 2012	From HIBOR to 4.48%
HK\$335,000,000	08 November 2012	From HIBOR to 4.29%
HK\$500,000,000	29 October 2012	From HIBOR to 4.415%
HK\$500,000,000	29 October 2012	From HIBOR to 4.38%
HK\$500,000,000	25 October 2012	From HIBOR to 4.50%
HK\$400,000,000	31 December 2012	From HIBOR to 3.97%
HK\$200,000,000	28 February 2013	From HIBOR to 3.36%

The above derivatives are measured at fair value by reference to the market value provided by the counterparty financial institutions.

### 14. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$1.00 each		
Authorised:		
Balance at 31 December 2007 and 30 June 2008	10,000,000	10,000,000
Issued and fully paid:		
Balance at 31 December 2007 and 1 January 2008	4,140,317	4,140,317
Issue upon exercise of share options	20,698	20,698
Balance at 30 June 2008	4,161,015	4,161,015



## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 15. SHARE OPTIONS

The Company has share option scheme for eligible Directors of the Company and employees of the Group and other participants. Options granted are exercisable within a period of ten years within which there is a total vesting period of five years. 20% of the share options will be allowed to exercise upon each of the first five anniversary dates. Details of the share options outstanding during the current period are as follows:

	<b>Number of share options</b>
Outstanding at 1 January 2008	234,201,000
Lapsed during the period	(454,000)
Exercised during the period	(20,698,000)
<b>Outstanding at 30 June 2008</b>	<b>213,049,000</b>

The weighted average closing price of the Company's shares at dates on which the options were exercised during the period was HK\$19.34.

### 16. ACQUISITION OF SUBSIDIARIES

During the six months ended 30 June 2008, the Group acquired 51.5% and 2.615% equity interest in Shenyang Shenhai Thermal Power Co., Ltd. 瀋陽瀋海熱電有限公司 from China Resources (Holdings) Company Limited and a third party respectively and a further 45% equity interest in 貴州天能礦業有限責任公司 (「貴州天能」) at an aggregate cash consideration of approximately HK\$1,055,559,000. Upon the completion of the acquisition of the further 45% equity interest in 貴州天能, 貴州天能 has become a 65% owned subsidiary of the Company. The transactions have been accounted for using the purchase method of accounting.

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 16. ACQUISITION OF SUBSIDIARIES (Cont'd)

The aggregate net assets of the subsidiaries acquired in the transactions and the goodwill arising, are as follows:

	<b>Acquirees' carrying amounts before combination HK\$'000</b>	<b>Fair value HK\$'000</b>
Net assets acquired:		
Property, plant and equipment	1,192,664	1,192,664
Exploration and resources rights	202,633	202,633
Deferred tax assets	5,554	5,554
Trade and other receivables	256,340	256,340
Inventories	19,478	19,478
Bank and cash balances	55,693	55,693
Trade and other payables	(299,693)	(299,693)
Tax payable	(5,134)	(5,134)
Amounts due to shareholders	(54,797)	(54,797)
Bank borrowings	(587,290)	(587,290)
	<u>785,448</u>	785,448
Less: Minority interests		(461,218)
Net assets acquired		324,230
Transfer from interests in associates		(22,752)
Goodwill		754,081
Total consideration, satisfied by cash		<u>1,055,559</u>
Net cash outflow arising on acquisition:		
Cash consideration paid		1,055,559
Cash and cash equivalents acquired		(55,693)
		<u>999,866</u>

The goodwill arising on the acquisition of the subsidiaries is attributable to the high profitability of the acquired business and the anticipated future operating synergies from the combination.

These acquirees contributed approximately HK\$186,588,000 to the Group's turnover and HK\$30,993,000 to the Group's profit for the period between the date of acquisition and 30 June 2008.

Had the acquisition been completed on 1 January 2008, the total group revenue for the year would have been HK\$12,809,929,000 and profit for the period would have been HK\$1,238,900,000. The proforma information is for illustrative purpose only and is not necessarily an indicative revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future results.

The fair value of the property, plant and equipment, exploration and resources rights and other identifiable assets and liabilities acquired have been determined on a provisional basis, pending the results of professional valuations to be performed on these assets.

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 17. CAPITAL COMMITMENTS

	<b>30.6.2008</b>	31.12.2007
	<b>HK\$'000</b>	HK\$'000
Capital expenditure contracted for but not provided in the financial statements		
– Acquisition of construction in progress	<b>10,045,099</b>	6,072,701
– Acquisition of subsidiaries (Note)	<b>111,485</b>	133,745
– Acquisition of investment in an associate	<b>602,928</b>	530,000
	<b>10,759,512</b>	6,736,446

Note:

In addition to those disclosed above, the Company entered into agreements with each of China Resources Co., Ltd. and Jiangsu Kunlun Investments Co., Ltd. on 30 May 2008 to acquire their respective 60% and 40% equity interest in China Resources Power (Jiangsu) Investment Company Limited for an aggregate consideration of RMB2,513,000,000 (equivalent to approximately HK\$2,858,789,000). Up to 30 June 2008, the purchase considerations amounted to RMB864,000,000 (equivalent to approximately HK\$982,886,000) had been paid by the Group.

As at 30 June 2008, this acquisition was subject to the approval by the relevant government authorities. Details of the acquisition are set out in the circular of the Company dated 6 June 2008. The outstanding considerations in respect of the acquisition amounted to approximately RMB1,649,000,000 (equivalent to approximately HK\$1,875,903,000).

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 18. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following significant transactions with related parties:

Name of related company	Relationship	Nature of transactions	1.1.2008 to 30.6.2008 HK\$'000	1.1.2007 to 30.6.2007 HK\$'000
China Resources National Corporation ("CRNC")	Ultimate holding company	Finance costs paid by the Group	135,363	123,316
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expenses paid by the Group	2,317	963
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expense paid by the Group	2,569	1,585
Shenzhen China Resources Petroleum Co., Ltd.	Fellow subsidiary	Purchase of fuel and oil	—	4,015
Guangdong Xingning Xingda Power Co., Ltd.	Associate	Interest income	—	14,344
China Resources Cement Co., Ltd.	Fellow subsidiary	Purchase of construction material and cement	26,568	—
China Resources (Holdings) Company Limited ("CRH")	Immediate holding company	Consideration paid for acquisition of interest in subsidiaries	938,818	—
		Financial cost paid by the Group	2,824	—
Key management personnel	Employee	Remuneration	10,256	14,945

(b) The amounts due from related companies and amounts due to group companies are unsecured, non-interest bearing and repayable on demand.

## Notes to the Condensed Consolidated Financial Statements (Cont'd)

For the six months ended 30 June 2008

### 18. RELATED PARTY TRANSACTIONS (Cont'd)

- (c) Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under CRNC which is owned and controlled by the PRC government. Apart from the transactions with CRNC, CRH, and fellow subsidiaries disclosed in (a) above, the Group also conducts business with other state-controlled entities. During the period, the Group entered into the following transactions with other state-controlled entities in the PRC.

	<b>1.1.2008 to 30.6.2008 HK\$'000</b>	1.1.2007 to 30.6.2007 HK\$'000
Sales of electricity	<b>11,030,260</b>	6,606,444
Purchases of fuel		
– coal	<b>3,888,060</b>	2,195,241
– oil and gas	<b>176,360</b>	164,028
Acquisition of property, plant and equipment	<b>6,135,390</b>	585,175
Acquisition of construction materials	<b>81,108</b>	377
Subcontracting cost for		
– construction and renovation	<b>566,408</b>	1,142,061
– maintenance	<b>21,552</b>	43,792

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES AND DEBENTURES

Save as disclosed below, as at 30 June 2008, none of the Directors or chief executive of the Company had 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 (Chapter 571 Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to the provisions under Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he would be deemed or taken to have under Sections 344 and 345 of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein:

### (A) The Company

Details of shares and outstanding options granted under the Pre-IPO Share Option Scheme and Share Option Scheme in the Company held by the Directors as at 30 June 2008 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of the Company
Song Lin	Beneficial owner	1,260,000	Long	0.030%
Wang Shuai Ting	Beneficial owner	3,450,000	Long	0.083%
Tang Cheng	Beneficial owner	1,450,000	Long	0.035%
Zhang Shen Wen	Beneficial owner	2,388,000	Long	0.057%
Wang Xiao Bin	Beneficial owner	2,480,000	Long	0.060%
Jiang Wei	Beneficial owner	1,040,000	Long	0.025%
Chen Xiao Ying *	Interest In controlled corporations	37,349,178	Long	0.898%
Anthony H. Adams	Beneficial owner	18,000	Long	0.0004%

\* An additional 16,006,791 shares of the Company were issued by the Company to Ms. Chen Xiao Ying or her associates on 25 July 2008 pursuant to the sale and purchase agreement dated 3 July 2007.

## Disclosure of Interests (Cont'd)

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES AND DEBENTURES (Cont'd)

#### (A) The Company (Cont'd)

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options and underlying shares as at 1 January 2008	Number of options exercised during the period	Number of options and underlying shares as at 30 June 2008	Percentage of the issued share capital of the Company
Song Lin	Beneficial owner	6 Oct 2003	5 Oct 2013	2.80	800,000	—	800,000	0.019%
	Beneficial owner	18 Mar 2005	17 Mar 2015	3.99	540,000	—	540,000	0.013%
Wang Shuai Ting	Beneficial owner	6 Oct 2003	5 Oct 2013	2.80	900,000	—	900,000	0.022%
	Beneficial owner	18 Mar 2005	17 Mar 2015	3.99	540,000	—	540,000	0.013%
Tang Cheng	Beneficial owner	6 Oct 2003	5 Oct 2013	2.80	600,000	—	600,000	0.014%
	Beneficial owner	18 Mar 2005	17 Mar 2015	3.99	360,000	—	360,000	0.009%
Zhang Shen Wen	Beneficial owner	6 Oct 2003	5 Oct 2013	2.80	600,000	—	600,000	0.014%
	Beneficial owner	18 Mar 2005	17 Mar 2015	3.99	600,000	(360,000)	240,000	0.006%
Wang Xiao Bin	Beneficial owner	6 Oct 2003	5 Oct 2013	2.80	560,000	—	560,000	0.013%
	Beneficial owner	18 Mar 2005	17 Mar 2015	3.99	360,000	—	360,000	0.009%
Jiang Wei	Beneficial owner	6 Oct 2003	5 Oct 2013	2.80	1,000,000	(800,000)	200,000	0.005%
	Beneficial owner	18 Mar 2005	17 Mar 2015	3.99	600,000	(240,000)	360,000	0.009%
Anthony H. Adams	Beneficial owner	18 Nov 2005	17 Nov 2015	4.725	200,000	—	200,000	0.005%
Wu Jing Ru	Beneficial owner	18 Nov 2005	17 Nov 2015	4.725	200,000	—	200,000	0.005%
Chen Ji Min	Beneficial owner	30 Mar 2007	29 Mar 2017	12.43	200,000	—	200,000	0.005%
Ma Chiu-Cheung, Andrew	Beneficial owner	30 Mar 2007	29 Mar 2017	12.43	200,000	—	200,000	0.005%

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES AND DEBENTURES**(Cont'd)

**(B) China Resources Enterprise, Limited**

China Resources Enterprise, Limited ("CRE"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CRE. Details of shares and outstanding options in CRE held by the Directors as at 30 June 2008 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CRE
Song Lin	Beneficial owner	1,700,000	Long	0.071%
Jiang Wei	Beneficial owner	240,000	Long	0.010%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options and underlying shares as at 1 January 2008	Number of options exercised during the period	Number of options and underlying shares as at 30 June 2008	Percentage of the issued share capital of CRE
Zhang Shen Wen	Beneficial owner	5 Mar 2002	4 Mar 2012	7.35	20,000	—	20,000	0.001%



## Disclosure of Interests (Cont'd)

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES AND DEBENTURES (Cont'd)

#### (C) China Resources Logic Limited

China Resources Logic Limited ("CR Logic"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CR Logic. Details of shares and outstanding options in CR Logic held by the Directors as at 30 June 2008 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Logic
Wang Shuai Ting	Beneficial owner	54,000	Long	0.019%
Tang Cheng	Beneficial owner	9,000	Long	0.003%
Zhang Shen Wen	Beneficial owner	6,000	Long	0.002%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options and underlying shares			Number of options and underlying shares as at 30 June 2008	Percentage of the issued share capital of CR Logic
					as at 1 January 2008	exercised during the period	cancelled during the period		
Song Lin	Beneficial owner	13 Jan 2004	12 Jan 2014	0.906	2,000,000	—	(2,000,000)	—	—
Wang Shuai Ting	Beneficial owner	9 Apr 2002	8 Apr 2012	0.82	540,000	(540,000)	—	—	—
Tang Cheng	Beneficial owner	9 Apr 2002	8 Apr 2012	0.82	90,000	(90,000)	—	—	—
Zhang Shen Wen	Beneficial owner	9 Apr 2002	8 Apr 2012	0.82	60,000	(60,000)	—	—	—
Jiang Wei	Beneficial owner	9 Apr 2002	8 Apr 2012	0.82	720,000	—	(720,000)	—	—

Note: The shares of CR Logic were consolidated on the basis of every ten shares in the issued and unissued share capital respectively of CR Logic of HK\$0.01 each into one share of HK\$0.10 each on 7 March 2008.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES AND DEBENTURES (Cont'd)

### (D) China Resources Land Limited

China Resources Land Limited ("CR Land"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CR Land. Details of shares and outstanding options in CR Land held by the Directors as at 30 June 2008 are as follows:

Name of Director	Capacity				Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Land
Wang Shuai Ting	Beneficial owner				200,000	Long	0.005%
Jiang Wei	Beneficial owner				892,000	Long	0.022%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK\$)	Number of options and underlying shares as at 1 January 2008	Number of options exercised during the period	Number of options and underlying shares as at 30 June 2008	Percentage of the issued share capital of CR Land
Song Lin	Beneficial owner	1 Jun 2005	31 May 2015	1.23	900,000	—	900,000	0.022%
Wang Shuai Ting	Beneficial owner	4 Mar 2002	31 Jan 2012	1.59	540,000	—	540,000	0.013%
Zhang Shen Wen	Beneficial owner	4 Mar 2002	31 Jan 2012	1.59	60,000	—	60,000	0.001%

### (E) China Resources Microelectronics Limited

China Resources Microelectronics Limited ("CRM") is a fellow subsidiary of the Company. Details of shares in CRM held by the Directors as at 30 June 2008 are as follows:

Name of Director	Capacity				Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CRM
Song Lin	Beneficial owner				1,245,533	Long	0.021%
Wang Shuai Ting	Beneficial owner				972,000	Long	0.016%
Tang Cheng	Beneficial owner				162,000	Long	0.003%
Zhang Shen Wen	Beneficial owner				108,000	Long	0.002%
Jiang Wei	Beneficial owner				537,614	Long	0.009%

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Save as disclosed below, as at 30 June 2008, the Directors or chief executive of the Company were not aware of any other persons (other than a Director or chief executive, whose interests are disclosed in the section headed "Directors' Interests and Short Positions in Securities and Debentures" above) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register to be kept pursuant to Section 336 of the SFO:

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Long/short position</b>	<b>Approximate % of shareholding</b>
China Resources (Holdings) Company Limited ("CRH")	Beneficial owner	2,750,000,000	Long	66.1%
CRC Bluesky Limited	Interest of a controlled corporation	2,750,000,000	Long	66.1%
China Resources Co., Limited ("CRL")	Interest of a controlled corporation	2,750,000,000	Long	66.1%
China Resources National Corporation ("CRNC")	Interest of a controlled corporation	2,750,000,000	Long	66.1%

Note: CRH is a 100% subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by CRL, which is in turn held as to 99.98% by CRNC. Each of CRNC, CRL and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the share capital of the Company as those of CRH.

## SHARE OPTIONS

### (A) Pre-IPO Share Option Scheme

Movement of the options under the Pre-IPO Share Option Scheme during the period ended 30 June 2008 is as follows:

Name of Director	Date of grant	Number of options outstanding as at 1 January 2008	Number of options lapsed or cancelled during the period	Number of options exercised during the period <sup>(1)</sup>	Number of options outstanding as at 30 June 2008 <sup>(2)</sup>	Date of expiry	Exercise price (HK\$)
Song Lin	6 Oct 2003	800,000	—	—	800,000	5 Oct 2013	2.80
Wang Shuai Ting	6 Oct 2003	900,000	—	—	900,000	5 Oct 2013	2.80
Tang Cheng	6 Oct 2003	600,000	—	—	600,000	5 Oct 2013	2.80
Zhang Shen Wen	6 Oct 2003	600,000	—	—	600,000	5 Oct 2013	2.80
Wang Xiao Bin	6 Oct 2003	560,000	—	—	560,000	5 Oct 2013	2.80
Jiang Wei	6 Oct 2003	1,000,000	—	(800,000)	200,000	5 Oct 2013	2.80
Aggregate total of employees	6 Oct 2003	43,385,000	—	(7,902,000)	35,483,000	5 Oct 2013	2.80
Aggregate total of other participants	6 Oct 2003	28,014,000	(374,000)	(1,604,000)	26,036,000	5 Oct 2013	2.80
		75,859,000	(374,000)	(10,306,000)	65,179,000		

Note:

- (1) The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$19.36.
- (2) Each option has a 10-year exercise period within which there is a total vesting period of five years. Commencing from the first, second, third, fourth and fifth anniversaries of the date of grant of an option, the relevant grantee may exercise up to 20%, 40%, 60%, 80% and 100% respectively of the shares comprised in his or her option.

## Disclosure of Interests (Cont'd)

### SHARE OPTIONS (Cont'd)

#### (B) Share Option Scheme

Movement of the options under the Share Option Scheme during the period ended 30 June 2008 is as follows:

Name of Director	Date of grant	Number of options outstanding as at 1 January 2008	Number of options lapsed or cancelled during the period	Number of options exercised during the period <sup>(1)</sup>	Number of options outstanding as at 30 June 2008 <sup>(2)</sup>	Date of expiry	Exercise price (HK\$)
Song Lin	18 Mar 2005	540,000	—	—	540,000	17 Mar 2015	3.99
Wang Shuai Ting	18 Mar 2005	540,000	—	—	540,000	17 Mar 2015	3.99
Tang Cheng	18 Mar 2005	360,000	—	—	360,000	17 Mar 2015	3.99
Zhang Shen Wen	18 Mar 2005	600,000	—	(360,000)	240,000	17 Mar 2015	3.99
Wang Xiao Bin	18 Mar 2005	360,000	—	—	360,000	17 Mar 2015	3.99
Jiang Wei	18 Mar 2005	600,000	—	(240,000)	360,000	17 Mar 2015	3.99
Anthony H. Adams	18 Nov 2005	200,000	—	—	200,000	17 Nov 2015	4.725
Wu Jing Ru	18 Nov 2005	200,000	—	—	200,000	17 Nov 2015	4.725
Chen Ji Min	30 Mar 2007	200,000	—	—	200,000	29 Mar 2017	12.43
Ma Chiu-Cheung, Andrew	30 Mar 2007	200,000	—	—	200,000	29 Mar 2017	12.43
Aggregate total of employees	1 Sep 2004	16,810,000	(80,000)	(3,270,000)	13,460,000	31 Aug 2014	4.25
	18 Mar 2005	17,222,000	—	(1,382,000)	15,840,000	17 Mar 2015	3.99
	18 Nov 2005	48,930,000	—	(3,740,000)	45,190,000	17 Nov 2015	4.725
	5 Sep 2006	26,130,000	—	(750,000)	25,380,000	4 Sep 2016	7.05
	30 Mar 2007	24,800,000	—	(10,000)	24,790,000	29 Mar 2017	12.43
Aggregate total of other participants	1 Sep 2004	4,300,000	—	—	4,300,000	31 Aug 2014	4.25
	18 Mar 2005	6,600,000	—	(640,000)	5,960,000	17 Mar 2015	3.99
	18 Nov 2005	9,750,000	—	—	9,750,000	17 Nov 2015	4.725
		158,342,000	(80,000)	(10,392,000)	147,870,000		

Notes:

- (1) The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$20.38.
- (2) Each option has a 10-year exercise period within which there is a total vesting period of five years. Commencing from the first, second, third, fourth and fifth anniversaries of the date of grant of an option, the relevant grantee may exercise up to 20%, 40%, 60%, 80% and 100% respectively of the shares comprised in his or her option.
- (3) No option was granted under the Share Option Scheme during the period.

Detailed terms of the Pre-IPO Share Option Scheme and Share Option Scheme were disclosed in the 2007 Annual Report.

# Corporate Governance and Other Information

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (“CG Code”) set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2008, except for the following deviation:-

### Code provision E.1.2

The code provision of the CG Code provides that the Chairman of the Board shall attend the annual general meeting. Due to other business commitments, Mr. Song Lin, the Chairman of the Board, and Mr. Wang Shuai Ting, the Vice Chairman of the Board, were unable to attend the annual general meeting of the Company held on 30 May 2008, thus constitutes a deviation from the code provision E.1.2 of the CG Code.

## MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors securities transactions throughout the six months ended 30 June 2008.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the six months ended 30 June 2008.

## AUDITORS AND AUDIT COMMITTEE

The interim report for the six months ended 30 June 2008 have been reviewed by Deloitte Touche Tohmatsu and the Audit Committee set up in compliance with Rule 3.21 of the Listing Rules. All of the four Audit Committee members are appointed from the independent non-executive Directors, with the Chairman of the Audit Committee having appropriate professional qualifications and experience in financial matters, including experience in review of financial statements.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules and has appointed four independent non-executive directors including one with related financial management expertise.

# Corporate Information

<b>Chairman</b>	Song Lin
<b>Vice Chairman and Chief Executive Officer</b>	Wang Shuai Ting
<b>Executive Directors</b>	Song Lin Wang Shuai Ting Tang Cheng Zhang Shen Wen Wang Xiao Bin
<b>Non-Executive Director</b>	Jiang Wei Chen Xiao Ying
<b>Independent Non-Executive Directors</b>	Anthony H. Adams Wu Jing Ru Chen Ji Min Ma Chiu-Cheung, Andrew
<b>Company Secretary</b>	Wang Xiao Bin
<b>Auditors</b>	Deloitte Touche Tohmatsu
<b>Legal Advisor</b>	Morrison & Foerster
<b>Share Registrar</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
<b>Registered Office</b>	Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. General Line: (852) 2593 7530 Facsimile: (852) 2593 7531

# Information for Investors

## SHARE LISTING AND STOCK CODE

The Company's shares are listed on The Stock Exchange of Hong Kong Limited. Our stock code is 836.

## FINANCIAL DIARY

Six-month financial period end	30 June 2008
Announcement of interim results	1 September 2008
Last day to register for interim dividend	19 September 2008
Book close	22 September 2008 to 26 September 2008
Payment of interim dividend	6 October 2008

## SHAREHOLDER ENQUIRIES

For inquiries about share transfer and registration, please contact the Company's Share Registrar:

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong.  
Telephone: (852) 2862 8628  
Facsimile: (852) 2865 0990

For inquiries from investors and securities analysts, please contact:

Investor Relations Department  
China Resources Power Holdings Company Limited  
Room 2001-2005, 20th Floor, China Resources Building,  
26 Harbour Road, Wanchai, Hong Kong.  
General line: (852) 2593 7530  
IR hotline: (852) 2593 7550  
Facsimile: (852) 2593 7531 / 2593 7551  
E-mail: [crp-ir@crc.com.hk](mailto:crp-ir@crc.com.hk)

## OUR WEBSITE

[www.cr-power.com](http://www.cr-power.com)