



China Power New Energy
Development Company Limited
中國電力新能源發展有限公司*

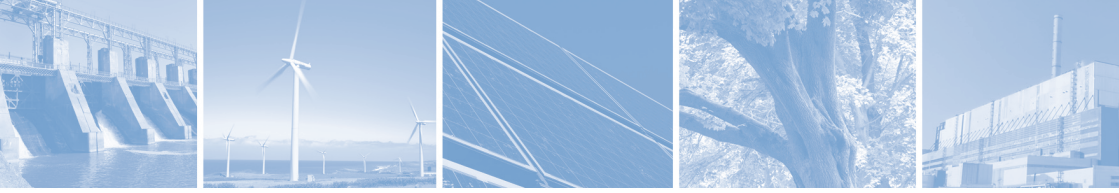
CPNE

Incorporated in Bermuda with limited liability
Stock Code : 00735



Interim Report 2008

* for identification purpose only



CORPORATE INFORMATION

CHAIRMAN OF THE BOARD

Ms. Li Xiaolin

VICE CHAIRMAN

Mr. Lai Leong

(resigned on 31 December 2008)

CHIEF EXECUTIVE OFFICER

Mrs. Maria Leung

(appointed on 1 November 2008)

CHIEF OPERATION OFFICER AND EXECUTIVE DIRECTOR

Mr. Liu Genyu

EXECUTIVE DIRECTORS

Mr. Lai Leong

Mr. Zhao Xinyan

Mr. Wang Hao

Mr. Clive William Oxley OBE,ED

NON-EXECUTIVE DIRECTOR

Mr. Cheng Chi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kar Wing

Dr. Chow King Wai

Mr. Wong Kwok Tai

QUALIFIED ACCOUNTANT

Mr. Ho Yau Hong, Alfred

COMPANY SECRETARY

Mr. Chiang Chi Kin, Stephen

AUDIT COMMITTEE

Mr. Chu Kar Wing

Dr. Chow King Wai

Mr. Wong Kwok Tai

REMUNERATION COMMITTEE

Mr. Chu Kar Wing

Dr. Chow King Wai

Mr. Wong Kwok Tai

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 904-5, 9/F., Great Eagle Centre

23 Harbour Road

Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR

The Bank of Bermuda Limited

Bank of Bermuda Buildings

6 Front Street

Hamilton HM 11

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

26/F., Tesbury Centre

28 Queen's Road East

Hong Kong

PRINCIPAL BANKER

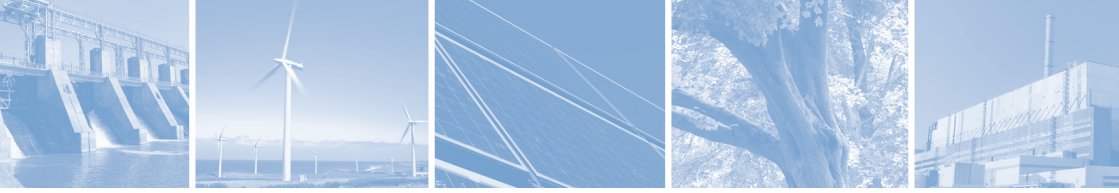
The Standard Chartered Bank Limited

COMPANY WEBSITE

www.cpne.com.hk

STOCK CODE

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INTERIM RESULTS

The Board of Directors (the “Board”) of China Power New Energy Development Company Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 October 2008 (the “Interim Period”). The interim financial information has not been audited but has been reviewed by the Audit Committee of the Company and PricewaterhouseCoopers.

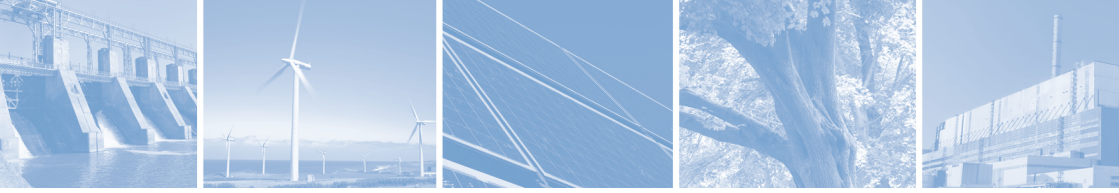
BUSINESS REVIEW FOR THE SIX MONTHS ENDED 31 OCTOBER 2008

For the six months ended 31 October 2008, the Group recorded revenue and tariff adjustment with a total amount of approximately HK\$1,061,436,000 (for the six months ended 31 October 2007: HK\$419,323,000), representing an increase of 153% over the corresponding period in last year as new power projects, which were acquired and/or completed in the last financial year and/or the Interim Period, started to provide contributions to the Group.

For the six months ended 31 October 2008, finance costs, principally interest expenses on borrowings in respect of the operation of new operating power projects, amounted to HK\$61,730,000 (for the six months ended 31 October 2007: HK\$31,292,000). Together with a decrease in fair value on financial assets at fair value through profit or loss amounting to HK\$80,726,000 (for the six months ended 31 October 2007: Nil), the Group’s net profit for the period was HK\$46,622,000 (for the six months ended 31 October 2007: HK\$16,659,000). The Group’s profit attributable to equity holders of the Company amounted to approximately HK\$22,033,000 (for the six months ended 31 October 2007: loss of HK\$13,838,000). Basic earnings per share were HK0.313 cents (for the six months ended 31 October 2007: basic loss per share was HK0.321 cents).

BUSINESS ENVIRONMENT

Given the effect of the surging price of primary resources which include coal and oil in 2008, together with the relevant policies and measures implemented by the PRC government to preserve the national energy levels, to optimize the use of existing energy and to protect the environment, new energies were given promising opportunities



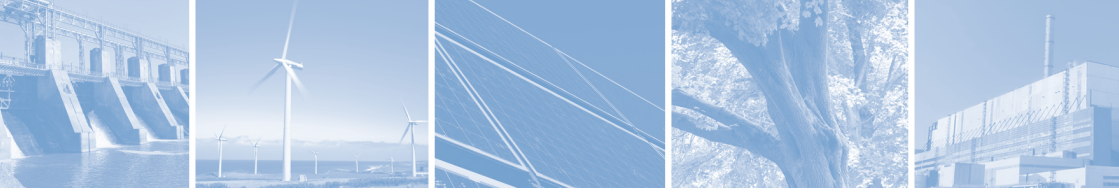
to develop. In this regard, the National Development and Reform Commission has introduced the “11th Five-Year Plan for Development of Renewable Energy” (可再生能源發展「十一五」規劃) and the PRC government has introduced a series of favourable policies including the promulgation of the “Notice concerning the comprehensive utilization of resources and value-added tax of other products” (關於資源綜合利用及其他產品增值稅政策的通知) to encourage the development of renewable and clean energy. These policies provides a favourable platform for the business development of the Group in the future.

During the Interim Period, profit from certain traditional power generation projects of the Group was affected by a considerable increase in fuel costs but the clean energy projects were operated smoothly.

In the fourth quarter of year 2008, in view of the global economic downturn, the overall economic growth in the PRC was adversely affected and this in turn affected the financial performance of the Group in the said quarter.

Tariff and Steam Price Increase and Relevant Subsidies

In the Interim Period, subsidiaries of the Group made/were given upward adjustments to on-grid tariffs, steam prices and waste treatment fees in accordance with the adjustment of national tariff. The tariff of Zhongdian Hongze Thermal Plant (“Zhongdian Hongze”) increased by RMB0.0458 per kWh, the tariff of Fujian Shaxikou Hydro-electric Power Plant increased by RMB0.015 per kWh and the tariff of Dongguan Dong Cheng Dong Xing Heat and Power Company Limited (“Dongguan Dong Xin”) increased by RMB0.025 per kWh. The steam price of Zhongdian Hongze increased by RMB82 per ton (0.8MPa) and RMB80 per ton (1.6MPa) respectively. The steam price of Dongguan Dong Xin increased by RMB92 per ton, and the waste treatment fee of Dongguan City Kewei Environmental Power Company Limited (“Dongguan Kewei”) increased by RMB40 per ton. The above said adjustments brought positive impact to the operating results of the Group for the Interim Period.

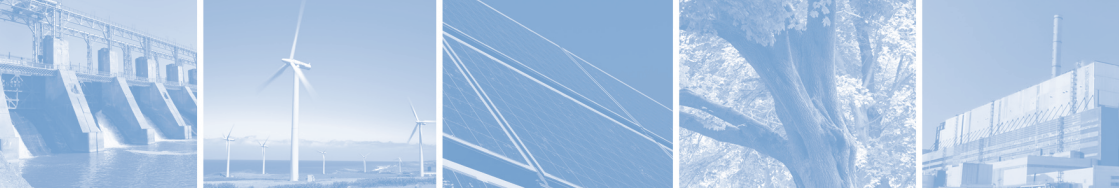


Power Generation Projects

The Group concentrates its business on environmentally-friendly energy projects and few property investments. As at 31 October 2008, the Group owned and operated the following power plants held by its subsidiaries or associates:

Project	Company name	Nature of business	Installed capacity (MW)	Interest (%)	Attributable installed capacity (MW)
1	Gansu China Power Jiuquan Wind Electric Power Company Limited	Wind power generation	100.50	90	90.45
2	Phase II of the Gansu Power Project	Wind power generation	49.50	100	49.50
3	CPI (Fujian) Power Development Limited	Hydro power generation	300	100	300
4	Fujian Shou Ning Nu Tou Shan Hydro Power Company Limited	Hydro power generation	122.20	33	40.33
5	Zhongdian Hongze Reproductive Substance Thermal Power Company Limited	Biomass power generation	15	100	15
6	Dongguan City Kewei Environmental Power Company Limited	Waste-to- energy power generation	36	40	14.4
7	Dongguan Dong Cheng Dong Xing Heat and Power Company Limited	Natural gas and oil power generation	360	80	288
8	Zhongdian Hongze Thermal Power Company Limited	Coal-fired power generation	30	60	18
	Total		<u>1,013.20</u>	<u>-</u>	<u>815.68</u>

The above power plants have a total installed capacity of 1,013.2MW, of which the installed capacity attributable to the Group is 815.68MW.



Wind Power Generation Projects

Phase I of the Gansu Power Project (甘肅風電一期)

The Group has a 90% interest in Phase 1 of the Gansu Power Project which is a wind power generation business. Phase I of the Gansu Power Project has 134 wind turbines each of 0.75MW, all of which came into operation in November 2007 and are operating smoothly.

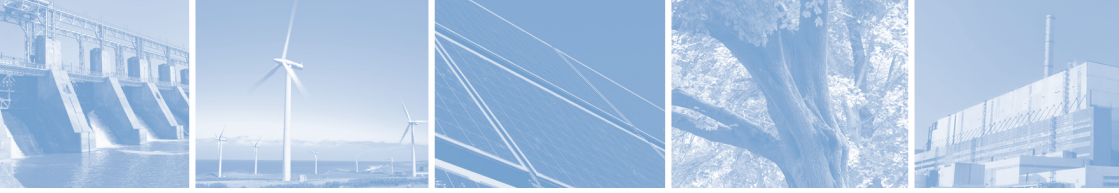
During the Interim Period, due to the slow progress in the development of the grid in Gansu Province, the supply of electricity of Phase I of the Gansu Power Project was affected. This problem is expected to be resolved as the PRC government has announced increases in investments in regional grids.

The following table sets out the key operational statistics of Phase I of the Gansu Power Project for the Interim Period:

Installed capacity (MW)	100.5
Average tariff (RMB/kWh)	0.4616
Latest tariff (RMB/kWh)	0.4616
Average utilization hours (hours)	774
Gross generation (MWh)	77,369
Net generation (MWh)	75,297

Phase II of the Gansu Power Project (甘肅風電二期)

Phase II of the Gansu Power Project has 66 wind turbines, each with an output of 0.75MW and a total installed capacity of 49.5MW, all of which came into trial operation in the third quarter 2008.



Phase III of the Gansu Power Project (甘肅風電三期)

On 26 November 2007, the National Development and Reform Commission of Jiuquan City (the “Jiuquan City Commission”) approved the Group’s application for the construction of Phase III of the Gansu Power Project, which will have an installed capacity of about 50MW in Jiuquan City, Guazhou County, Gansu Province, the PRC. The Jiuquan City Commission also referred the Group’s application to the National Development and Reform Commission of Gansu Province (the “Gansu Commission”).

No. 5 Wind Power Project at Beida Bridge in Gansu Province (甘肅北大橋第五風電場項目) and No. 6 Wind Power Project at Ganhekou in Gansu Province (甘肅干河口第六風電場項目)

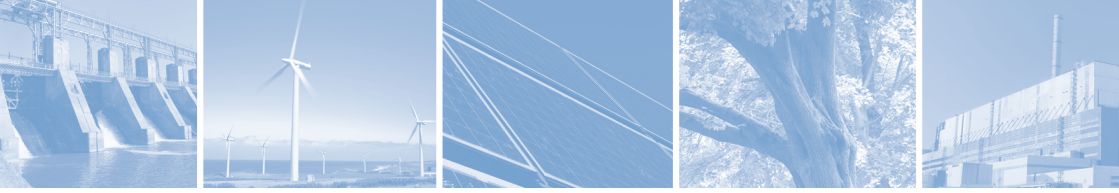
In May 2008, the Group obtained approval from the Gansu Commission to construct two wind power projects:

- the No. 5 Wind Farm with a capacity of 200MW at Beida Bridge in Guazhou, which will be wholly-owned by the Group; and
- the No. 6 Wind Farm with a capacity of 200MW at Ganhekou, Gansu Province, the PRC.

The said projects were included in the initial list of projects under the plan of 10,000MW Wind Power Base in Jiuquan. The Group has commenced the design of these projects.

Shanghai Sea Wind Power Plant (上海海風發電廠)

The Group holds a 24% equity interest in Shanghai Dong Hai Wind Power Electric Generating Company Limited, which has obtained approval to set up, own and operate 33 wind turbines with an output of 3MW each, a sea wind electricity generation project near Dong Hai Bridge, Shanghai, the PRC with a total installed capacity of 99MW. Construction of the project has commenced.



Heilongjiang Hongqi Wind Power Project and Hailang Wind Power Project (黑龍江紅旗風電項目及海浪風電項目)

In October 2008, the Group obtained approval from the National Development and Reform Commission of Heilongjiang Province to construct and operate the Hongqi Wind Power Plant and the Hailang Wind Power Plant in Hailin County, Mudanjiang City, Heilongjiang Province, the PRC, both of which will be wholly-owned by the Group.

The Hongqi Wind Power Plant will have 33 wind turbines each with an output of 1.5MW and a total capacity of 49.5MW.

The Hailang Wind Power Plant will have 58 wind turbines each with an output of 0.85MW and a total capacity of 49.3MW.

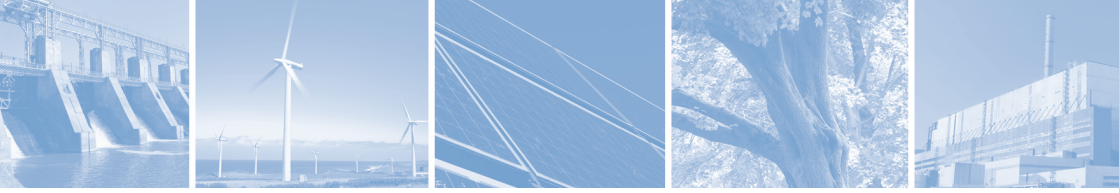
The Group has commenced preliminary work on the above projects.

Hydro-electric Power Generation Projects

Fujian Shaxikou Hydro-electric Power Plant ("Shaxikou Plant") (福建沙溪口水力發電廠)

The Shaxikou Plant is located on the Minjiang River in Nanping City, Fujian Province, the PRC. This power plant has four hydro-power generating units each with a capacity of 75MW, totalling up to 300MW.

Despite the adverse impact on power generation due to the less than average rainfall this year in the water basin adjacent to the Shaxikou Plant, the plant operated smoothly during the Interim Period, and as a result of which it was able to minimise the negative impact resulted from less than average rainfall and contributed steady revenue to the Group.



The following table sets out key operational statistics of the Shaxikou Plant for the Interim Period:

Installed capacity (MW)	300
Average tariff (RMB/kWh)	0.174
Latest tariff (RMB/kWh)	0.18
Average utilization hours (hours)	1,846
Gross generation (MWh)	553,947
Net generation (MWh)	543,496

The Group's associated company, Fujian Shou Ning Niu Tou Shan Hydro Power Company Limited owns 100% equity interest in Shou Ning Niu Tou Shan Hydro Power Station, 85% equity interest in Shou Ning County Niu Tou Shan Secondary Hydro Power Company Limited and 79% equity interest in Shou Ning Dong Qi Power Station (壽寧東溪水電有限公司) with respective installed capacities of 100MW, 15MW and 7.2MW.

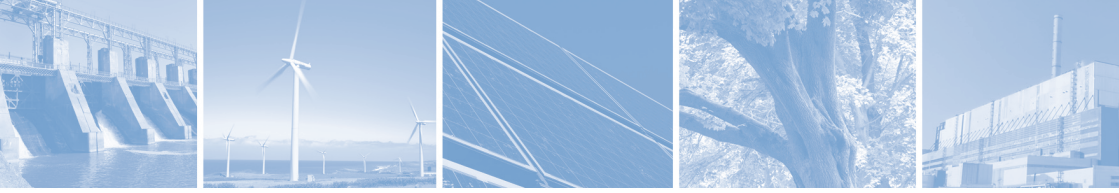
The following table sets out key operational statistics of the Shou Ning Niu Tou Shan Hydro Power Station (牛頭山發電廠) for the Interim Period:

Installed capacity (MW)	122.2
Average tariff (RMB/kWh)	0.3404
Latest tariff (RMB/kWh)	0.3404
Average utilization hours (hours)	1,284
Gross generation (MWh)	128,360
Net generation (MWh)	122,540

Biomass Power Project

Zhongdian Hongze Reproductive Substance Thermal Power Plant (中電洪澤生物質發電廠)

The Group wholly owns Zhongdian Hongze Reproductive Substance Thermal Power Plant located in Hongze County, Jiangsu Province, the PRC, occupying a site area of approximately 7,500 square metres. This plant has one boiler with a biomass processing capacity of 75 tons per hour and a 15MW steam turbine unit. The tariff approved by the government is approximately RMB0.646 per kWh. The plant commenced operations in the third quarter of 2008.



Waste-to-energy Power Project

Dongguan Waste Incineration Power Plant (東莞垃圾焚化發電廠)

Dongguan Kewei utilizes wastes from towns including Hengli Town of Dongguan City and garbage combined with coal to generate electricity. It occupies a site area of over 120,000 square metres with a daily waste treatment capacity of 1,200 tons, with a total installed capacity of 36MW. The waste treatment fee, which is paid by the local governments, increased from an average of RMB30 per ton to RMB70 per ton on 1 July 2008.

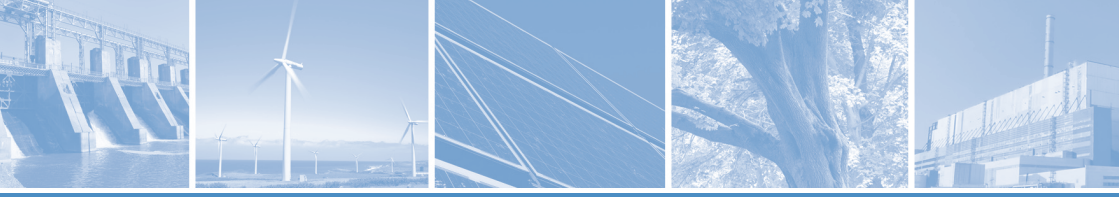
The considerable increase in the price of coal had an impact on the Group's earnings during the Interim Period. With a view to improving the revenue and lowering the cost of the said plant, the Group plans to apply for an increase in the tariff and waste treatment fee, and to implement measures to strengthen its internal controls.

The following table sets out key operational statistics of the Dongguan Kewei for the Interim Period:

Installed capacity (MW)	36
Average tariff (RMB/kWh)	0.58
Latest tariff (RMB/kWh)	0.58
Average utilization hours (hours)	5,104
Gross generation (MWh)	136,036
Net generation (MWh)	113,896
Waste treatment volume (tons)	237,844
Average waste treatment fee (RMB/ton)	56

Deqing Waste Incineration Power Plant (德清廢物焚化發電廠)

The Group constructs a waste incineration power plant in Deqing, Fujian, the PRC. The project is under construction and it is planned to install 2 sets of circulating fluidized bed boilers with a 400 ton daily waste treatment capacity and a steam turbine unit that has a capacity of 6MW.



Kunming Waste Incineration Power Plant (昆明廢物焚化發電廠)

The Group constructs a waste incineration power plant in Kunming, Yunnan, the PRC. The project is under construction and it is planned to install 4 sets of circulating fluidized bed boilers each with a daily waste treatment capacity of 550 tons. It is also equipped with 2 steam turbine units each of 15MW.

Haikou Waste Incineration Power Plant (海口廢物焚化發電廠)

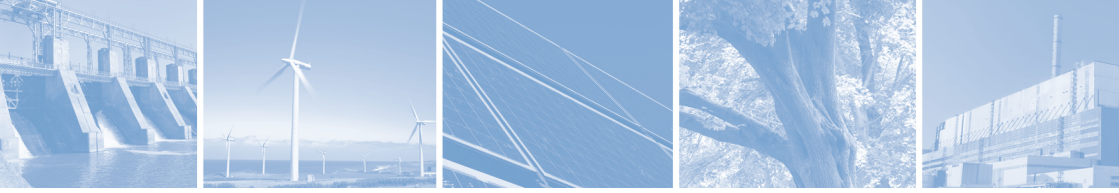
In August 2008, the Group and an independent third party (the “Third Party”) (collectively, the “Parties”), made a successful bid for the Build-Own-Transfer agreement (the “Agreement”) with 海口市環境衛生管理局 (Haikou City Environmental Hygiene Management Bureau) (the “Bureau”) whereby the Bureau granted the Parties the right to invest, construct, operate and maintain a waste incineration plant in Haikou City, Hainan Island, the PRC (the “Hainan Project”) for a period of 27 years from the date of the Agreement.

In accordance with the Agreement, the Parties shall establish a project company (the “Project Company”), which shall be owned as to 70% by the Group and 30% by the Third Party respectively, for the purpose of carrying out the development, construction, operation and management of Hainan Project. It is planned to install 2 sets of grate boilers each with a daily waste treatment capacity of 600 tons and to be equipped with 2 steam turbine units each of 12MW. The preliminary work on this project has started.

Natural Gas Power Project

Dongguan Natural Gas and Oil Power Plant (東莞天然氣及燃油發電廠)

The Group has a 80% equity interest in Dongguan Dong Xin, which is located in the Dong Cheng Economic Development Zone of Dongguan City, Guangdong, a peak load area in Dongguan City. The electricity generated by this power plant is transmitted to the grid of the Dongguan City Electricity Supply Bureau for supplying electricity and steam to nearby industrial users. This power plant has power generating units with the capacity of 360MW.



Cost control of the plant was affected as a result of surging price of natural gas and heavy oil in the past few years. As a result of the outstanding performance of the power generating units, the effect of the subsidies of the tariff and the improvement in internal management, this power plant provides a stable contribution to the operating results of the Group.

The following table sets out key operational statistics of the Dongguan Dong Xin for the Interim Period:

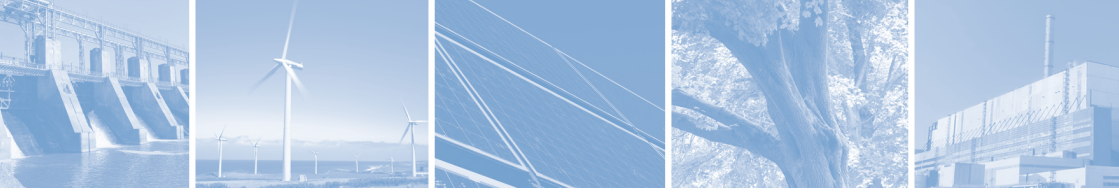
Installed capacity (MW)	360
Average tariff (RMB/kWh)	1.0984
In which: on-grid tariff (RMB/kWh)	0.62
Average utilization hours (hours)	1,812
Gross generation (MWh)	652,219
Net generation (MWh)	633,466
Volume of steam (tons)	40,058
Steam price (RMB/ton)	340

Other Power Projects

Zhongdian Hongze Thermal Plant (中電洪澤熱電廠)

The Group owns a combined heat-and-power plant using burn coal in Hongze County, Jiangsu Province, the PRC. This power plant occupies an area of approximately 53,000 square metres, has five coal-fuelled boilers and three steam turbine units with an installed capacity of 30MW and supplying heat in the form of steam to more than 60 customers.

The increase in fuel cost has affected the financial performance of this power plant. Despite there was an increase in the tariff and steam price, the positive effect thereof was insufficient to compensate for the additional operating cost generated from the significant increase in the price of coal. In view of such, the Group has endeavoured to improve the operating results of this power plant by identifying and implementing measures to reduce the cost of its production.

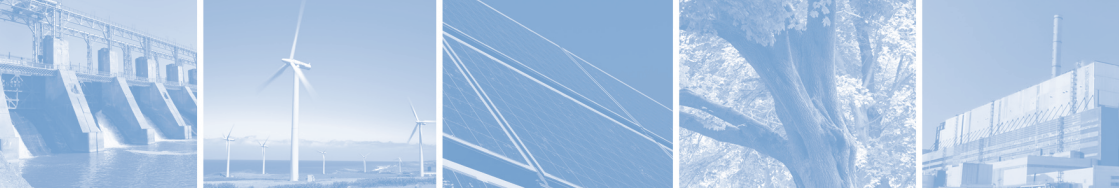


The following table sets out key operational statistics of the Zhongdian Hongze Thermal Plant for the Interim Period:

Installed capacity (MW)	30
Average tariff (RMB/kWh)	0.4661
Latest tariff (RMB/kWh)	0.4990
Average utilization hours (hours)	1,048
Gross generation (MWh)	31,450
Net generation (MWh)	23,320
Volume of steam (tons)	274,546
Steam price (RMB/ton)	150

TRADING ON VERIFIED CARBON EMISSION REDUCTIONS

According to the regulations of the PRC government, foreign companies which invest in clean energy projects in the PRC are not entitled to trade within the clean development mechanism (“CDM”). The Group is classified as a foreign company and is not entitled to apply for CDM. However, the Group practiced the verified carbon emission reductions (“VER”) to obtain income from reduced carbon emission. In September 2008, the Group signed a transaction agreement with the CAMCO Group in relation to Phase I of the Gansu Power Project, Phase II of the Gansu Power Project and the Zhongdian Hongze Reproductive Substance Thermal Power Plant, under which the volumes of reduced carbon emission of the above projects/plants are underwritten by the CAMCO Group. Relevant document in relation to the arrangement pertaining to Phase I of the Gansu Power Project have been prepared and are awaiting the approval of the designated authorities. The Group anticipates that it will start generating revenue from trading on VER in 2009.



FUTURE PLAN

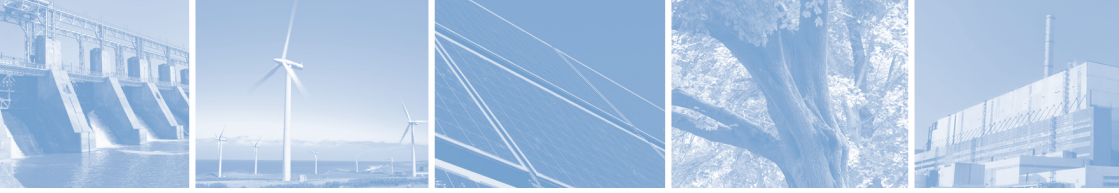
The PRC government is paying increasing attention to clean energy. It is expected to continue introducing measures to promote the generation of clean energy. The Group believes that there are significant potential and good longer term prospects in this business segment. To this end, the Group will place a lot of its resources and effort on clean energy projects.

The Group's future work will focus on:

1. strengthening asset management to secure a stable operating environment;
2. strengthening construction management and controlling construction costs to enhance corporate competitiveness;
3. adjusting development strategies according to the corporate goals and external situation and developing projects with appropriate returns;
4. strengthening fund management, designing and implementing the fund utilization plan and allocating funds efficiently; and
5. formulating corporate management procedures, attracting and training qualified staff and implementing standardized management systems.

The Group will also continue to explore and assess new businesses and investment opportunities with potential to bring long-term benefits to the Group. At present, the Group is evaluating and considering other power plant projects in the environmental domain for possible future acquisitions.

The Company will issue announcements with respect to the above possible acquisitions as and when appropriate and in accordance with the requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited.



MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND TARIFF ADJUSTMENT

For the six months ended 31 October 2008, the revenue and tariff adjustment were approximately HK\$1,061,436,000 (for the six months ended 31 October 2007: HK\$419,323,000), representing an increase of 153% over the corresponding period of the previous year, as new power projects, which were acquired and/or completed in the last financial year started to provide contributions to the Group.

FUEL COSTS

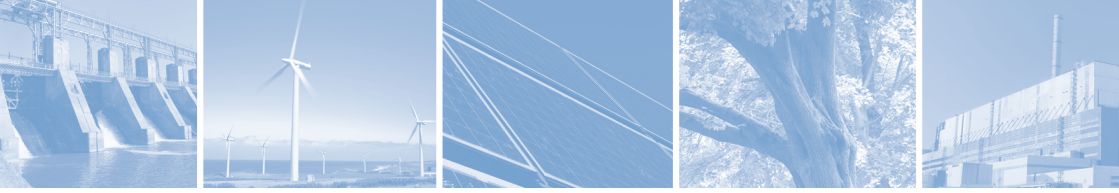
For the six months ended 31 October 2008, the fuel costs of the Group were approximately HK\$627,098,000 (for the six months ended 31 October 2007: HK\$302,337,000), representing an increase of 107% over the corresponding period of the previous year, which comprised mainly the fuel costs for production at the Zhongdian Hongze Thermal Plant and the power plants acquired in the first half of the last financial year including Dongguan Dong Xin and Dongguan Kewei. Fuel costs also increased as a result of price hikes in respect of coal, heavy oil and natural gas.

DEPRECIATION AND AMORTISATION

For the six months ended 31 October 2008, depreciation and amortisation of the Group was approximately HK\$78,155,000 (for the six months ended 31 October 2007: HK\$18,086,000), representing an increase of 332% over the corresponding period of the previous year, mainly due to the commissioning of power generating units, properties, plant and other equipment.

STAFF COSTS

For the six months ended 31 October 2008, staff costs of the Group were approximately HK\$43,019,000 (for the six months ended 31 October 2007: HK\$21,591,000), representing an increase of 99% over the corresponding period of the previous year, mainly due to the increase in the number of staff.



REPAIRS AND MAINTENANCE

For the six months ended 31 October 2008, the expenditure on repairs and maintenance of the Group was approximately HK\$26,898,000 (for the six months ended 31 October 2007: HK\$1,946,000), representing an increase of 1,282% over the corresponding period of the previous year, mainly due to the increase in the number of power generators as the Group expands its business.

OPERATING PROFIT

For the six months ended 31 October 2008, operating profit of the Group was approximately HK\$108,657,000 (for the six months ended 31 October 2007: HK\$39,178,000), representing an increase of 177% over the corresponding period of the previous year, mainly due to the contribution from the increase in the installed capacity and the increase in the on-grid tariff.

FINANCE COSTS

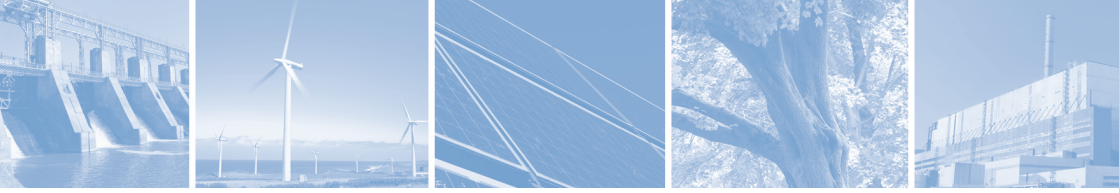
For the six months ended 31 October 2008, finance costs of the Group were approximately HK\$61,730,000 (for the six months ended 31 October 2007: HK\$31,292,000), representing an increase of 97% over the corresponding period in last year, mainly due to increased borrowing arising from the expansion of the Group's business.

INCOME TAX

For the six months ended 31 October 2008, the income tax of the Group was approximately HK\$6,907,000 (for the six months ended 31 October 2007: HK\$166,000), representing an increase of 4,061% over the corresponding period of the previous year, mainly due to the increase in profit attributable to the subsidiaries newly acquired.

PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

For the six months ended 31 October 2008, the profit attributable to the equity holders of the Group was approximately HK\$22,033,000 (for the six months ended 31 October 2007: a loss of HK\$13,838,000), mainly due to the profit arising from the electricity generation from clean energy businesses.



SEGMENT INFORMATION

The main business segments of the Group are the production and sales of energy power, and investment in properties and securities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 October 2008, the Group had cash and cash equivalents of approximately HK\$722,331,000, mainly including, cash inflow from operations, as well as the loans and project financing of the Group's subsidiaries by the banks.

CAPITAL EXPENDITURE

For the six months ended 31 October 2008, the capital expenditure of the Group was approximately HK\$301,636,000, spent mainly on project developments, the purchase of equipment and technical renovation. The major sources of the invested fund were cash on hand and project financing.

BORROWINGS

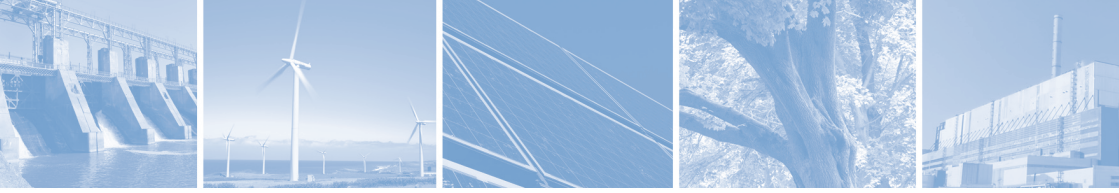
At 31 October 2008, the total loans of the Group amounted to approximately HK\$1,892,939,000 (30 April 2008: HK\$1,782,504,000), consisting of short term bank loans of approximately HK\$326,458,000 and long term bank loans of approximately HK\$1,566,481,000. The interest rate of the Group's bank loans will be adjusted in accordance with the relevant rules of the People's Bank of China, with the current annual loan interest rate ranging from 5.832% to 7.85%.

CAPITAL STRUCTURE

As at 31 October 2008, the authorised share capital of the Company was HK\$1,000 million divided into 10,000 million shares of HK\$0.10 each, of which 7,020,100,000 shares were issued and fully paid.

GEARING RATIO

As at 31 October 2008, the gearing ratio of the Group, based on total bank and other borrowings to equity (including minority interests), was 40% (30 April 2008: 39%).



FOREIGN EXCHANGE AND CURRENCY RISKS

The Group's main business transactions are mainly conducted in Hong Kong dollars and Renminbi and the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure to be insignificant.

INVESTMENT RISK OF THE CAPITAL MARKET

The Group has some funds invested in securities. With the impact of the US financial crisis and the fluctuation of the securities market, higher risk levels of the securities investment will occur. The Group will terminate/reduce the securities investment business to control the risk.

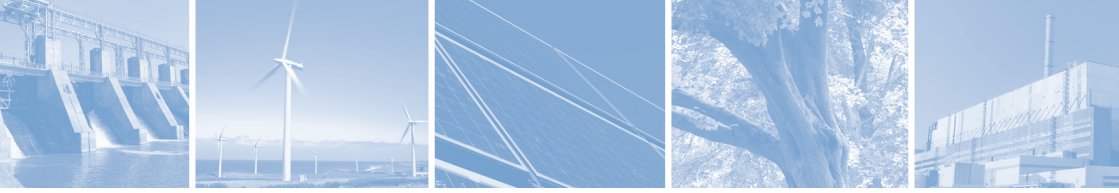
For the six months ended 31 October 2008, the decrease in fair value of the investment in securities amounted to HK\$80,726,000 (for the six months ended 31 October 2007: Nil).

CHARGE ON THE GROUP'S ASSETS

Long-term bank loans of HK\$10,769,000 (30 April 2008: HK\$10,942,000) are secured by the investment properties of the Group with a carrying amount of HK\$18,400,000 (30 April 2008: HK\$18,400,000).

The short-term bank loans of HK\$113,589,000 (30 April 2008: Nil) are secured by a bank deposit of the Group amounting to HK\$150,000,000 (30 April 2008: Nil), the properties under development of the Group and the corporate guarantee given by the Company. The properties under development amounting to HK\$312,124,000 are used as security for the loans.

The unsecured other loans of HK\$755,367,000 (30 April 2008: HK\$787,485,000) are guaranteed by certain former shareholders and minority shareholders of certain of the subsidiaries of the Group.



CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at the balance sheet date.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 October 2008, the Group had approximately 968 employees in Hong Kong and the PRC (30 April 2008: 748).

Remuneration of directors and employees is determined with reference to performance, experience and duties as well as industry and market standards.

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

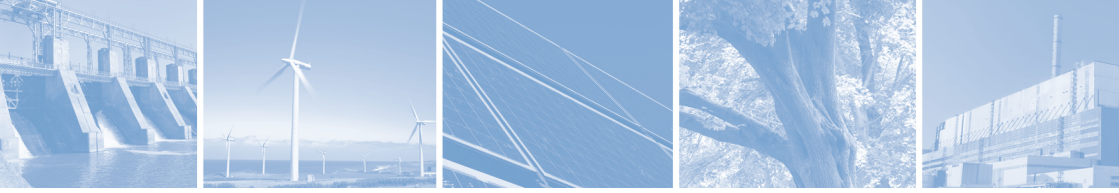
The Group also provides Hong Kong employees with a mandatory provident fund with defined contribution as required by the laws of Hong Kong. It also provides Hong Kong employees with medical insurance.

SHARE OPTION SCHEME

On 31 October 2002, a share option scheme (the "Scheme"), which is in compliance with the amended Chapter 17 of the Listing Rules was adopted by the Company.

The Company operates the Scheme. The purpose of the Scheme is to enable the Company to grant options to eligible participants, as an incentive or reward for their contribution to the Group. Eligible participants of the Scheme include the directors, employees, suppliers, customers and shareholders of the Group. Unless otherwise terminated or amended, the Scheme will remain in force for ten years from the date of adoption to 31 October 2012.

Details of the options granted under the Scheme of the Company outstanding at 31 October 2008 and 30 April 2008 are set out in note 13 to the interim financial information.



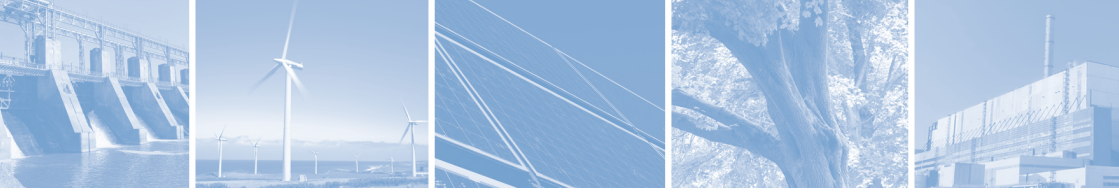
DIRECTORS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 31 October 2008, the interests of the directors of the Company in the shares and underlying shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(i) Long position in the ordinary shares of the Company

Name	Nature of interest	Number of shares interested or deemed to be interested	Percentage of the Company's issued share capital as at 31 October 2008
Mr. Lai Leong	Corporate (Note)	603,026,000	8.59%

Note: These shares were held by Wealth Success Limited, a company beneficially owned by Mr. Zhu Yi Cai (a former executive director of the Company) and Mr. Lai Leong in the proportion of 52% and 48%, respectively.



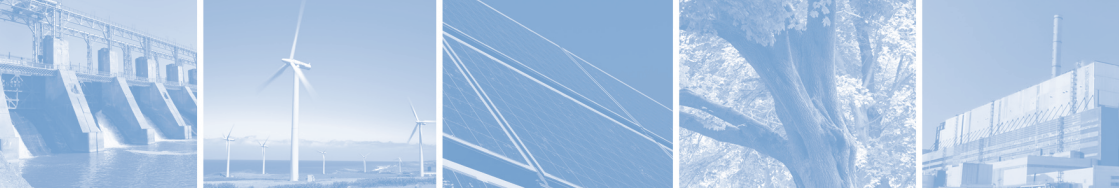
(ii) Long Position in Underlying Shares of the Company – physically settled unlisted equity derivatives

Pursuant to the Company’s share option scheme, the Company has granted options to the following directors of the Company to subscribe for shares of the Company, details of the outstanding options as at 31 October 2008 were as follows:

Name	Nature of interest	Number of underlying shares in respect of the share options granted	Percentage of underlying shares over the Company’s issued share capital as at 31 October 2008
Ms. Li Xiaolin	Beneficial owner	23,000,000	0.32%
Mr. Zhao Xinyan	Beneficial owner	18,000,000	0.25%
Mr. Wang Hao	Beneficial owner	30,000,000	0.42%
Mr. Liu Genyu	Beneficial owner	18,000,000	0.25%

Note: The above options represent the personal interests held by Ms. Li Xiaolin, Mr. Zhao Xinyan, Mr. Wang Hao and Mr. Liu Genyu respectively as beneficial owners.

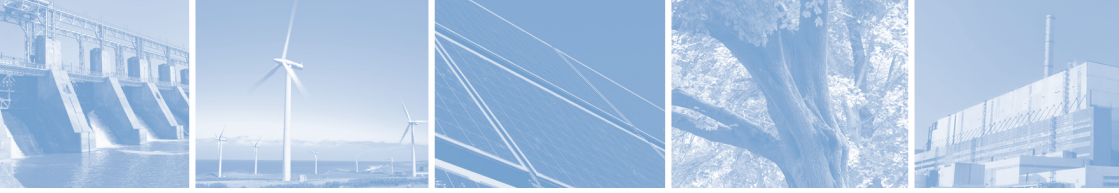
Save as disclosed above and in the section headed “Equity settled share-based transactions” below, as at 31 October 2008, none of the directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; nor had there been any grant or exercise of rights of such interests, during the six months ended 31 October 2008.



SUBSTANTIAL SHAREHOLDERS

As at 31 October 2008, the following parties had interests of 5% or more of the issued share capital of the Company as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO or as the Company is aware:

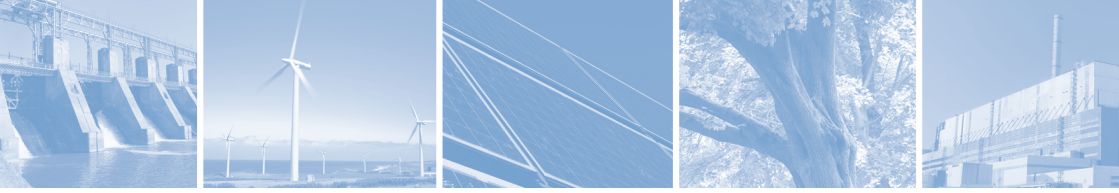
Name	Nature of interest	<i>Note</i>	Number of shares interested or deemed to be interested	Percentage holding
China Power New Energy Limited	Beneficial owner	1	2,003,464,400	28.40%
State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會)	Corporate interests	1	2,003,464,400	28.40%
China Power Investment Group Limited	Corporate interests	1	2,003,464,400	28.40%
China Power International Holding Limited	Corporate interests	1	2,003,464,400	28.40%
Tianying Holding Limited	Corporate interests	1	2,003,464,400	28.40%
Wealth Success Limited	Beneficial owner	2	603,026,000	8.59%
Mr. Zhu Yi Cai	Corporate interests	2	603,026,000	8.59%
Mr. Lai Leong	Corporate interests	2	603,026,000	8.59%
China National Offshore Oil Corporation	Corporate interests	3	900,000,000	12.8%



Name	Nature of interest	<i>Note</i>	Number of shares interested or deemed to be interested	Percentage holding
Ecofin Limited	Investment manager		776,500,000	11.06%
Ecofin General Partner Limited	Investment manager		564,096,500	8.03%
EFMI Limited	Investment manager		564,096,500	8.03%

Notes:

1. These shares were held by China Power New Energy Limited which was a wholly-owned subsidiary of Tianying Holding Limited which in turn was a wholly-owned subsidiary of China Power International Holding Limited. China Power International Holding Limited was a wholly-owned subsidiary of China Power Investment Group Limited which in turn was the wholly owned subsidiary of the State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Tianying Holding Limited, China Power International Holding Limited, China Power Investment Group Limited and the State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.
2. These shares were held by Wealth Success Limited which was beneficially owned by Mr. Zhu Yi Cai and Mr. Lai Leong as to 52% and 48% respectively. Such interest was also disclosed as the interest of Mr. Lai Leong in the above section headed "Directors' interests in shares and underlying shares".
3. These shares were held by Shining East Investments Limited which was a wholly-owned subsidiary of Overseas Oil & Gas Corporation, Ltd. which in turn was a wholly-owned subsidiary of China National Offshore Oil Corporation. Accordingly, China National Offshore Oil Corporation was deemed to be interested in these shares pursuant to Part XV of the SFO.



PURCHASE, SALE AND REDEMPTION OF SHARES

During the period, the Company repurchased its own listed shares on the Stock Exchange of Hong Kong Limited as follows:

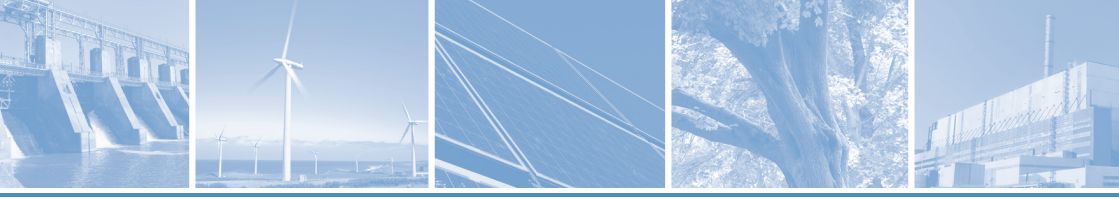
Month of repurchase	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid <i>HK\$</i>
September 2008	23,580,000	0.60	0.46	12,561,373.66

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Interim Period.

ABOUT THE AUDITOR

The Board has the intention to appoint PricewaterhouseCoopers to be the auditor of the Company to audit the year-end financial statements.



PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement and interim report are published on the website of Hong Kong Exchange and Clearing Limited ("HKEx") at www.hkexnews.hk and on the Company's website at www.cpne.com.hk.

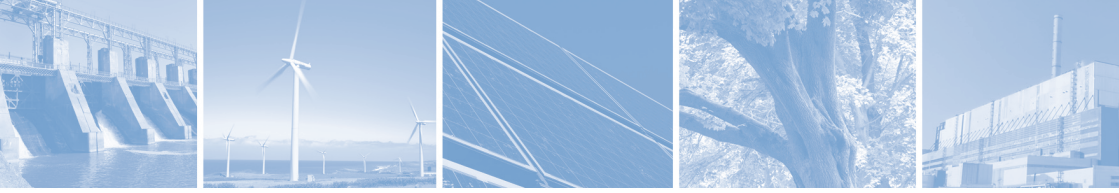
By order of the Board

China Power New Energy Development Company Limited

Li Xiaolin

Chairman

Hong Kong, 23 January 2009



CORPORATE GOVERNANCE REPORT

The Company has complied with the Code Provisions on Corporate Governance (the “Code Provision(s)”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 31 October 2008 except for the following deviations:

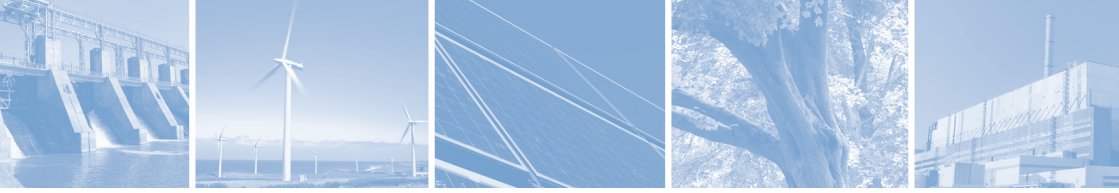
TERM OF OFFICE OF THE DIRECTORS

The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently, all the independent non-executive directors of the Company are not appointed for a specific term. However, the Company’s Bye-laws provide that these directors are subject to retirement by rotation and re-election by shareholders at its annual general meeting, the Board considers that the Company meets the objective of the code provision A.4.1.

The code provision A.4.2 of the CG Code requires that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company’s Bye-laws deviate from such code provision which provides that the Chairman of the Board is not required to retire from office by rotation. The Board considers that such Bye-laws provision is appropriate to the Company as the continuity of leadership by the Chairman of the Board is significant for the stability and growth of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted its code of conduct (the “Own Code”) for dealings in securities of the Company by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Having made specific enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code and the Own Code throughout the six months ended 31 October 2008.



COMMITTEES OF THE BOARD

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

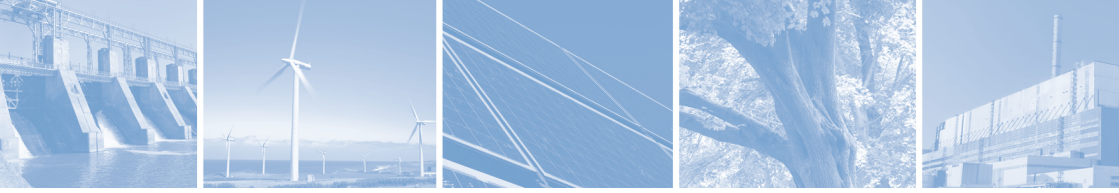
AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. To comply with the new requirement under the Code of Corporate Governance Practices, new terms of reference for the audit committee were adopted on 25 August 2005. The audit committee comprises the three independent non executive directors of the Company. The present members of the audit committee are Dr. Chow King Wai, Mr. Chu Kar Wing and Mr. Wong Kwok Tai. Mr. Chu Kar Wing is the chairman of the committee.

The interim financial information for the six months ended 31 October 2008 has not been audited but has been reviewed by the Audit Committee of the Company and PricewaterhouseCoopers.

REMUNERATION COMMITTEE

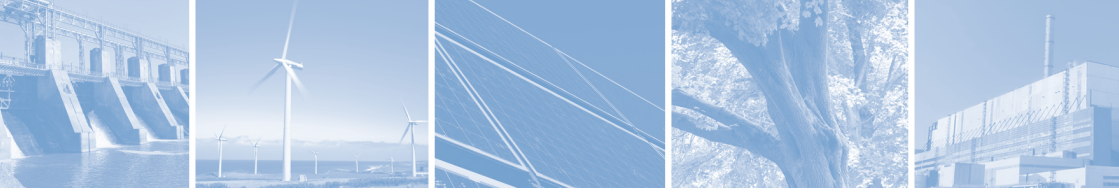
The Company has a remuneration committee which was established with written terms of reference on 25 August 2005 pursuant to the provisions set out in the Code of Corporate Governance Practices contained in Appendix 14 of the Listing Rules. The primary role of the remuneration committee is to ensure that there is a formal and transparent procedure adopted by the Company for developing policies on, and for overseeing, the remuneration packages of all the directors of the Company. The remuneration committee comprises the three independent non-executive directors of the Company. The present members of the remuneration committee are Dr. Chow King Wai, Mr. Chu Kar Wing and Mr. Wong Kwok Tai. Mr. Chu Kar Wing is the chairman of the committee.



CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 31 October 2008

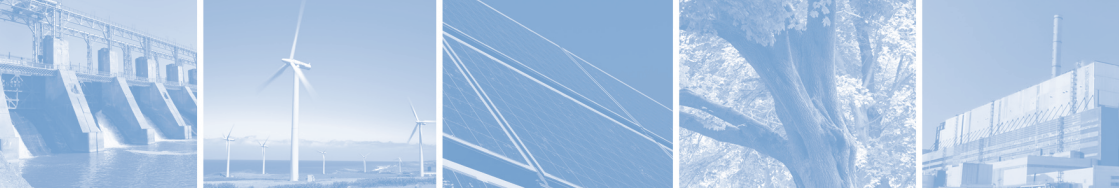
	Note	Unaudited Six months ended 31 October 2008 HK\$'000	2007 HK\$'000 (Restated) (Note 3)
Revenue	5	716,694	325,939
Tariff adjustment	5	344,742	93,384
		1,061,436	419,323
Other income	6	12,451	—
Other gains, net		3,677	6,741
Fuel costs		(627,098)	(302,337)
Depreciation and amortisation		(78,155)	(18,086)
Staff costs		(43,019)	(21,591)
Repairs and maintenance		(26,898)	(1,946)
Consumables		(2,503)	(426)
Decrease in fair value of financial assets at fair value through profit or loss		(80,726)	—
Cost of power generating equipment sold		(54,436)	—
Other operating expenses		(56,072)	(42,500)
Operating profit	7	108,657	39,178
Interest income from bank deposits		4,792	8,224
Finance costs	8	(61,730)	(31,292)
Share of profits of associated companies		1,810	715
Profit before taxation		53,529	16,825
Income tax	9	(6,907)	(166)
Profit for the period		46,622	16,659
Attributable to:			
Equity holders of the Company		22,033	(13,838)
Minority interests		24,589	30,497
		46,622	16,659
Earnings/(losses) per share for profits/(losses) attributable to the equity holders of the Company during the period (expressed in HK cents per share)			
– basic	10	0.313	(0.321)
– diluted	10	0.312	(0.321)



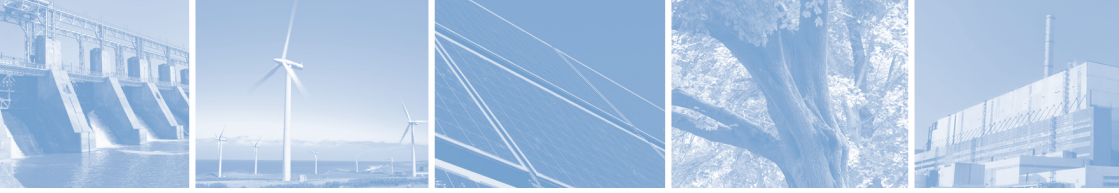
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 31 October 2008

		As at	
		31 October	30 April
		2008	2008
		Unaudited	Audited
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
			(Restated)
			(Note 4)
ASSETS			
Non-current assets			
Property, plant and equipment	11	3,525,706	3,229,611
Land use rights and leasehold land prepayments	11	95,923	95,194
Investment properties		18,400	18,400
Properties under development	11	312,124	247,701
Intangible assets		1,175,837	1,104,689
Interests in associates		222,059	154,913
Other long-term deposits and prepayments		104,422	20,433
Deferred income tax assets		31,173	32,303
		<u>5,485,644</u>	<u>4,903,244</u>
Current assets			
Inventories		240,430	199,920
Trade receivables	12	267,876	229,083
Prepayments, deposits and other receivables		224,131	492,553
Financial assets at fair value through profit or loss		34,849	131,061
Pledged deposits		155,907	52,629
Cash and cash equivalents		722,331	1,011,873
		<u>1,645,524</u>	<u>2,117,119</u>
Total assets		<u>7,131,168</u>	<u>7,020,363</u>



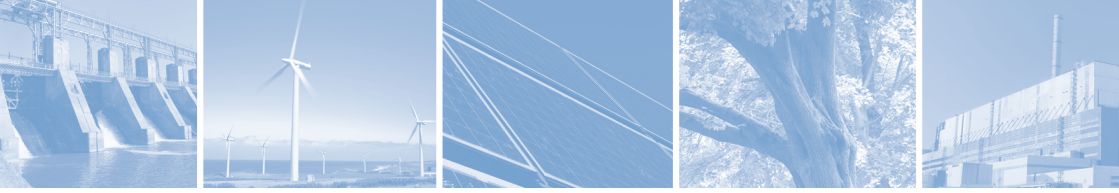
		As at	
		31 October	30 April
		2008	2008
		Unaudited	Audited
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
			(Restated)
			<i>(Note 4)</i>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	13	702,010	704,368
Share premium		3,619,370	3,629,601
Reserves		233,907	98,417
		4,555,287	4,432,386
Minority interests		233,435	179,166
Total equity		4,788,722	4,611,552
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	14	1,566,481	1,577,753
Deferred income tax liabilities		6,758	7,398
		1,573,239	1,585,151
Current liabilities			
Trade payables	15	136,550	203,078
Other payables and accruals		303,033	414,716
Bank and other borrowings	14	326,458	204,751
Current income tax payable		3,166	1,115
		769,207	823,660
Total liabilities		2,342,446	2,408,811
Total equity and liabilities		7,131,168	7,020,363
Net current assets		876,317	1,293,459
Total assets less current liabilities		6,361,961	6,196,703



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2008

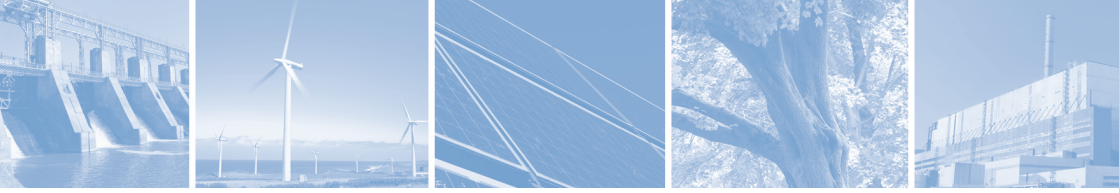
	Unaudited					
	Attributable to equity holders of the Company					
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 May 2007	322,102	115,500	25,544	(141,520)	349,114	670,740
Exercise of share options	100	530	-	-	-	630
Issue of consideration shares	60,900	592,550	-	-	-	653,450
Issue of new shares	64,000	515,200	-	-	-	579,200
Currency translation differences	-	-	7,574	-	-	7,574
Acquisition of subsidiaries	-	-	-	-	148,072	148,072
(Loss)/profit for the period	-	-	-	(13,838)	30,497	16,659
Employee share option benefits	-	-	9,753	-	-	9,753
Balance at 31 October 2007	447,102	1,223,780	42,871	(155,358)	527,683	2,086,078
Balance at 1 May 2008, as previously reported	704,368	3,629,601	237,059	(138,642)	221,411	4,653,797
Prior year adjustments pursuant to HKFRS 3 (Note 4)	-	-	-	-	(42,245)	(42,245)
Balance at 1 May 2008, as restated	704,368	3,629,601	237,059	(138,642)	179,166	4,611,552
Repurchase of shares	(2,358)	(10,231)	2,358	(2,358)	-	(12,589)
Currency translation differences	-	-	113,457	-	15,633	129,090
Contribution from a minority shareholder of a subsidiary	-	-	-	-	14,047	14,047
Profit for the period	-	-	-	22,033	24,589	46,622
Balance at 31 October 2008	702,010	3,619,370	352,874	(118,967)	233,435	4,788,722



CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 31 October 2008

	Unaudited	
	Six months ended	
	31 October	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	179,546	577,046
Net cash used in investing activities	(458,534)	(1,383,571)
Net cash (used in)/generated from financing activities	(10,554)	1,099,826
Net (decrease)/increase in cash and cash equivalents	(289,542)	293,301
Cash and cash equivalents at beginning of period	1,011,873	146,553
Cash and cash equivalents at end of period	722,331	439,854
Analysis of cash and cash equivalents:		
Cash and bank balances	722,331	439,854



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

China Power New Energy Development Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company, its subsidiaries (together, the "Group") and its associates are principally engaged in the generation and sale of electricity and the development of power plants and property investments in the People's Republic of China (the "PRC"), and investment holdings.

This condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK\$'000), unless otherwise stated, and have been approved for issue on 23 January 2009.

2 Basis of preparation

The Company has a financial year end date of 30 April. This condensed consolidated interim financial information for the six months ended 31 October 2008 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 April 2008.

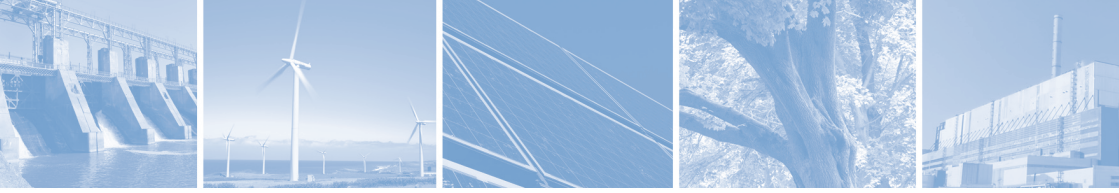
3 Accounting policies

Except as described below, the accounting policies adopted in the preparation of this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 30 April 2008.

- (a) The following interpretations are mandatory for the first time for the financial year beginning 1 May 2008.

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

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



3 Accounting policies (continued)

- (b) Changes in presentation of the condensed consolidated interim income statement

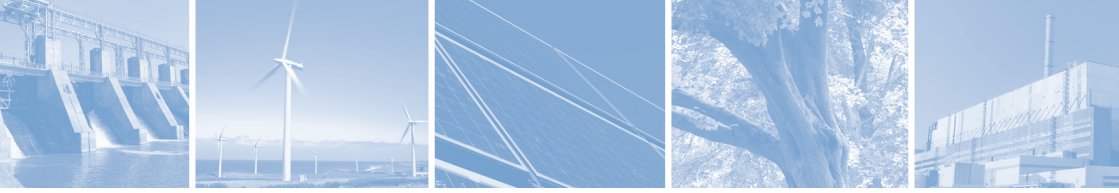
In previous years, the Group presented an analysis of expenses on the face of its consolidated income statement using a classification based on their function within the Group.

Following the acquisitions of certain power generation businesses recently, the directors reviewed the presentation of the Group's consolidated income statement, taking into account of the changes in the Group's core operations, and concluded that to present an analysis of expenses using a classification based on their nature would be more appropriate to the Group's circumstances and more relevant to users of the Group's financial statements. Consequently, the presentation of the condensed consolidated interim income statement for the period from 1 May 2008 to 31 October 2008 has been revised and the comparative figures have been reclassified in order to conform to the current period's presentation. The changes in presentation of the condensed consolidated interim income statement did not have any impact on the Group's profit for the period or the calculation of the Group's earnings/losses per share.

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

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 and HKFRS 1 (Amendment)	Puttable Financial Instrument and Obligation Arising on Liquidation
HKAS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The effect that the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) will have on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The directors anticipate that the adoption of other new standards, amendments to standards and interpretations in future periods will have no significant financial impact to the Group.



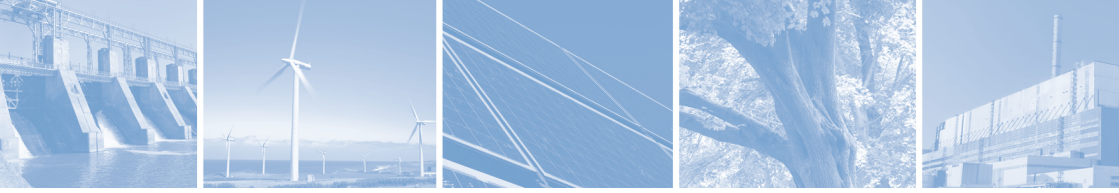
4 Restatement of certain comparative financial information

- (a) In accordance with HKFRS 3 "Business Combinations", certain provisionally estimated fair value of assets and liabilities acquired on the acquisition of Worldtron Limited and Tianhong Holding Limited in August 2007 and January 2008 respectively were used for the preparation of the annual financial statements for the year ended 30 April 2008. The fair value exercise for these acquisitions that was determined provisionally as of 30 April 2008 was re-assessed and completed during the current period and, pursuant to HKFRS 3, the comparative consolidated balance sheet as at 30 April 2008 has been restated to reflect the revised fair value of assets and liabilities acquired. The effect of the reassessed fair values was as follows:

	<i>HK\$'000</i>
Increase in goodwill	34,794
Decrease in deferred tax assets	70,408
Increase in deferred tax liabilities	6,631
Decrease in minority interests	<u>42,245</u>

As of 31 October 2008, the Group is still in the process of reviewing allocation of the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed for certain of the Group's other acquisitions that took place during 2008. Adjustments to those relevant provisional values of identifiable assets and liabilities, including any additional depreciation, amortisation, or other profit or loss effect, if any, will be recognised on completion of the initial accounting.

- (b) In addition to the above, the presentation of certain comparative information in this condensed consolidated interim financial information has been changed to conform to the current period's presentation.



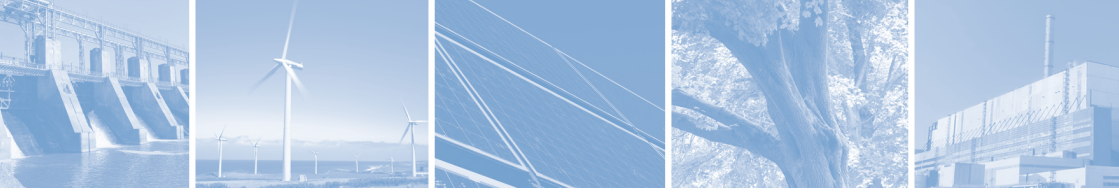
5 Revenue, tariff adjustment and segment information

(a) Revenue and tariff adjustment recognised during the period is as follows:

	Unaudited	
	Six months ended	
	31 October	
	2008	2007
	HK\$'000	HK\$'000
Sales of electricity to provincial power grid companies	641,602	300,620
Sales of power generating equipment	61,205	–
Rental income from investment properties (Note (i))	–	15,090
Others	13,887	10,229
Total revenue	716,694	325,939
Tariff adjustment (Note (ii))	344,742	93,384
	1,061,436	419,323

Notes:

- (i) Rental income from investment properties represented revenue derived from the relevant subsidiaries of the Group which had been disposed of in the second half of the year ended 30 April 2008.
- (ii) The amount represents the additional tariff received and receivable from the relevant local government authority.

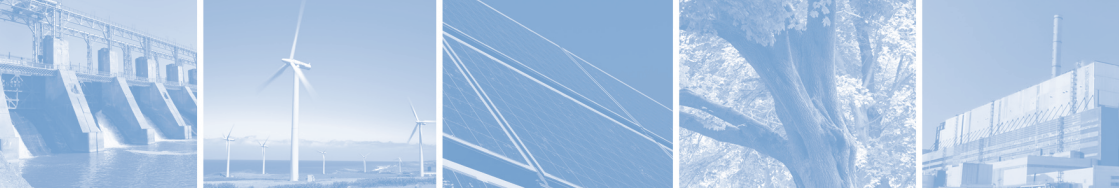


5 Revenue, tariff adjustment and segment information (continued)

(b) Primary reporting format – Business segments

	Unaudited Six months ended 31 October 2008			
	Power generation and related business HK\$'000	Securities investments HK\$'000	Others HK\$000	Total HK\$'000
Segment revenue	<u>716,694</u>	<u>–</u>	<u>–</u>	<u>716,694</u>
Segment results	<u>205,130</u>	<u>(80,550)</u>	<u>(15,923)</u>	<u>108,657</u>
Interest income from bank deposits	3,383	–	1,409	4,792
Finance costs	(61,268)	–	(462)	(61,730)
Share of profits of associated companies	1,810	–	–	<u>1,810</u>
Profit before taxation				<u>53,529</u>

	Unaudited Six months ended 31 October 2007			
	Power generation and related business HK\$'000	Securities investments HK\$'000	Others HK\$000	Total HK\$'000
Segment revenue	<u>303,436</u>	<u>–</u>	<u>22,503</u>	<u>325,939</u>
Segment results	<u>65,627</u>	<u>–</u>	<u>(26,449)</u>	39,178
Interest income from bank deposits	137	–	8,087	8,224
Finance costs	(17,976)	–	(13,316)	(31,292)
Share of profits of associated companies	715	–	–	<u>715</u>
Profit before taxation				<u>16,825</u>



5 Revenue, tariff adjustment and segment information *(continued)*

(c) Secondary reporting format – Geographical segments

Substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC except that certain cash and bank balances in the amount of HK\$573,710,000 (30 April 2008: HK\$755,816,000) were deposited in Hong Kong and the Group's financial assets at fair value through profit or loss in the amount of HK\$34,849,000 (30 April 2008: HK\$131,061,000) are relating to equity securities listed in Hong Kong. Accordingly, no secondary segment information is presented.

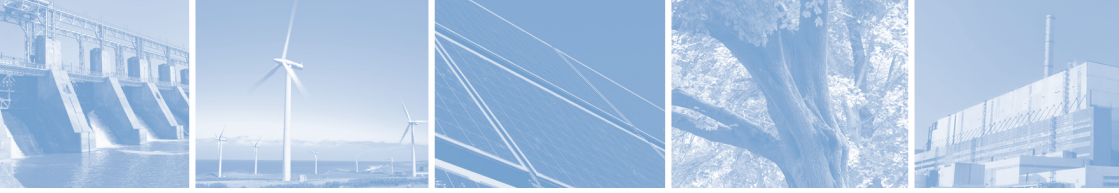
6 Other income

	Unaudited	
	Six months ended	
	31 October	
	2008	2007
	HK\$'000	HK\$'000
Refund of value added tax	7,227	–
Repairs and maintenance services fee income	5,224	–
	12,451	–

7 Operating profit

Operating profit is stated after charging the following:

	Unaudited	
	Six months ended	
	31 October	
	2008	2007
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	76,671	17,729
Amortisation of land use rights and leasehold land prepayments	943	357
Amortisation of intangible assets	541	–
Operating lease rental in respect of leasehold land and buildings	4,339	2,431



8 Finance costs

	Unaudited Six months ended 31 October	
	2008	2007
	HK\$'000	HK\$'000
Interest expense on		
– bank borrowings not wholly repayable within five years	20,162	–
– bank borrowings wholly repayable within five years	10,589	15,240
– other borrowings wholly repayable within five years	38,317	16,052
	69,068	31,292
Less: Amounts capitalised in property, plant and equipment	(7,338)	–
	61,730	31,292

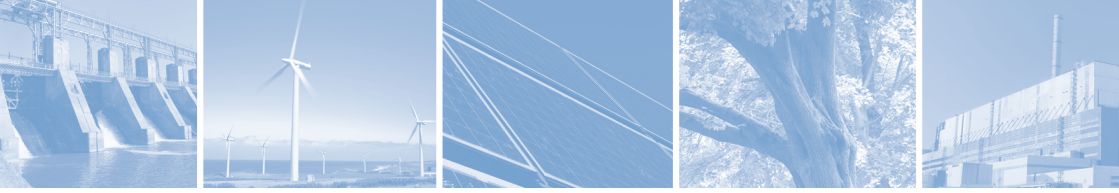
9 Income tax

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the six months ended 31 October 2008 (2007: Nil).

The provision for PRC corporate income tax is calculated based on the statutory tax rate of 25% (2007: 33%) on the estimated assessable income for the period except that pursuant to the relevant PRC income tax rules and regulations, special income tax incentives have been granted to certain subsidiaries of the Group.

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

	Unaudited Six months ended 31 October	
	2008	2007
	HK\$'000	HK\$'000
PRC corporate income tax	6,357	347
Deferred taxation	550	(181)
	6,907	166



10 Earnings/(losses) per share

- (a) The calculation of basic earnings/(losses) per share is based on the profit attributable to the equity holders of the Company of HK\$22,033,000 (six months ended 31 October 2007: loss of HK\$13,838,000) and weighted average number of ordinary shares in issue during the period of 7,037,473,261 (six months ended 31 October 2007: 4,315,936,443).
- (b) Diluted earnings per share for the six months ended 31 October 2008 is calculated based on the profit attributable to the equity holders of the Company of HK\$22,033,000, and the weighted average number of ordinary shares of 7,053,307,021 which is the weighted average number of shares in issue during the period plus the weighted average number of dilutive potential ordinary shares of 15,833,760 deemed to be issued at no consideration if all outstanding options had been exercised.

Diluted loss per share for the six months ended 31 October 2007 equal to the basic loss per share as the potential ordinary shares outstanding during the period had an anti-dilutive effect on the basic loss for the period.

11 Capital expenditure

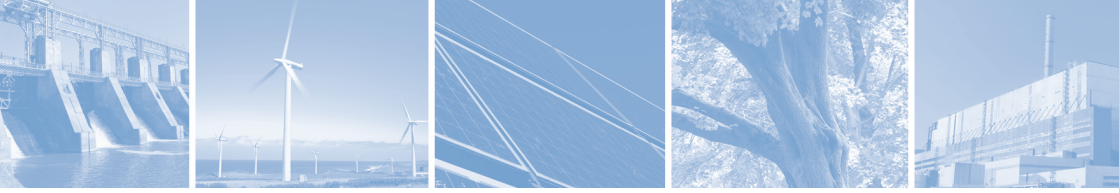
During the period, the Group incurred capital expenditure in respect of property, plant and equipment, land use rights and leasehold land prepayments and properties under development with cost of HK\$301,636,000 (six months ended 31 October 2007: HK\$1,161,992,000), HK\$524,000 (six months ended 31 October 2007: HK\$55,245,000) and HK\$59,733,000 (six months ended 31 October 2007: Nil) respectively.

During the period, property, plant and equipment with a net book value of HK\$1,853,000 (six months ended 31 October 2007: HK\$644,000) were being disposed.

12 Trade receivables

The carrying values of trade receivables approximate their fair values due to their short maturity. Substantially all trade receivables are denominated in Renminbi.

Included in trade receivables is the additional tariff receivables of HK\$108,910,000 (30 April 2008: HK\$70,032,000) from the relevant government authority.



12 Trade receivables (continued)

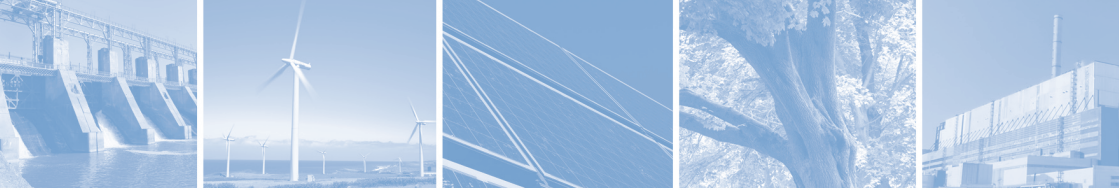
Substantially all of the Group's trade receivables are due from provincial power grid companies and the relevant local government authority. The Group normally grants 15 to 120 days (30 April 2008: 15 to 120 days) credit period to these parties from the end of the month in which the relevant sales are made. The ageing analysis of the trade receivables is as follows:

	As at	
	31 October	30 April
	2008	2008
	Unaudited	Audited
	HK\$'000	HK\$'000
1 to 3 months	228,019	215,074
4 to 6 months	14,355	13,984
Over 6 months	25,502	25
	<u>267,876</u>	<u>229,083</u>

13 Share capital

(a) Authorised and issued capital

	Number of	Nominal
	shares	value
	'000	HK\$'000
	(HK\$0.1 each)	
Authorised:		
At 30 April 2008 and 31 October 2008	<u>10,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 1 May 2007	3,221,023	322,102
Issue of consideration shares (Note (i))	609,000	60,900
Issue of shares upon placement (Note (ii))	640,000	64,000
Issue of shares upon exercise of share options (Note (iii))	<u>1,000</u>	<u>100</u>
At 31 October 2007	<u>4,471,023</u>	<u>447,102</u>
At 1 May 2008	7,043,680	704,368
Repurchase of shares (Note (iv))	<u>(23,580)</u>	<u>(2,358)</u>
At 31 October 2008	<u>7,020,100</u>	<u>702,010</u>



13 Share capital (continued)

(a) Authorised and issued capital (continued)

Notes:

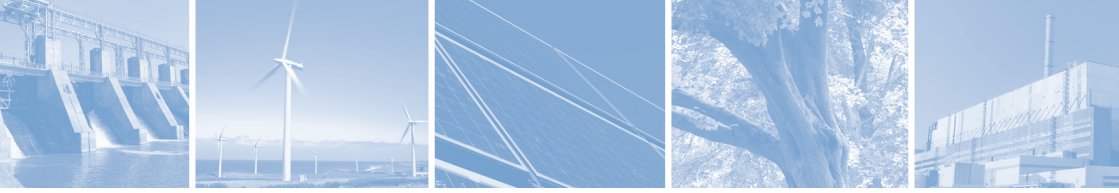
- (i) On 2 May and 1 August 2007, the Company issued 395,000,000 and an aggregate 214,000,000 shares of HK\$0.1 each to a shareholder and a third party respectively as the purchase consideration for the acquisitions of 44% equity interest in Tianhan Development Limited and 40% equity interest each in Worldtron Limited and in Skycosmos Investment Limited respectively. The fair values of the shares issued amounted to HK\$0.95 and HK\$1.30 per share respectively. These new shares rank pari passu in all respects with the existing shares.
- (ii) On 14 May 2007, the Company completed a placement of 640,000,000 shares of HK\$0.1 each at a subscription price of HK\$0.905 per share. Accordingly, 640,000,000 shares of HK\$0.1 each were issued at a premium of HK\$0.805 each. The premium on issue of shares of HK\$515,200,000 was credited to the share premium account. These new shares rank pari passu in all respects with the existing shares.
- (iii) On 5 September 2007, 1,000,000 shares of HK\$0.1 each were issued at a price of HK\$0.63 each for cash upon the exercise of the options to subscribe for 1,000,000 shares of the Company under the share option scheme of the Company. These new shares rank pari passu in all respects with the existing shares.
- (iv) During the period, the Company repurchased a total of 23,580,000 of its own shares on the Stock Exchange at a price ranging from HK\$0.46 to HK\$0.60 per share, for an aggregate consideration, before expenses, of approximately HK\$12,589,000. The shares repurchased were cancelled and an amount equivalent to the nominal value of these shares of HK\$2,358,000 were transferred from the Company's accumulated losses to the capital redemption reserve. The premium paid on the repurchased shares were charged against share premium.

(b) Share option scheme

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

Details of the options granted under the share option scheme of the Company outstanding as at 31 October 2008 and 30 April 2008 are as follows:

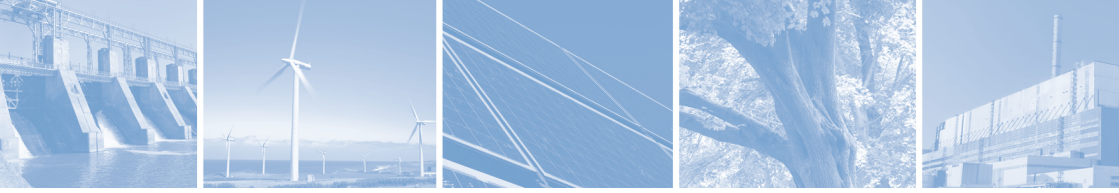
	Date of grant	Expiry date	Exercise price	Number of shares subject to the options	
				31 October 2008	30 April 2008
Directors	9 March 2007	8 March 2017	HK\$0.630	30,000,000	30,000,000
	8 June 2007	7 June 2017	HK\$0.836	59,000,000	59,000,000
Employees	9 March 2007	8 March 2017	HK\$0.630	120,000,000	120,000,000
	8 June 2007	7 June 2017	HK\$0.836	25,000,000	25,000,000
				234,000,000	234,000,000



14 Bank and other borrowings

Bank and other borrowings are analysed as follows:

	As at	
	31 October 2008 Unaudited HK\$'000	30 April 2008 Audited HK\$'000
Non-current		
Bank loans, secured (Note (a))	10,769	10,942
Bank loans, unsecured	843,966	651,211
Loan from a related party, unsecured	169,248	312,760
Other loans, unsecured (Note (b))	<u>755,367</u>	<u>787,485</u>
	<u>1,779,350</u>	<u>1,762,398</u>
Less: current portion of long-term bank loans		
– secured (Note (a))	(344)	(340)
– unsecured	(13,744)	–
current portion of long-term other loans, unsecured (Note (b))	<u>(198,781)</u>	<u>(184,305)</u>
	<u>(212,869)</u>	<u>(184,645)</u>
	<u>1,566,481</u>	<u>1,577,753</u>
Current		
Bank loans, secured (Note (c))	113,589	–
Bank loans, unsecured	<u>–</u>	<u>20,106</u>
	113,589	20,106
Current portion of non-current borrowings	<u>212,869</u>	<u>184,645</u>
	<u>326,458</u>	<u>204,751</u>
Total bank and other borrowings	<u>1,892,939</u>	<u>1,782,504</u>



14 Bank and other borrowings (continued)

Notes:

- (a) Long-term bank loans of HK\$10,769,000 (30 April 2008: HK\$10,942,000) are secured by the investment properties of the Group with a carrying amount of HK\$18,400,000 (30 April 2008: HK\$18,400,000).
- (b) The unsecured other loans of HK\$755,367,000 (30 April 2008: HK\$787,485,000) are guaranteed by certain former shareholders and minority shareholders of certain subsidiaries of the Group.
- (c) Short-term bank loans of HK\$113,589,000 (30 April 2008: Nil) are secured by a bank deposit of the Group amounting to HK\$150,000,000 (30 April 2008: Nil), the properties under development of the Group with a carrying amount of HK\$312,124,000 and a corporate guarantee given by the Company.

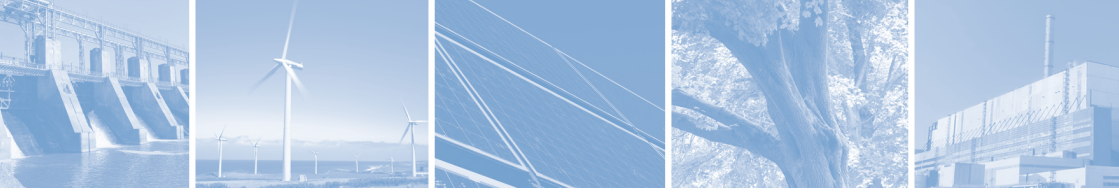
15 Trade payables

	As at	
	31 October 2008 Unaudited HK\$'000	30 April 2008 Audited HK\$'000
Accounts payable (Note (a))	93,103	91,378
Bills payable, secured (Note (b))	43,447	111,700
	136,550	203,078

Notes:

- (a) The ageing analysis of the accounts payable is as follows:

	As at	
	31 October 2008 Unaudited HK\$'000	30 April 2008 Audited HK\$'000
1 to 6 months	91,180	88,850
7 to 12 months	1,131	381
Over 1 year	792	2,147
	93,103	91,378



15 Trade payables (continued)

- (b) The bills payable are normally with maturity period of 30 to 90 days (30 April 2008: 30 to 90 days). As at 31 October 2008, the bills payable were secured by a bank deposit of the Group amounted to HK\$5,907,000 (30 April 2008: HK\$52,629,000) and a corporate guarantee given by a minority shareholder of a subsidiary of the Group.
- (c) The carrying amounts of trade payables approximate their fair values due to their short maturity. Substantially all trade payables are denominated in Renminbi.

16 Commitments

(a) Capital commitments

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

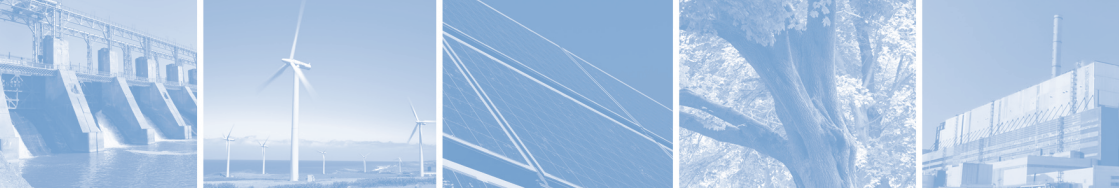
	As at	
	31 October	30 April
	2008	2008
	Unaudited	Audited
	HK\$'000	HK\$'000
Authorised but not contracted for in respect of		
– property, plant and equipment	335,895	–
Contracted but not provided for in respect of		
– property, plant and equipment	256,980	63,038
– investment in an associated company	–	61,658
– properties under development	34,508	85,536
	291,488	210,232

(b) Commitments under operating leases

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

	As at	
	31 October	30 April
	2008	2008
	Unaudited	Audited
	HK\$'000	HK\$'000
Land and buildings		
Not later than one year	9,644	8,846
Later than one year and not later than five years	16,734	10,398
Later than five years	2,771	2,700
	29,149	21,944

Generally, the Group's operating leases are for terms of 1 to 10 years.



17 Related party transactions

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

(i) *Period-end balances with related parties*

		As at	
		31 October 2008	30 April 2008
		Unaudited	Audited
<i>Note</i>		HK\$'000	HK\$'000

Included in:

Other receivables

Amount due from an intermediate holding company of a substantial shareholder

(a) **26,614** 49,182

Amounts due from minority shareholders of subsidiaries

(a) **53,102** 47,133

Other payables

Amounts due to minority shareholders of subsidiaries

(a) **40,777** 35,679

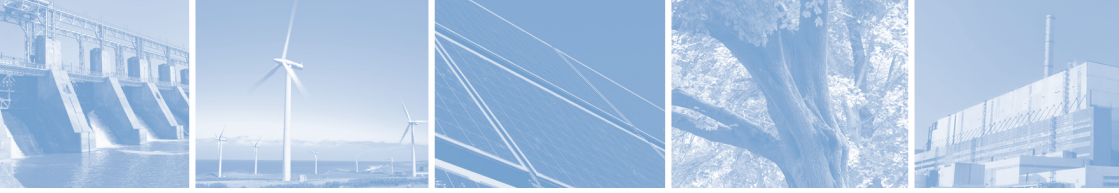
Bank and other borrowings

Loan from a minority shareholder of a subsidiary

(b) **169,248** 312,760

Notes:

- (a) Balances with these related parties are unsecured, interest free and repayable on demand.
- (b) Loan from a minority shareholder of a subsidiary is unsecured, bearing interest at 6.32% per annum and repayable by 31 July 2012.



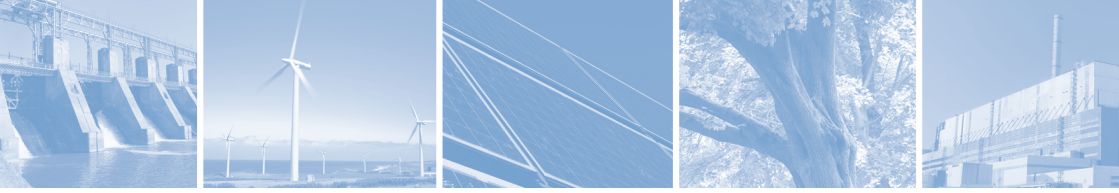
17 Related party transactions *(continued)*

(ii) Key management compensation

	Unaudited	
	Six months ended	
	31 October	
	2008	2007
	HK\$'000	HK\$'000
Basic salaries, housing allowance, other allowances, discretionary bonus and benefits in kind	3,993	3,703
Employers' contributions to pension schemes	18	18
Share-based compensation	<u>–</u>	<u>4,760</u>
	<u>4,011</u>	<u>8,481</u>

18 Interim Dividend

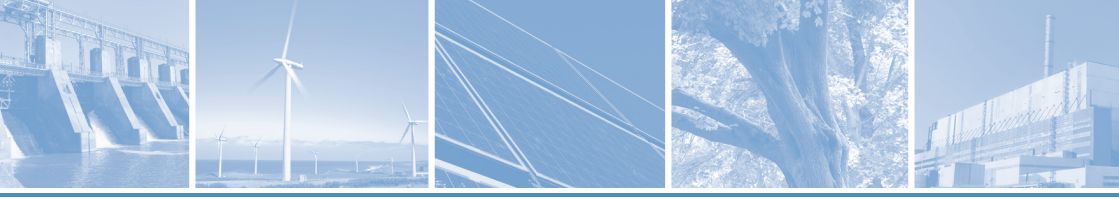
The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 October 2008 (six months ended 31 October 2007: Nil). No dividend was paid during the period under review.



**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED**
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 27 to 46, which comprises the condensed consolidated interim balance sheet of China Power New Energy Development Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 October 2008 and the related condensed consolidated interim income statement, condensed consolidated interim statement of changes in equity and condensed consolidated interim cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". The comparative condensed consolidated interim income statement, condensed consolidated interim statement of changes in equity and condensed consolidated interim cash flow statement for the six months ended 31 October 2007 were not reviewed or audited. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED (CONTINUED)**
(Incorporated in Bermuda with limited liability)

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 “Engagements to Review Financial Statements” issued by the Hong Kong Institute of Certified Public Accountants. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed consolidated interim financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 January 2009