China Power International Development Limited

中國電力國際發展有限公司

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

(Stock Code : 2380)

2011 INTERIM REPORT

Contents

Interim Financial Highlights

	Unaudited Six months ended 30 June	
	2011 RMB	2010 RMB
Earnings per share		
Basic	**0.08**	0.05
Diluted	**0.08**	0.05
Revenue	**8,183,152,000**	6,931,653,000
Profit attributable to equity holders of the Company	**411,508,000**	272,986,000

	As at	
	30 June 2011 Unaudited RMB	31 December 2010 Audited RMB
Shareholders' equity	**13,071,883,000**	12,238,499,000
Total assets	**62,716,246,000**	56,790,357,000
Cash and cash equivalents	**2,954,779,000**	977,365,000
Total borrowings	**41,490,206,000**	38,069,993,000

	Unaudited Six months ended 30 June	
	2011 MWh	2010 MWh
Gross generation	**25,914,057**	23,862,236
Net generation	**24,538,280**	22,567,763

Management Discussion and Analysis

BUSINESS OVERVIEW

China Power International Development Limited (the "Company" or "China Power" together with its subsidiaries, the "Group") is principally engaged in investment, development and operation management of power plants as well as coal-fired power and hydropower generation. Its power generation business is mainly located in Eastern China power grid, Central China power grid and Northern China power grid.

In the first half of 2011, the national economy grew rapidly in line with the overall robust economic performance of China. Driven by the economic development, power demand increased significantly with a steady growth in power generation and consumption. In the first half year of 2011, the total power generation and electricity consumption in China recorded increases of 13.50% and 12.20% respectively as compared with the corresponding period last year. The average number of utilization hours of power generation facilities in the PRC were 2,306 hours, representing an increase of 44 hours over the same period last year.

In the first half of 2011, the Group adhered to its strategic development target, carried out capital operation and resources integration and optimized asset and capital structure in light of the changes of China's economic policies and the electricity market. Leveraging its advantage of "balanced development of hydropower and coal-fired power", the Group strengthened its production and operation under better management. The Group strived to expand its source of revenue, reinforce cost control and improve the Company's core competitiveness and profitability by increasing power generation, raising tariffs and controlling coal price. Its hydropower and coal-fired power generation has become profitable and a significant growth was recorded in its overall results as compared with the corresponding period last year. The Group is also looking for the developing opportunities in the other power generation sector.

In the first half of 2011, the Group recorded a revenue of approximately RMB8,183,152,000, representing an increase of approximately 18.05% as compared with the corresponding period last year, while the profit attributable to the equity holders of the Company amounted to approximately RMB411,508,000, representing an increase of approximately RMB138,522,000 as compared with the corresponding period last year. The basic earnings per share was approximately RMB0.08, representing an increase of RMB0.03 from RMB0.05 of the corresponding period last year. Net assets per share, excluding interests of non-controlling shareholders, was RMB2.56.

Attributable Installed Capacity

As at 30 June 2011, the Group's total attributable installed capacity was 11,585 MW, of which attributable installed capacity of coal-fired power and hydropower plants was 9,057MW and 2,528MW respectively.

As at 30 June 2011, the Company's attributable installed capacity of hydropower accounted for 21.82% of total attributable installed capacity. The Company differentiated from its peers with important features for "balance development of hydro-power and coal-fired power". The significant impacts of rising coal prices on coal-fired power generation have accentuated the importance of the earnings stability of hydropower and the advantage of clean energy.

Power Generation And Net Generation

In the first half of 2011, the total power generation of its plants in operation amounted to 25,914,057 MWh, representing an increase of 8.60% as compared with the corresponding period last year. The total net generation of its plants in operation amounted to 24,538,280 MWh, representing an increase of 8.73% as compared with the corresponding period last year. The average utilization hours of coal-fired power generation plants and hydropower generation plants were 2,959 hours and 1,442 hours respectively, representing an increase of 9.70% and 1.52% respectively over the corresponding period last year. The increases in power generation and net generation were primarily attributable to the continuous growth in electricity demand in the regions where the Group's power plants are located, the continuous rainfall in Hunan in June 2011 and the increased power generation of the Group after tariff adjustments.

On-grid Tariff

In the first half of 2011, the average on-grid tariff of coal-fired power of the Group was RMB342.27/MWh, representing an increase of RMB20.19/MWh as compared with the corresponding period last year, while the average on-grid tariff of hydropower of the Group was RMB285.97/MWh, representing an increase of RMB34.67/MWh as compared with the corresponding period last year.

The increase in the on-grid tariff was mainly attributable to the tariff adjustment by the National Development and Reform Commission in the first half year of 2011, pursuant to which, the on-grid tariffs of the coal-fired power plants and five hydropower plants of the Group were raised.

The tariff adjustments were applied to cover part of the increased cost of coal-fired power companies arising from soaring coal prices in order to alleviate the difficulties in their operation.

Coal Market And Cost Control

In the first half of 2011, the unit fuel cost of the Group's coal-fired electricity was approximately RMB252.26/MWh, representing an increase of approximately 7.28% from RMB235.15/MWh of the corresponding period last year.

The increase in unit fuel cost was mainly attributable to the shortage of coal supply which led to higher coal price. As a result, the average unit cost of standard coal of the Group in the first half of 2011 increased by approximately 9.59%.

The rising coal price has led to the increase in the cost of coal-fired power generation. Nevertheless, to better control fuel cost, the Group closely monitored changes in the coal market and enhanced the proportion and fulfilment rate of major coal contracts. By capitalizing on favourable market opportunities, the Group adjusted its procurement and inventory strategies in a timely manner. It also strengthened the mixed burning and heat value management of low-cost coal to effectively mitigate the impacts of increased coal price.

Significant Investment

The shareholding of the Company in Shanghai Power, whose A shares were listed on the Shanghai Stock Exchange, was 18.86% as at 30 June 2011. The Group recognizes its shareholdings in Shanghai Power as "Available-for-sale financial assets". As of 30 June 2011, the fair value of the equity interest held by the Group was approximately RMB2,323,963,000.

Significant Finance

In order to satisfy the capital demand of the development of the Company and minimize the finance costs and improve the asset and liabilities structure of the Company, five-year convertible bonds in the amount of RMB982,000,000 with interest rate of 2.25% per annum were issued by the Company on 13 May 2011 and listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 May 2011. The issue was well received by the market. Given the domestic tightening monetary policy, financing difficulties and interest rate hikes, the proceeds from the issue of the bonds provided crucial liquidity for the Company at relatively lower costs.

New Power Plants

Among the Group's coal-fired power projects under construction, Shentou I Power Plant's "Replacement of Small Units with Large Units" project with two generation units of 600MW, Fuxi Power Plant and Xintang Power Plant, has a total installed capacity of 3,000MW upon completion. Among its hydropower projects, Baishi Power Plant and Tuokou Power Plant have a total installed capacity of 1,850MW upon completion. Currently, such projects all go smoothly.

ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION

China Power puts high priority on low carbon, environmental protection, and energy conservation during its development. All of its coal-fired power generation units were installed with desulphurisation facilities. Desulphurisation rate was around 93%, resulting in a significant decrease in the discharge of pollutants, such as Sulphur Dioxide, Nitrogen oxides, dust and sewage.

In the first half of 2011, the Company continued to exert its efforts to energy consumption management and improve its energy consumption standards. With the remarkable results in energy consumption reduction, the average electricity and coal consumption was 319.47g/KWh in the first half of the year, representing a decrease of 6.72g/KWh as compared with the corresponding period last year. The overall electricity consumption of power plants was 5.31%, representing a decrease of 0.12% as compared with the corresponding period last year.

OPERATING RESULTS

In the first half of 2011, revenue of the Group was approximately RMB8,183,152,000, representing an increase of approximately 18.05% as compared with the corresponding period last year. Profit attributable to equity holders of the Group was approximately RMB411,508,000, representing an increase of approximately RMB138,522,000 as compared with the corresponding period last year.

In the first half of 2011, the net profit of the Group amounted to approximately RMB535,428,000, representing an increase of approximately RMB169,260,000 as compared with the corresponding period last year. Among which, the net profit of hydropower amounted to RMB346,532,000 while the net profit of coal-fired power amounted to RMB188,896,000, representing a profit contribution ratio of 1.83:1. Hydropower contributed strong and stable stream of profit for the Group, while coal-fired power continued to contribute positive earnings as a whole.

The net profit increased as compared to six months period ended 30 June 2010 mainly due to the following factors:

- Due to the tariff adjustment and retroactive tariff adjustments carried out in the first half year of 2011, the average selling price increased and contributed net profit of approximately RMB520,097,000 to the Group.

- In the first half of 2011, sales volume of coal-fired power and hydropower grew steadily and increased by 1,970,517MWh as compared with the corresponding period last year, contributing net profit of approximately RMB219,052,000 to the Group.

  However, the increase was partially offset by the following:

- In the first half of 2011, fuel costs amounted to RMB4,940,387,000, representing an increase of 17.98% as compared with RMB4,187,555,000 in the first half of 2010. The unit fuel costs of coal-fired power plants amounted to RMB252.26/MWh, representing an increase of 7.28% as compared with the corresponding period last year and resulting in a decrease of RMB389,060,000 in net profit.

- The increase in interest-bearing liabilities and the rising interest rates resulted in an increase of 1.41% in finance costs in the first half of the year as compared with the corresponding period last year.

Turnover

In the first half of 2011, revenue of the Group was approximately RMB8,183,152,000, representing an increase of approximately 18.05% as compared with RMB6,931,653,000 of the corresponding period last year. The increase in revenue was mainly attributed to the tariff adjustment carried out in the first half year of 2011 and the increase in power generation resulted in rising operating income.

Segment Information

The reportable segments identified by the Group are now the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity".

Operating Costs

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

In the first half of 2011, operating costs of the Group amounted to approximately RMB6,926,260,000, representing an increase of approximately 17.05% as compared with RMB5,917,194,000 of the corresponding period last year. The increase was mainly due to the increase in fuel costs and depreciation.

Fuel costs were the largest component of the Group's operating costs. In the first half of 2011, the fuel costs of the Group was approximately RMB4,940,387,000, representing approximately 71.33% of the total operating costs and an increase of approximately 17.98% over RMB4,187,555,000 of the corresponding period last year. Unit fuel costs was approximately RMB252.26/MWh, representing an increase of approximately 7.28% over RMB235.15/MWh of the corresponding period last year.

Operating Profit

In the first half of 2011, the Group's operating profit was approximately RMB1,396,736,000, representing an increase of approximately 15.41% as compared with the operating profit of approximately RMB1,210,277,000 of the corresponding period last year.

Finance Costs

In the first half of 2011, finance costs of the Group amounted to approximately RMB733,181,000, representing an increase of approximately 1.41% as compared with RMB722,971,000 of the corresponding period last year. In the first half of 2011 and the end of 2010, the Company issued convertible bonds and RMB denominated bonds which increased its total loan amount respectively. In addition, the weighted average interest rates of the Group increased by 0.4%, resulting in an increase in finance costs.

Share of Profits of Associated Companies

In the first half of 2011, the share of losses of associated companies was approximately RMB8,509,000, representing a decrease in profits of approximately RMB85,536,000 as compared with the corresponding period last year. The losses were mainly attributed to the decrease of profits of Changshu Power Plant and loss incurred by Liyujiang Power Plant in the first half of the year due to the increase in fuel costs.

Taxation

In the first half of 2011, taxation charges of the Group were approximately RMB158,026,000, representing a decrease of approximately 34.82% as compared with RMB242,456,000 of the corresponding period last year.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

In the first half of 2011, profit attributable to equity holders of the Company was RMB411,508,000, representing an increase of approximately RMB138,522,000 as compared with RMB272,986,000 of the corresponding period last year. The increase in profit attributable to equity holders of the Company was mainly due to the increase in operating income as a result of the rising tariffs and the increase in electricity generation offsetting the increase in operating costs.

EARNINGS PER SHARE AND INTERIM DIVIDEND

In the first half of 2011, the basic and diluted earnings per share attributable to equity holders of the Company was RMB0.08 and RMB0.08 respectively. The board of directors of the Company (the "Board") resolved not to distribute any interim dividend in 2011.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, cash and cash equivalents of the Group were approximately RMB2,954,779,000 (31 December 2010: RMB977,365,000). The Group derived its funds mainly from cash inflow from operating activities, bank borrowings, project finance and corporate bonds. Current assets amounted to approximately RMB6,671,552,000 (31 December 2010: RMB3,775,273,000) and current ratio was 0.48 time (31 December 2010: 0.31 time).

DEBTS

As at 30 June 2011, total borrowings of the Group amounted to approximately RMB41,490,206,000 (31 December 2010: RMB38,069,993,000). All of the Group's bank and other borrowings are denominated in Renminbi, Japanese Yen or United States Dollars ("USD").

The debts incurred by the Group will be used for general corporate purpose, including capital expenditure and working capital requirements.

Its debt to equity ratio (total borrowings/shareholders' equity) as at 30 June 2011 and 31 December 2010 were approximately 317.40% and 311.07% respectively.

CAPITAL EXPENDITURE

In the first half of 2011, capital expenditure of the Group was approximately RMB3,068,251,000, which was primarily used for the construction of new power generation units and technical upgrade projects for existing power generation units. Sources of funds were mainly from project financing, bonds and self-generated funds.

RISK MANAGEMENT

The investment and business operation of the Group are exposed to risks from exchange rates, interest rates, commodity prices and liquidity. Affected by factors such as the uncertainties of global financial condition, the tightening of the PRC's credit policies and the soaring coal prices, the financial risks and operational risks that the Group encountered increased.

To effectively control the risk exposure of the Group, the Group has implemented all-round risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has a designated risk management department in place for execution and implementation of risk management measures.

After the Company acquired Wu Ling Power in 2009, the consolidated gearing ratio rose significantly which intensified the Group's financial risks. In order to control liquidity risks, the Group adjusted the structure for strategic development, increased its strength in fund concentration management and adopted measures to control the asset and liability scale, so as to achieve a reasonable level of gearing ratio.

FOREIGN EXCHANGE RATE RISKS

The Group is principally operating in Mainland China, with most transactions denominated in Renminbi. Apart from certain cash and bank balances and bank borrowings, most of the Group's assets and liabilities were denominated in Renminbi. The acquisition of Wu Ling Power increased the Company's borrowings denominated in JPY and USD. Expected rise in Renminbi exchange rate and JPY exchange rate fluctuation, resulting the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results. As at 30 June 2011, the balance of the Group's borrowings denominated in foreign currencies amounted to RMB2,085,967,000 (31 December 2010: RMB2,181,463,000).

A subsidiary of the Group, Wu Ling Power, entered into a derivative financial instrument contract with a view to managing the foreign exchange exposure of its JPY borrowings. The derivative financial instrument contract is mainly to sell USD for JPY with an aggregate notional principal amount of JPY2,991,748,000 (31 December 2010: JPY3,121,824,000).

PLEDGE OF ASSETS

As at 30 June 2011, the Group pledged its property, plant and equipment with a net book value of approximately RMB634,802,000 (31 December 2010: RMB 439,000,000) to certain banks to secure bank loans in the amount of RMB293,570,000 (31 December 2010: RMB150,500,000). In addition, certain bank borrowings were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these facilities as at 30 June 2011 was amounting to approximately RMB1,327,347,000 (31 December 2010: RMB1,208,989,000). As at 30 June 2011, bank deposits of RMB154,623,000 were pledged against short-term bank borrowings and bills payable of the Group (31 December 2010 : Nil)

CONTINGENT LIABILITIES

As at 30 June 2011, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2011, the Group had a total of 7,827 full-time employees.

The Group put great emphasis on the establishment of performance evaluation as well as rewarding and punishment mechanism. The Group determined the emoluments of its directors and employees based on their respective performance, working experience, duties and the prevailing market rates. The Group also implemented incentive policy linking emoluments with performance.

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

OUTLOOK OF THE SECOND HALF OF THE YEAR

In the second half of 2011, China will face certain challenges along with the internal and external changes in the political and economic environments. Energy development will be unstable and uncertain primarily due to the rapid increase in commodity prices, the anticipated rising inflation and the interest rate hike. Owing to the significant increase in commodity prices, there will be higher pressure on the coal price of major contracts during the year. However, the increase in electricity consumption and the implementation of new tariffs will provide favorable conditions and positive factors for the power generation industry.

The Group will keep abreast of tariff adjustments, the reform policies of the power generation market and the development in the electricity and coal markets. Besides, the Group will also actively respond to the complicated and changing policies and market conditions. It will capitalize on its advantages to better manage its existing assets and enhance its profitability for achieving satisfactory results. The Group will ensure development of newly added assets in stages, strengthen its growth potential and fully implement its development strategies. By establishing the image of an “energy saving and environmentally-friendly” enterprise, the Company will maintain its positive market image as well as its healthy and rapid development. It will also nurture the corporate culture of “still water runs deep” as a modern human-oriented enterprise.

By order of the Board
China Power International Development Limited

Li Xiaolin
Chairman

Hong Kong, 10 August 2011

Corporate Governance Report

The Corporate Governance Report has been set out in the 2010 annual report. Save for the deviations from Code A.2.1 and Code A.4.2, the Company has complied with the provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) for the six months ended 30 June 2011.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Ms. Li Xiaolin currently serves as chairman of the Board and chief executive officer of the Company. The Board believes that Ms. Li Xiaolin has served as the chief executive officer and accumulated extensive experience in the capital market and the industry. It will be more effective in developing the Company’s long-term business strategies and in execution of the Company’s business plans if Ms. Li Xiaolin continues to serve as the chief executive officer of the Company. To help maintain a balance of power, the Company has set up an executive committee (the “Executive Committee”). The Executive Committee was formed by all executive directors of the Company (“Directors”) and senior management and meetings were convened regularly to make decision on matters concerning the daily management and business of the Company.

TERM OF OFFICE OF THE DIRECTORS

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

As provided in the articles of association of the Company, the executive Director who is also the chief executive officer of the Company shall not be subject to retirement by rotation, while all the other Directors will be subject to retirement at every annual general meeting after the annual general meeting in 2007.

The Company is of the view that the position of chief executive officer is crucial to the operation of the Company. The articles of association of the Company stipulate that the chief executive officer shall not be subject to retirement by rotation, which reflects the importance of this position and ensures that the impact of the change of personnel on the operation of the Company is kept to minimal.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted code of conduct for securities transactions by the Directors (the “Code of Conduct”), the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to the Directors, all Directors confirmed that they have complied with the Code of Conduct for the six months ended 30 June 2011.

COMMITTEES OF THE BOARD

The Company has set up two specialized committees under the Board, being an audit committee (the "Audit Committee") and a compensation and nomination committee (the "Compensation and Nomination Committee") to conduct self-monitoring and control in relevant aspects of the Company.

AUDIT COMMITTEE

The Company established the Audit Committee on 24 August 2004 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Code which have been effective since 31 December 2004. The Audit Committee comprises three members, namely, Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec, all of whom are independent non-executive Directors. The Audit Committee is chaired by Mr. Kwong Che Keung, Gordon. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company. The interim financial information for the six months ended 30 June 2011 has been reviewed by the Audit Committee and PricewaterhouseCoopers.

COMPENSATION AND NOMINATION COMMITTEE

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

The Compensation and Nomination Committee comprises three members, namely Mr. Li Fang, Mr. Kwong Che Keung, Gordon and Mr. Tsui Yiu Wa, Alec, all of whom are independent non-executive Directors. The Compensation and Nomination Committee is chaired by Mr. Li Fang.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in Directors' biographical details since the date of the annual report 2010 of the Company or (as the case may be) the date of announcement for the appointment of the Director issued by the Company subsequent to the date of the annual report 2010, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. Kwong Che Keung, Gordon

Appointment

- China COSCO Holdings Company Limited (independent non-executive director) with effect from 17 May 2011

Cessation of appointment

- Beijing Capital International Airport Company Limited (independent non-executive director)
- COSCO International Holdings Limited (independent non-executive director)

Mr. Li Fang

Appointment

- China Power New Energy Development Company Limited (independent non-executive director) with effect from 7 July 2011

Mr. Tsui Yiu Wa, Alec

Appointment

- Arnold Holdings Limited (independent non-executive director) with effect from 25 March 2011

  The Company was renamed to Summit Ascent Holdings Limited on 16 May 2011.

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Other Information

SHARE OPTION SCHEMES

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

(A) Pre-IPO Share Option Scheme

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

The Pre-IPO Share Option Scheme was terminated on the date on which dealings in the shares of the Company commenced on the Stock Exchange (i.e. 15 October 2004). No further options will be granted after that date but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect. The main terms of the Pre-IPO Share Option Scheme are summarised in the 2010 annual report.

Movements of the options granted under the Pre-IPO Share Option Scheme ("Pre-IPO Share Options") for the six months ended 30 June 2011 are as follows:

		Number of shares subject to options						
Grantee	Date of grant	Outstanding as at 1 January 2011	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2011	Expiry date *(Note 1)*	Exercise price per share (HK$)
Directors:								
Li Xiaolin	18 September 2004	1,661,500	–	–	–	1,661,500	17 September 2014	2.53
Other employees	18 September 2004	3,904,600	–	–	–	3,904,600	17 September 2014	2.53
	11 October 2004	1,038,500	–	540,000	–	498,500	10 October 2014	2.53

Note 1: Each option has a 10-year exercise period within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of an option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her option (less any number of shares in respect of which the option has been previously exercised).

As at 30 June 2011, a total of 6,064,600 shares (representing approximately 0.12% of the existing issued share capital of the Company) will be issued by the Company if all outstanding Pre-IPO Share Options are exercised.

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

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

(B) Share Option Scheme

The Share Option Scheme was conditionally approved and adopted by a written resolution passed by the Company's shareholders on 24 August 2004. The purposes of the Share Option Scheme are to attract and retain high-calibre personnel and to provide them with the opportunity to acquire equity in the Company so as to incite them for better performance. The major terms of the Share Option Scheme are summarised in our 2010 annual report.

Movements of the options granted under the Share Option Scheme for the six months ended 30 June 2011 are as follows:

		Number of shares subject to options						
Grantee	Date of grant	Outstanding as at 1 January 2011	Granted during the period	Lapsed or cancelled during the period	Exercised during the period	Outstanding as at 30 June 2011	Expiry date *(Note 1)*	Exercise price per share (HK$)
Directors:								
Li Xiaolin	4 April 2007	1,905,000	–	–	–	1,905,000	3 April 2017	4.07
	2 July 2008	820,000	–	–	–	820,000	1 July 2018	2.326
Liu Guangchi	2 July 2008	740,000	–	–	–	740,000	1 July 2018	2.326
Guan Qihong	2 July 2008	400,000	–	–	–	400,000	1 July 2018	2.326
Other employees	4 April 2007	11,014,000	–	804,000	–	10,210,000	3 April 2017	4.07
	2 July 2008	23,840,000	–	770,000	–	23,070,000	1 July 2018	2.326

Note 1: Each option has a 10-year exercise period within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of an option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her option (less any number of shares in respect of which the option has been previously exercised).

As at 30 June 2011, a total of 37,145,000 shares (representing approximately 0.73% of the existing issued share capital of the Company) will be issued by the Company if all outstanding options under the Share Option Scheme are exercised.

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

The options were granted to the Directors, senior management and other employees of the Company pursuant to the Share Option Scheme on 4 April 2007 and 2 July 2008. The fair value of the options as at the dates of grant under the Model was HK$23,517,000 and HK$18,346,000 respectively. For the six months ended 30 June 2011, a share option expense of RMB1,052,000 has been recognised with a corresponding adjustment made in the Group's employee share-based compensation reserve.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2011, save as disclosed below, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO")) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register of interests referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Name of Directors	Capacity	Name of company in which interests are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives *(Note 1)*	Percentage of issued share capital of the Company (%)	Long/Short position
Li Xiaolin	Beneficial owner	the Company	18 September 2004, 4 April 2007 and 2 July 2008	4,386,500	0.086	Long
Liu Guangchi	Beneficial owner	the Company	2 July 2008	740,000	0.014	Long
Guan Qihong	Beneficial owner	the Company	2 July 2008	400,000	0.008	Long

Notes:

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2011, to the best knowledge of the Directors, the following persons (other than a Director and chief executives of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Capacity	Number of shares interested other than under equity derivatives *(Note 3)*	Percentage of issued share capital of the Company (%)	Long/ Short position
China Power Development Limited ("CPDL")	Beneficial owner	1,996,500,000	39.09	Long
China Power International Holding Limited ("CPI Holding") *(Note 1)*	Interest of a controlled corporation	1,996,500,000	39.09	Long
	Beneficial owner	1,532,827,927	30.01	Long
China Power Investment Corporation ("CPI Group") *(Note 2)*	Interest of a controlled corporation	3,529,327,927	69.11	Long

Notes:

(1) CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in 1,996,500,000 shares owned by CPDL for the purposes of the SFO.

(2) CPI Group is the beneficial owner of CPI Holding and therefore CPI Group is deemed to be interested in 1,532,827,927 and 1,996,500,000 shares owned by CPI Holding and CPDL respectively for the purposes of the SFO.

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

Save as disclosed above, as at 30 June 2011, no person, other than the Directors and chief executives of the Company whose interests are set out in the section "Directors' Interests in Securities" above, had any interest or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Note	Unaudited Six months ended 30 June 2011 RMB'000	 2010 RMB'000
Revenue	4	**8,183,152**	6,931,653
Other income	5	**109,597**	90,973
Fuel costs		**(4,940,387)**	(4,187,555)
Depreciation		**(914,180)**	(806,657)
Staff costs		**(307,569)**	(261,664)
Repairs and maintenance		**(223,021)**	(196,937)
Consumables		**(76,011)**	(78,395)
Other gains	6	**30,247**	104,845
Other operating expenses		**(465,092)**	(385,986)
Operating profit	7	**1,396,736**	1,210,277
Finance income	8	**48,892**	51,161
Finance costs	8	**(733,181)**	(722,971)
Share of (losses)/profits of associated companies		**(8,509)**	77,027
Share of losses of jointly-controlled entities		**(10,484)**	(6,870)
Profit before taxation		**693,454**	608,624
Taxation	9	**(158,026)**	(242,456)
Profit for the period		**535,428**	366,168
Attributable to:			
Equity holders of the Company		**411,508**	272,986
Non-controlling interests		**123,920**	93,182
		535,428	366,168
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
– basic	10	**0.08**	0.05
– diluted	10	**0.08**	0.05

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

		Unaudited	
		Six month ended 30 June	
	Note	**2011 RMB'000**	2010 RMB'000
Profit for the period		**535,428**	366,168
Other comprehensive income/(loss):			
– Fair value gain/(loss) on available-for-sale financial assets, net of deferred tax	16	**538,627**	(574,347)
Total comprehensive income/(loss) for the period		**1,074,055**	(208,179)
Total comprehensive income/(loss) attributable to:			
– equity holders of the Company		**950,135**	(301,361)
– non-controlling interests		**123,920**	93,182
		1,074,055	(208,179)

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2011

	Note	As at 30 June 2011 Unaudited RMB'000	As at 31 December 2010 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**47,401,982**	44,950,107
Prepayment for construction of power plants	12	**1,539,434**	1,836,820
Land use rights	12	**454,002**	458,544
Goodwill		**767,365**	767,365
Interests in associated companies		**1,579,056**	1,587,565
Interests in jointly-controlled entities		**257,686**	135,881
Available-for-sale financial assets	13	**2,478,675**	1,733,650
Long-term loans to a fellow subsidiary	23	**1,500,000**	1,500,000
Deferred income tax assets		**66,494**	45,152
		56,044,694	53,015,084
Current assets			
Inventories		**413,190**	336,136
Accounts receivable	14	**2,307,908**	1,716,569
Prepayments, deposits and other receivables		**829,977**	717,121
Amounts due from group companies	23	**8,820**	26,886
Tax recoverable		**2,255**	1,196
Pledged bank deposits		**154,623**	—
Cash and cash equivalents		**2,954,779**	977,365
		6,671,552	3,775,273
Total assets		**62,716,246**	56,790,357
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	**5,121,473**	5,121,473
Share premium	15	**4,303,111**	4,303,111
Reserves	16	**3,647,299**	2,813,915
		13,071,883	12,238,499
Non-controlling interests		**2,855,563**	2,655,698
Total equity		**15,927,446**	14,894,197

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2011

	Note	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
		As at	
LIABILITIES			
Non-current liabilities			
Deferred income		**88,476**	93,863
Long-term bank borrowings	18	**26,166,250**	24,141,041
Long-term borrowings from ultimate holding company	23	**1,473,816**	1,473,816
Long-term borrowings from CPI Financial Company ("CPIF")	23	**1,432,095**	1,429,595
Corporate bonds	19	**1,793,239**	1,793,239
Other long-term borrowings	19	**975,762**	135,201
Obligations under finance leases		**175,597**	184,337
Deferred income tax liabilities		**807,918**	570,095
Other long-term liabilities		**9,451**	11,903
		32,922,604	29,833,090
Current liabilities			
Accounts and bills payables	17	**871,540**	461,206
Construction cost payable		**1,758,769**	1,059,060
Other payables and accrued charges		**974,837**	897,030
Derivative financial instruments	20	**57,879**	71,902
Amounts due to group companies	23	**359,484**	203,628
Corporate bonds	19	**1,000,000**	—
Current portion of long-term bank borrowings	18	**2,074,828**	2,342,585
Short-term bank borrowings	18	**3,914,000**	3,724,700
Other bank borrowings	18	**517,728**	529,816
Short-term borrowings from CPIF	23	**2,142,488**	2,300,000
Short-term other borrowings	19	**—**	200,000
Current portion of obligations under finance leases		**17,253**	16,804
Taxation payable		**177,390**	256,339
		13,866,196	12,063,070
Total liabilities		**46,788,800**	41,896,160
Total equity and liabilities		**62,716,246**	56,790,357
Net current liabilities		**7,194,644**	8,287,797
Total assets less current liabilities		**48,850,050**	44,727,287

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital RMB'000	Share premium RMB'000	Other reserves (Note 16) RMB'000	(Accumulated losses)/ retained profits RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2010	5,121,473	4,303,111	3,438,167	(424,357)	2,442,996	14,881,390
Profit for the period	–	–	–	272,986	93,182	366,168
Other comprehensive (loss)/income:						
Decrease in fair value of available-for-sale financial assets	–	–	(781,076)	–	–	(781,076)
Deferred tax on decrease in fair value of available-for-sale financial assets	–	–	206,729	–	–	206,729
Total comprehensive (loss)/income for the period ended 30 June 2010	–	–	(574,347)	272,986	93,182	(208,179)
Employee share option benefits	–	–	2,444	–	–	2,444
Lapse of share options	–	–	(1,014)	1,014	–	–
Release upon disposal of available-for-sale financial assets	–	–	(72,568)	–	–	(72,568)
Release of deferred tax upon disposal of available-for-sale financial assets	–	–	10,694	–	–	10,694
Dividend paid to a shareholder of a subsidiary	–	–	–	–	(85,100)	(85,100)
2009 final dividend	–	–	–	(229,819)	–	(229,819)
	–	–	(60,444)	(228,805)	(85,100)	(374,349)
Balance at 30 June 2010	5,121,473	4,303,111	2,803,376	(380,176)	2,451,078	14,298,862

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital RMB'000	Share premium RMB'000	Other reserves (Note 16) RMB'000	(Accumulated losses)/ retained profits RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2011	5,121,473	4,303,111	2,854,444	(40,529)	2,655,698	14,894,197
Profit for the period	–	–	–	411,508	123,920	535,428
Other comprehensive income/(loss):						
Increase in fair value of available-for-sale financial assets	–	–	718,169	–	–	718,169
Deferred tax on increase in fair value of available-for-sale financial assets	–	–	(179,542)	–	–	(179,542)
Total comprehensive income for the period ended 30 June 2011	–	–	538,627	411,508	123,920	1,074,055
Employee share option benefits	–	–	1,052	–	–	1,052
Lapse of share options	–	–	(1,758)	1,758	–	–
Equity component of convertible bonds (Note 19(c))	–	–	124,995	–	–	124,995
Acquisition of additional interests in a subsidiary	–	–	–	(12,980)	(18,709)	(31,689)
Acquisition of a subsidiary	–	–	–	–	167	167
Dividend paid to a shareholder of a subsidiary	–	–	–	–	(49,900)	(49,900)
Contribution from non-controlling shareholders of subsidiaries	–	–	–	–	144,387	144,387
2010 final dividend	–	–	–	(229,818)	–	(229,818)
	–	–	124,289	(241,040)	75,945	(40,806)
Balance at 30 June 2011	5,121,473	4,303,111	3,517,360	129,939	2,855,563	15,927,446

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Net cash generated from operating activities	1,061,075	631,265
Net cash used in investing activities	(2,332,790)	(1,697,998)
Net cash generated from financing activities	3,249,129	1,108,526
Net increase in cash and cash equivalents	1,977,414	41,793
Cash and cash equivalents at beginning of period	977,365	1,910,816
Cash and cash equivalents at end of period	2,954,779	1,952,609
Analysis of cash and cash equivalents:		
Cash and bank balances	2,954,779	1,952,609

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Power International Development Limited (the "Company") was incorporated in Hong Kong on 24 March 2004 as a limited liability company under the Hong Kong Companies Ordinance. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 15 October 2004.

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

This condensed consolidated interim financial information is presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and has been approved for issue on 10 August 2011.

This condensed consolidated interim financial information has not been audited.

In May 2011, the Company issued RMB denominated US$ settled 2.25% convertible bonds of an initial principal amount of RMB982,000,000 (equivalent to US$150,000,000). Further details are given in Note 19(c).

2 BASIS OF PREPARATION

The Company has a financial year end date of 31 December. This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting". This condensed consolidated interim financial information should be read in conjunction with the annual accounts for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual accounts for the year ended 31 December 2010.

In preparing this condensed consolidated interim financial information, the Directors have also taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As of 30 June 2011, the Group had undrawn committed banking facilities amounting to approximately RMB15,868 million (31 December 2010: RMB20,800 million) and will refinance and/or restructure certain short-term loans into long-term loans or to consider alternative sources of financing, where applicable. Under these circumstances, the Directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared this condensed consolidated interim financial information on a going concern basis notwithstanding that at 30 June 2011, the Group's current liabilities exceeded its current assets by approximately RMB7,195 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3 ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual accounts for the year ended 31 December 2010, except as mentioned below.

(a) Effect of adopting amendments to standards and interpretations

In 2011, the Group adopted HKAS 34 (Amendment), "Interim financial reporting", which is mandatory for accounting periods beginning on or after 1 January 2011.

Amendment to HKAS 34 "Interim financial reporting" is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

The following amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2011. The adoption of these amendments to standards and interpretations does not have any significant impact to the results and financial position of the Group.

HKFRSs (Amendment)	Improvements to HKFRSs 2010, except for amendment to HKAS 34 "Interim financial reporting" as disclosed above
HKAS 32 (Amendment)	Classification of right issues
HK(IFRIC)-Int 14	Prepayments of a minimum funding requirement
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3 **ACCOUNTING POLICIES** *(Continued)*

(b) New standards and amendments to standards that have been issued but are not effective for the financial year ending 31 December 2011 and have not been early adopted by the Group

HKFRS 7 (Amendment)	Disclosures - transfers of financial assets[1]
HKFRS 9	Financial instruments[2]
Additions to HKFRS 9	Financial instruments - financial liabilities[2]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
HKAS 1 (Amendment)	Presentation of financial statements[2]
HKAS 12 (Amendment)	Deferred tax - recovery of underlying assets[1]
HKAS 19 (2011)	Employee benefits[2]
HKAS 27 (2011)	Separate financial statements[2]
HKAS 28 (2011)	Investments in associates and joint ventures[2]

(1) Effective for the Group for annual period beginning on 1 January 2012

(2) Effective for the Group for annual period beginning on 1 January 2013

The Directors anticipate that the adoption of these new standards and amendments to standards will not result in a significant impact on the results and financial position of the Group.

4 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period is as follows:

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Sales of electricity to regional and provincial power grid companies (note (a))	8,091,100	6,931,653
Provision of power generation and related services (note (b))	92,052	—
	8,183,152	6,931,653

Note:

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

(b) Provision of power generation and related services represents income from provision of power generation and related services to other power plants and power grid companies which are calculated based on mutually agreed terms.

Segment information

The chief operating decision maker has been identified as the executive Directors and certain senior management (collectively referred to as the "CODM") that make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. Currently, it is determined that the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity" in the PRC are the reportable segments of the Group.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from available-for-sale financial assets, if any, and effects on items of a non-recurring nature, such as impairments when the impairment is the result of an isolated, non-recurring event. Other information provided to the CODM is measured in a manner consistent with that in the accounts.

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4 **REVENUE AND SEGMENT INFORMATION** *(Continued)*

Segment information *(Continued)*

	Unaudited Six months ended 30 June 2011				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Revenue					
Sales of electricity	6,674,373	1,416,727	8,091,100	—	8,091,100
Provision of power generation services	28,703	63,349	92,052	—	92,052
	6,703,076	1,480,076	8,183,152	—	8,183,152
Results of reportable segments	537,338	893,347	1,430,685	—	1,430,685
A reconciliation of results of reportable segments to profit for the period is as follows:					
Results of reportable segments	537,338	893,347	1,430,685	—	1,430,685
Unallocated income	—	—	—	22,559	22,559
Unallocated expenses	—	—	—	(56,508)	(56,508)
Operating profit	537,338	893,347	1,430,685	(33,949)	1,396,736
Finance income	975	44,000	44,975	3,917	48,892
Finance costs	(266,618)	(447,117)	(713,735)	(19,446)	(733,181)
Share of losses of associated companies	(8,509)	—	(8,509)	—	(8,509)
Share of losses of jointly controlled entities	(6,934)	—	(6,934)	(3,550)	(10,484)
Profit before taxation	256,252	490,230	746,482	(53,028)	693,454
Taxation	(31,021)	(127,005)	(158,026)	—	(158,026)
Profit for the period	225,231	363,225	588,456	(53,028)	535,428
Other segment information:					
Capital expenditure	1,079,229	1,987,247	3,066,476	1,775	3,068,251
Depreciation on property, plant and equipment	503,828	404,488	908,316	5,864	914,180
Amortisation of land use rights	1,528	3,014	4,542	—	4,542

4 **REVENUE AND SEGMENT INFORMATION** *(Continued)*

Segment information *(Continued)*

	Unaudited As at 30 June 2011				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Segment assets					
Other segment assets	23,059,301	31,031,351	54,090,652	—	54,090,652
Goodwill	—	767,365	767,365	—	767,365
Interests in associated companies	1,561,205	—	1,561,205	17,851	1,579,056
Interests in jointly controlled entities	105,101	—	105,101	152,585	257,686
	24,725,607	31,798,716	56,524,323	170,436	56,694,759
Available-for-sale financial assets					2,478,675
Long-term loans to a fellow subsidiary					1,500,000
Deferred income tax assets					66,494
Other unallocated assets					1,976,318
Total assets per consolidated balance sheet					62,716,246
Segment liabilities					
Other segment liabilities	(2,650,202)	(1,588,405)	(4,238,607)	—	(4,238,607)
Borrowings	(16,485,743)	(24,909,963)	(41,395,706)	(94,500)	(41,490,206)
	(19,135,945)	(26,498,368)	(45,634,313)	(94,500)	(45,728,813)
Derivative financial instruments					(57,879)
Taxation payable					(177,390)
Deferred income tax liabilities					(807,918)
Other unallocated liabilities					(16,800)
Total liabilities per consolidated balance sheet					(46,788,800)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4 REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

	Unaudited Six months ended 30 June 2010				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Revenue					
Sales of electricity	5,735,517	1,196,136	6,931,653	—	6,931,653
Provision of power generation services	—	—	—	—	—
	5,735,517	1,196,136	6,931,653	—	6,931,653
Results of reportable segments	421,225	812,909	1,234,134	—	1,234,134
A reconciliation of results of reportable segments to profit for the period is as follows:					
Results of reportable segments	421,225	812,909	1,234,134	—	1,234,134
Unallocated income	—	—	—	23,022	23,022
Unallocated expenses	—	—	—	(46,879)	(46,879)
Operating profit	421,225	812,909	1,234,134	(23,857)	1,210,277
Finance income	1,283	39,829	41,112	10,049	51,161
Finance costs	(285,172)	(436,505)	(721,677)	(1,294)	(722,971)
Share of profits of associated companies	77,027	—	77,027	—	77,027
Share of losses of jointly controlled entities	(6,870)	—	(6,870)	—	(6,870)
Profit before taxation	207,493	416,233	623,726	(15,102)	608,624
Taxation	(81,479)	(160,351)	(241,830)	(626)	(242,456)
Profit for the period	126,014	255,882	381,896	(15,728)	366,168
Other segment information:					
Capital expenditure	1,058,277	756,637	1,814,914	926	1,815,840
Depreciation on property, plant and equipment	508,257	294,743	803,000	3,657	806,657
Amortisation of land use rights	666	3,014	3,680	—	3,680

4 **REVENUE AND SEGMENT INFORMATION** *(Continued)*

Segment information *(Continued)*

	Audited As at 31 December 2010				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Segment assets					
Other segment assets	21,145,226	28,921,309	50,066,535	—	50,066,535
Goodwill	—	767,365	767,365	—	767,365
Interests in associated companies	1,569,714	—	1,569,714	17,851	1,587,565
Interests in jointly controlled entities	95,212	—	95,212	40,669	135,881
	22,810,152	29,688,674	52,498,826	58,520	52,557,346
Available-for-sale financial assets					1,733,650
Long-term loans to a fellow subsidiary					1,500,000
Deferred income tax assets					45,152
Other unallocated assets					954,209
Total assets per consolidated balance sheet					56,790,357
Segment liabilities					
Other segment liabilities	(1,907,064)	(856,481)	(2,763,545)	—	(2,763,545)
Borrowings	(14,498,892)	(23,476,601)	(37,975,493)	(94,500)	(38,069,993)
	(16,405,956)	(24,333,082)	(40,739,038)	(94,500)	(40,833,538)
Purchase consideration payable to an intermediate holding company					(98,387)
Derivative financial instruments					(71,902)
Taxation payable					(256,339)
Deferred income tax liabilities					(570,095)
Other unallocated liabilities					(65,899)
Total liabilities per consolidated balance sheet					(41,896,160)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5 OTHER INCOME

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Sales of electricity quotas	—	12,565
Income from the provision of repairs and maintenance services (also see Note 23(a))	16,157	16,801
Clean development mechanism income	14,271	8,838
Dividend income	20,073	—
Hotel operations income	23,074	20,049
Rental income (also see Note 23(a))	33,535	31,433
Management fee income (Note 23(a))	2,487	1,287
	109,597	90,973

6 OTHER GAINS

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Amortisation of deferred income	5,386	5,737
Gain on disposal of available-for-sale financial assets (Note 13)	—	16,031
Gain on disposal of property, plant and equipment	132	—
Fair value gain on derivative financial instruments (Note 20)	14,023	82,999
Government subsidies	10,002	—
Others	704	78
	30,247	104,845

7 OPERATING PROFIT

Operating profit is stated after charging the following:

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Amortisation of land use rights (Note 12)	4,542	3,680
Depreciation of property, plant and equipment (Note 12)	914,180	806,657
Operating lease rental in respect of leasehold land and buildings	16,316	17,237
Staff costs including directors' emoluments	307,569	261,664
Write-off of pre-operating expenses	10,298	17,922

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

8 FINANCE INCOME AND FINANCE COSTS

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Finance income		
Interest income from bank deposits	8,167	12,550
Interest income from a fellow subsidiary (Note 23(a))	40,725	38,611
	48,892	51,161
Finance costs		
Interest expense on		
– bank borrowings wholly repayable within five years	190,905	151,455
– bank borrowings not wholly repayable within five years	647,032	573,928
– long-term borrowings from ultimate holding company not wholly repayable within five years	37,407	37,059
– short-term borrowings from CPIF	53,251	36,441
– long-term borrowings from CPIF wholly repayable within five years	23,125	23,308
– long-term other borrowings wholly repayable within five years	22,626	10,058
– long-term other borrowings not wholly repayable within five years	23,128	23,128
– short-term other borrowings	17,132	247
– obligations under finance leases	5,376	5,802
	1,019,982	861,426
Less: Amounts capitalised	(255,117)	(193,747)
	764,865	667,679
Net exchange (gains)/losses	(31,684)	55,292
	733,181	722,971

The weighted average interest rate on capitalised borrowings is approximately 4.9% (2010: 4.8%) per annum.

9 TAXATION

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the period (2010: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2010: 25%) on the estimated assessable income for the period except as disclosed below.

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

	Unaudited Six months ended 30 June	
	2011 **RMB'000**	2010 RMB'000
PRC current income tax	**121,088**	139,707
Deferred income tax charge	**36,938**	102,749
	158,026	242,456

Share of taxation charge attributable to associated companies for the period ended 30 June 2011 of RMB2,916,000 (2010: RMB18,647,000) is included in the Group's share of (losses)/profits of associated companies for the period.

Pursuant to the relevant PRC income tax rules and regulations, special income tax rates have been granted to certain subsidiaries of the Group and an associated company as being foreign invested enterprises which are engaged in the energy, transportation or infrastructure activities. These companies are subject to a tax rate of 24% for the year 2011 (2010: 22%) followed by a tax rate of 25% in the year 2012. A subsidiary acquired by the Group in the year 2005 is subject to a tax rate of 24% for the year 2011 (2010: 22%) followed by a tax rate of 25% in the year 2012. Certain subsidiaries of the Group that started operations in the years 2007 and 2008 are also entitled to a two-year exemption from income tax starting from the year in operation followed by a 50% reduction in income tax rate in the ensuing three years. These companies have been subject to reduced tax rates ranging from 12% to 12.5% (2010: 11% to 12.5%) during the period. The tax rates for these companies will be gradually increased to 25% towards year 2013.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10 EARNINGS PER SHARE

(a) Basic

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

	Unaudited Six months ended 30 June	
	2011	2010
Profit attributable to equity holders of the Company (RMB'000)	**411,508**	272,986
Weighted average number of shares in issue (shares in thousands)	**5,107,061**	5,107,061
Basic earnings per share (RMB)	**0.08**	0.05

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months period ended 30 June 2011, the Company only has convertible bonds that have dilutive potential ordinary shares. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the six months period ended 30 June 2010, dilutive earnings per share equal basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

	Unaudited Six months ended 30 June	
	2011	2010
Profit attributable to equity holders of the Company (RMB'000)	**411,508**	272,986
Adjustment for finance costs on convertible bonds (after tax)	**5,937**	—
Profit used to determine diluted earnings per share	**417,445**	272,986
Weighted average number of shares in issue (shares in thousands)	**5,107,061**	5,107,061
Adjustment for convertible bonds (shares in thousands)	**12,344**	—
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	**5,119,405**	5,107,061
Diluted earnings per share (RMB)	**0.08**	0.05

11 DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

12 CAPITAL EXPENDITURE

	Unaudited		
	Property, plant and equipment RMB'000	Prepayment for construction of power plants RMB'000	Land use rights RMB'000
Opening net book amount as at 1 January 2010	41,754,053	964,962	417,868
Acquisition of subsidiaries (Note 21(b))	4,691	—	—
Additions	1,389,094	370,664	56,082
Disposals	(349)	—	—
Depreciation and amortisation	(806,657)	—	(3,680)
Transfer	36,455	(36,455)	—
Closing net book amount as at 30 June 2010	42,377,287	1,299,171	470,270
Opening net book amount as at 1 January 2011	44,950,107	1,836,820	458,544
Acquisition of subsidiaries (Note 21(a))	1,489	—	—
Additions	2,899,744	168,507	—
Disposals	(1,071)	—	—
Depreciation and amortisation	(914,180)	—	(4,542)
Transfer	465,893	(465,893)	—
Closing net book amount as at 30 June 2011	47,401,982	1,539,434	454,002

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Unlisted equity investments outside Hong Kong - at cost (note (a))	**154,712**	127,856
Equity securities listed outside Hong Kong - at fair value (note (b))	**2,323,963**	1,605,794
	2,478,675	1,733,650
Market value of equity securities listed outside Hong Kong	**2,323,963**	1,605,794

Note:

(a) Unlisted equity investments principally represent interests in certain unlisted companies which do not have a quoted market price in an active market and for which the range of other methods of reasonably estimating fair value is significant and the probabilities of the various estimates cannot be reasonably assessed. Accordingly, these investments are carried at cost less accumulated impairment losses.

(b) Details of the equity securities listed outside Hong Kong as at 30 June 2011 are as follows:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activity
Shanghai Electric Power Co., Ltd	The PRC	RMB2,139,739,000	18.86%	Joint stock company with limited liability with its A shares listed on the Shanghai Stock Exchange	Investment holdings and the generation and sale of electricity

During the period ended 30 June 2010, the Group disposed of 1.75% interest in Shanghai Power with a gain of RMB16,031,000 (Note 6).

14 ACCOUNTS RECEIVABLE

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Accounts receivable from regional and provincial power grid companies (note (a))	2,037,989	1,530,227
Accounts receivable from other companies (note (a))	6,332	233
	2,044,321	1,530,460
Notes receivable (note (b))	263,587	186,109
	2,307,908	1,716,569

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

As at 30 June 2011, certain bank borrowings were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these facilities as at 30 June 2011 was amounting to RMB1,327,347,000 (2010: RMB1,208,989,000).

Note:

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

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
1 to 3 months	2,044,321	1,530,460

(b) The notes receivable are normally with maturity period of 90 to 180 days (2010: 180 days).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15 SHARE CAPITAL AND SHARE PREMIUM

(a) Authorised and issued capital

	Number of shares (of HK$1 each)	Nominal amount RMB'000
Authorised:		
At 1 January 2010, 31 December 2010 and 30 June 2011	10,000,000,000	10,600,000
Issued and fully paid:		
At 1 January 2010, 31 December 2010 and 30 June 2011	5,107,060,777	5,121,473

(b) Share premium

	RMB'000
At 1 January 2010, 31 December 2010 and 30 June 2011	4,303,111

(c) Share option schemes

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

15 SHARE CAPITAL AND SHARE PREMIUM *(Continued)*

(c) Share option schemes *(Continued)*

(i) Option Scheme

Details of the options granted under the Option Scheme outstanding as at 30 June 2011 are as follows:

			Number of shares subject to the options	
Date of grant	Expiry date	Exercise price	At 30 June 2011 Unaudited	At 31 December 2010 Audited
Directors				
4 April 2007	3 April 2017	HK$4.07	2,572,000	2,572,000
2 July 2008	1 July 2018	HK$2.326	2,360,000	2,360,000
Senior management and other employees				
4 April 2007	3 April 2017	HK$4.07	9,543,000	10,347,000
2 July 2008	1 July 2018	HK$2.326	22,670,000	23,440,000
			37,145,000	38,719,000

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	Unaudited Six months ended 30 June			
	2011		2010	
	Average exercise price per share	Number of options	Average exercise price per share	Number of options
At 1 January	HK$2.908	38,719,000	HK$2.899	41,139,000
Lapsed	HK$4.07	(804,000)	HK$4.07	(600,000)
Lapsed	HK$2.326	(770,000)	HK$2.326	(1,340,000)
At 30 June		37,145,000		39,199,000

Options granted are exercisable within a period of ten years within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of an option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the Shares comprised in his or her option.

No other share options granted under the Option Scheme were cancelled or exercised during the period. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15 SHARE CAPITAL AND SHARE PREMIUM *(Continued)*

(c) Share option schemes *(Continued)*

(ii) Pre-IPO Share Option Scheme

Details of the options granted under the Pre-IPO Scheme outstanding as at 30 June 2011 are as follows:

				Number of shares subject to the options	
	Date of grant	Expiry date	Exercise price	At 30 June 2011 Unaudited	At 31 December 2010 Audited
Directors	18 September 2004	17 September 2014	HK$2.53	**1,869,200**	1,869,200
Senior management and other employees	18 September 2004	17 September 2014	HK$2.53	**3,156,900**	3,696,900
Senior management and other employees	11 October 2004	10 October 2014	HK$2.53	**1,038,500**	1,038,500
				6,064,600	6,604,600

Options granted are exercisable within a period of ten years within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of an option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the Shares comprised in his or her option.

No share options granted under the Pre-IPO Share Option Scheme were cancelled or exercised during the period. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

16 RESERVES

	Unaudited								
	Merger reserve RMB'000	Capital reserve RMB'000	Available-for-sale financial assets reserve RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Conversion option reserve RMB'000	Sub-total RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000
At 1 January 2010	306,548	2,262,848	643,422	195,934	29,415	–	3,438,167	(424,357)	3,013,810
Decrease in fair value of available-for-sale financial assets	–	–	(781,076)	–	–	–	(781,076)	–	(781,076)
Deferred tax on decrease in fair value of available-for-sale financial assets	–	–	206,729	–	–	–	206,729	–	206,729
Release upon disposal of available-for-sale financial assets	–	–	(72,568)	–	–	–	(72,568)	–	(72,568)
Release of deferred tax upon disposal of available-for-sale financial assets	–	–	10,694	–	–	–	10,694	–	10,694
Employee share option benefits	–	–	–	–	2,444	–	2,444	–	2,444
Lapse of share options	–	–	–	–	(1,014)	–	(1,014)	1,014	–
Profit for the period	–	–	–	–	–	–	–	272,986	272,986
2009 final dividend	–	–	–	–	–	–	–	(229,819)	(229,819)
At 30 June 2010	306,548	2,262,848	7,201	195,934	30,845	–	2,803,376	(380,176)	2,423,200
At 1 January 2011	306,548	2,262,848	2,725	250,359	31,964	–	2,854,444	(40,529)	2,813,915
Increase in fair value of available-for-sale financial assets	–	–	718,169	–	–	–	718,169	–	718,169
Deferred tax on increase in fair value of available-for-sale financial assets	–	–	(179,542)	–	–	–	(179,542)	–	(179,542)
Employee share option benefits	–	–	–	–	1,052	–	1,052	–	1,052
Lapse of share options	–	–	–	–	(1,758)	–	(1,758)	1,758	–
Equity component of convertible bonds (Note 19(c))	–	–	–	–	–	124,995	124,995	–	124,995
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	–	(12,980)	(12,980)
Profit for the period	–	–	–	–	–	–	–	411,508	411,508
2010 final dividend	–	–	–	–	–	–	–	(229,818)	(229,818)
At 30 June 2011	306,548	2,262,848	541,352	250,359	31,258	124,995	3,517,360	129,939	3,647,299

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

17 ACCOUNTS AND BILLS PAYABLES

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Accounts payable (note (a))	**433,169**	220,516
Due to related companies (note (a))	**157,249**	121,290
	590,418	341,806
Bills payable (note (b))	**281,122**	119,400
	871,540	461,206

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

Note:

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

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
1 to 6 months	**525,843**	320,302
7 to 12 months	**24,411**	670
Over 1 year	**40,164**	20,834
	590,418	341,806

(b) Bills payable are bills of exchange with average maturity period of 3 to 6 months (2010: 6 months). As at 30 June 2011, bank deposits of RMB32,906,000 were pledged against these bills payable as security (2010: Nil).

18 BANK BORROWINGS

Bank borrowings are analysed as follows:

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Non-current		
Long-term bank borrowings		
– secured (note (d))	16,560,088	17,589,427
– unsecured	12,198,718	9,424,015
	28,758,806	27,013,442
Less: current portion of long-term bank borrowings		
– secured	(1,758,828)	(2,311,585)
– unsecured	(316,000)	(31,000)
– unsecured other bank borrowings (note (b))	(517,728)	(529,816)
	26,166,250	24,141,041
Current		
Current portion of long-term bank borrowings	2,074,828	2,342,585
Short-term bank borrowings, secured (note (d))	114,000	—
Short-term bank borrowings, unsecured	3,800,000	3,724,700
Unsecured other bank borrowings (note (b))	517,728	529,816
	6,506,556	6,597,101
Total bank borrowings	32,672,806	30,738,142

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18 BANK BORROWINGS *(Continued)*

(a) The carrying amounts of the Group's bank borrowings approximate their fair values and are denominated in the following currencies:

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
RMB	**30,586,839**	28,556,679
USD	**671,975**	696,949
JPY	**1,413,992**	1,484,514
	32,672,806	30,738,142

(b) On 15 July 2008, the Company entered into a facility agreement ("Facility Agreement") relating to a USD100,000,000 term loan facility ("Loan Facilities") with a syndicate of banks for the purpose of financing the general corporate funding requirements of the Company and its subsidiaries. The Loan Facilities have a term of three years commencing from the date of the Facility Agreement. As at 31 December 2010, the Group's drawdown in connection with the Loan Facilities amounted to USD80,000,000 (equivalent to RMB529,816,000), whereby the Group was not able to fulfill certain financial covenants as stipulated under the Facility Agreement which constituted an event of default under the Facility Agreement. These covenant requirements have been subsequently waived by the syndicate of banks during the period. As at 30 June 2011, the drawdown in connection with the Loan Facilities amounted to USD80,000,000 (equivalent to RMB517,728,000.

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

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Current bank borrowings, at floating rates	**4.36%**	3.81%
Non-current bank borrowings, at floating rates	**5.50%**	5.32%

The Group's non-current bank borrowings are primarily carried at floating rates. As at 30 June 2011, the carrying values of non-current bank borrowings approximate their fair values.

18 BANK BORROWINGS *(Continued)*

(d) As at 30 June 2011, the bank borrowings of the Group were secured as follows:

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Secured against the rights on accounts receivable of certain subsidiaries of the Group	13,188,326	13,144,213
Guaranteed by the ultimate holding company	773,171	1,823,773
Guaranteed by Hunan Provincial Finance Bureau	640,821	660,741
Guaranteed by Hunan Provincial Power Company	1,664,200	1,810,200
Secured against property, plant and equipment of a subsidiary of the Group	293,570	150,500
Secured against pledged bank deposits to the extent of RMB121,717,000 (2010: Nil)	114,000	—
	16,674,088	17,589,427

(e) At 30 June 2011, the Group had the following undrawn committed borrowing facilities:

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Long-term bank borrowings, at floating rates	15,867,580	20,799,840

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19 OTHER BORROWINGS

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Corporate bonds		
Non-current		
Corporate bonds issued by the Company (note (a))	800,000	800,000
Long-term corporate bonds issued by a subsidiary (note (b))	993,239	993,239
	1,793,239	1,793,239
Current		
Short-term corporate bonds issued by a subsidiary (note (b))	1,000,000	—
	2,793,239	1,793,239
Other long-term borrowings		
Convertible bonds issued by the Company (note (c))	840,561	—
Loans from a non-controlling shareholder (note (d))	135,201	135,201
	975,762	135,201
Short-term other borrowings (note (e))	—	200,000

As at 30 June 2011, the fair value of corporate bonds and other long-term borrowings amounted to RMB2,823,217,000 (2010: RMB1,928,422,000).

Note:

(a) Unsecured RMB denominated corporate bonds were issued by the Company in December 2010 for a term of 5 years from December 2010 at an interest rate of 3.2% per annum.

(b) Non-current corporate bonds issued by a subsidiary represent certain bonds issued by Wuling and are bearing interest at 4.6% (2010: 4.6%) per annum for a term of 10 years from April 2009. These bonds are guaranteed by the ultimate holding company of the Company.

Short-term corporate bonds issued by a subsidiary represent certain unsecured bonds issued by Wuling and are bearing interest ranging from 4.77% to 5.06% per annum for a term of one year.

19 OTHER BORROWINGS *(Continued)*

Note: (Continued)

(c) Convertible bonds

In May 2011, the Company issued RMB denominated US$ settled 2.25% convertible bonds (the "Convertible Bonds"), of an initial principal amount of RMB982,000,000 (equivalent to US$150,000,000). The value of the liability component of RMB837,351,000 and the equity conversion component of RMB124,995,000 were determined at issuance of the Convertible Bonds, after netting off transaction cost of RMB19,654,000.

At the option of bond holders, the aggregate amount of RMB982,000,000 will be convertible into fully paid shares with a par value of HK$1 each of the Company. The Convertible Bonds will, subject to other terms and conditions, mature in five years from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or after 27 June 2011 at an initial conversion price of HK$2.15 per share (as adjusted to HK$2.0779 per share with effect from 21 May 2011 pursuant to the terms and conditions as stipulated in the offering memorandum of the Convertible Bonds) at a fixed exchange rate of RMB0.8414 to HK$1.

The Convertible Bonds are listed on The Stock Exchange of Hong Kong Limited.

The fair value of the liability component included in other long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in reserves.

The Convertible Bonds recognised in the condensed consolidated balance sheet is calculated as follows:

	2011 Unaudited RMB'000
Nominal value of the Convertible Bonds at the date of issuance	982,000
Issue costs	(19,654)
Equity component	(124,995)
Liability component at the date of issuance	837,351
Accrued interest	3,210
Carrying amount at 30 June 2011	840,561

Interest expense on the liability component of the Convertible Bonds are calculated using the effective interest method, applying the effective interest rate of 5.67% per annum to the liability component.

The fair value of the liability component of the Convertible Bonds at 30 June 2011 amounted to RMB919,476,000. The fair value is calculated using the market price of the Convertible Bonds on the balance sheet date (or the nearest day of trading).

Up to 30 June 2011, there was no conversion or redemption of the Convertible Bonds.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19 OTHER BORROWINGS *(Continued)*

Note: (Continued)

(d) Loans from a non-controlling shareholder are unsecured, bearing interest at 5.94% (2010: 5.76%) per annum and are repayable by 31 December 2015.

(e) Short-term other borrowings from a local financial institution were unsecured, bearing interest at 4.51% per annum and have been fully repaid in May 2011.

20 DERIVATIVE FINANCIAL INSTRUMENTS

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Derivative financial instruments - held for trading	**57,879**	71,902

As at 30 June 2011, the Group had certain net settled derivative financial instruments, with a contract period of 15 years, mainly to sell USD for JPY with an aggregate notional principal amount of JPY2,991,748,000 (2010: JPY3,121,824,000).

During the period, the Group recorded a fair value gain on the above derivative financial instruments amounting to RMB14,023,000 (2010: RMB82,999,000) (Note 6).

21 BUSINESS COMBINATIONS

(a) Acquisition of 四川興鐵電氣設備有限公司

Effective 1 June 2011, the Group acquired 70% equity interests in 四川興鐵電氣設備有限公司 (Sichuan Xingtie Electricity Equipment Limited) and its subsidiary (together, "Xingtie") from an independent third party (the "Acquisition"). The revenue and net results contributed by Xingtie during the period from 1 June 2011 to 30 June 2011 is not significant to the Group. If the Acquisition had occurred on 1 January 2011, the Group's revenue and profit for the six months ended 30 June 2011 would have no significant change.

Details of net assets acquired and goodwill are as follows:

	Unaudited RMB'000
Purchase considerations:	
– Cash paid	390
Fair value of net identifiable assets acquired (see below)	(390)
Goodwill	–

The assets and liabilities arising from the Acquisition are as follows:

	Fair value Unaudited RMB'000	Acquiree's carrying amount Unaudited RMB'000
Property, plant and equipment (Note 12)	1,489	1,489
Cash and cash equivalents	78	78
Payables	(1,010)	(1,010)
	557	557
Non-controlling interests	(167)	(167)
Net identifiable assets acquired	390	390
Purchase considerations - paid in cash	(390)	
Cash and cash equivalents in subsidiaries acquired	78	
Net cash outflow on acquisition	(312)	

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21 BUSINESS COMBINATIONS *(Continued)*

(b) Acquisition of Hunan Zhong Shui Investment Co., Ltd

Effective 1 June 2010, the Group acquired 100% equity interests in Hunan Zhong Shui Investment Co., Ltd and its subsidiaries (together, "Zhong Shui") from China Water Investment Group Corporation（中國水利投資集團公司） and 湖南中天水利水電勘察設計有限公司 (Hunan Zhongtian Shuili Shuidian Kancha Sheji Co Ltd), independent third parties . The revenue and net results contributed by Zhong Shui during the period from 1 June 2010 to 30 June 2010 were not significant to the Group. If the acquisition had occurred on 1 January 2010, the Group's revenue and profit for the six months ended 30 June 2010 would have no significant change.

Details of net assets acquired and goodwill are as follows:

	Unaudited RMB'000
Purchase considerations:	
– Cash paid	29,952
Fair value of net identifiable assets acquired (see below)	(16,530)
Goodwill	13,422

Goodwill arose from the acquisition is attributable to the anticipated future operating synergies.

The assets and liabilities arising from the acquisition are as follows:

	Fair value Unaudited RMB'000	Acquiree's carrying amount Unaudited RMB'000
Property, plant and equipment (Note 12)	4,691	4,691
Cash and cash equivalents	11,846	11,846
Others	(7)	(7)
Net identifiable assets acquired	16,530	16,530
Purchase considerations - paid in cash	29,952	
Cash and cash equivalents in subsidiaries acquired	(11,846)	
Net cash outflow on acquisition	18,106	

22 CAPITAL COMMITMENTS

(i) Capital commitments outstanding at the balance sheet date not provided for were as follows:

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Authorised but not contracted for in respect of		
– property, plant and equipment	2,982,865	3,318,281
– capital contribution to an associated company	813,800	813,800
Contracted but not provided for in respect of		
– property, plant and equipment	8,070,498	14,118,139
– capital contribution to a jointly controlled entity	207,887	196,674
– capital contribution to an associated company	220,500	220,500
– acquisition of a subsidiary	—	31,690
	12,295,550	18,699,084

(ii) Share of capital commitments of jointly controlled entities outstanding at the balance sheet date not provided for were as follows:

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Contracted but not provided for in respect of property, plant and equipment	625,145	1,448,599

There are no contingent liabilities relating to the Group's interests in the jointly controlled entities and the jointly controlled entities did not have any material contingent liabilities as at 30 June 2011 (2010: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

23 RELATED-PARTY TRANSACTIONS

The Group is controlled by China Power Development Limited ("CPDL"), a company incorporated in the British Virgin Islands, which owns approximately 39.09% of the Company's shares. China Power International Holding Limited ("CPIH"), an intermediate holding company, also holds approximately 29.88% of the Company's shares directly. The remaining interests are widely held. Both CPIH and CPDL are subsidiaries of China Power Investment Corporation ("CPI Group"). The Directors regard CPI Group, a company incorporated in the PRC, as being the ultimate holding company of the Company.

CPI Group is a state-owned enterprise established in the PRC and is controlled by the PRC Government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 ("Revised"), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include CPI Group, its subsidiaries, jointly controlled entities and associates (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and CPI Group as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is meaningful to disclose the related party transactions with CPI Group companies for the interests of accounts users. The Directors believe that the information of related party transactions has been adequately disclosed in this condensed consolidated interim financial information.

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

Related parties	Relationship with the Company
CPI Group（中國電力投資集團公司）	Ultimate holding company
CPIH	An intermediate holding company
CPIF（中電投財務有限公司）	A company controlled by CPI Group
Shanxi Shentou Industrial Company Limited（山西神頭電力實業有限責任公司）	Fellow subsidiary
Shanxi Shentou Engineering Company Limited（山西神頭電力檢修有限責任公司）	Fellow subsidiary
Huainan Pingwei Electric Power Industrial Company Limited（淮南平圩電力實業有限責任公司）	Fellow subsidiary
Anhui Huainan Pingwei Power Engineering Maintenance Company Limited（安徽淮南平圩電力檢修工程有限責任公司）	Fellow subsidiary

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

23 RELATED-PARTY TRANSACTIONS *(Continued)*

Major related parties that had transactions with the Group were as follows: *(Continued)*

Related parties	Relationship with the Company
Pingdingshan Yaomeng Power Engineering Company Limited （平頂山姚孟電力工程有限責任公司）	Fellow subsidiary
Pingdingshan Yaomeng Power Industrial Company Limited（平頂山姚孟電力實業有限責任公司）	Fellow subsidiary
Qian Dong Power Corporation (“Qian Dong”) （貴州黔東電力有限公司）	Fellow subsidiary
Hunan Xiangtou International Investment Limited (“Xiangtou”) （湖南湘投國際投資有限公司）	A non-controlling shareholder of a subsidiary

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Group’s business in addition to the related party information shown elsewhere in this condensed consolidated interim financial information. Management of the Group are of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

(a) Income

		Unaudited Six months ended 30 June	
	Note	**2011 RMB’000**	2010 RMB’000
Interest income from Qian Dong	(i)	**40,725**	38,611
Rental income from Qian Dong	(ii)	**29,809**	27,054
Management fee from CPIH	(iii)	**2,487**	1,287
Income from provision of repairs and maintenance services to Qian Dong	(iv)	**238**	1,928

Note:

(i) Interest income from Qian Dong was charged at a fixed interest rate of 5.4% (2010: 5.4%) per annum.

(ii) Rental income from a fellow subsidiary was charged in accordance with the terms of the relevant agreements.

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

(iv) Income from the provision of repairs and maintenance services to a fellow subsidiary was charged in accordance with the terms of the relevant agreements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

23 RELATED-PARTY TRANSACTIONS *(Continued)*

(b) Expenses

	Note	Unaudited Six months ended 30 June 2011 RMB'000	2010 RMB'000
Operating lease rental in respect of land to CPI Group	(i)	8,530	8,530
Operating lease rental in respect of buildings to CPIH	(i)	4,839	7,672
Purchases of fuel, raw materials and spare parts from fellow subsidiaries	(ii)	110,184	31,992
Service fees to fellow subsidiaries	(iii)	102,414	176,332
Construction costs to fellow subsidiaries	(iv)	33,113	900
Labor costs charged by fellow subsidiaries	(v)	19,028	—
Interest expense to CPIF	(vi)	76,376	59,749
Interest expense to CPI Group	(vii)	37,407	37,059
Interest expense to Xiangtou	(viii)	4,068	9,953

Notes:

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

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

(iii) Service fees mainly related to repairs and maintenance services and transportation services which were carried out at mutually agreed prices.

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

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

(vi) Interest expense to CPIF was charged based on outstanding loan balance at 3.80% to 6.94% (2010: 2.91% to 5.00%) per annum.

(vii) Interest expense to CPI Group was charged based on outstanding loan balance at 5.02% (2010: 5.02%) per annum.

(viii) Interest expense to Xiangtou was charged based on outstanding loan balance at 5.94% (2010:5.76%) per annum.

23 RELATED-PARTY TRANSACTIONS *(Continued)*

(c) Period-end balances with related parties

	Note	As at 30 June 2011 Unaudited RMB'000	As at 31 December 2010 Audited RMB'000
Amount due from CPIF	(i)	3,308	6,849
Amount due from CPIH	(i)	1,263	600
Amounts due from fellow subsidiaries	(i)	4,249	19,437
Amounts due to CPIF	(i)	34,193	10,524
Amount due to CPI Group	(i)	108,273	69,907
Amounts due to CPIH	(i)	176,108	104,808
Amounts due to fellow subsidiaries	(i)	40,910	18,389
Long-term borrowings from CPI Group	(ii)	1,473,816	1,473,816
Borrowings from CPIF	(iii)	3,574,583	3,729,595
Long-term loans to a fellow subsidiary	(iv)	1,500,000	1,500,000
Loans from Xiangtou	(v)	135,201	135,201

Note:

(i) Except for a purchase consideration payable to CPIH of RMB98,387,000 as at 31 December 2010 which was repaid in January 2011, the balances with these related parties are unsecured, interest free and repayable on demand.

(ii) Long-term borrowings from CPI Group are unsecured, carrying interest at 5.02% (2010: 5.02%) per annum and are repayable by year 2018.

(iii) Borrowings from CPIF are unsecured, carrying interest at rates ranging from 3.80% to 6.94% (2010: 2.91% to 5.00%) per annum and repayable before the end of year 2014.

(iv) Long-term loans to a fellow subsidiary are unsecured, carrying interest at a fixed interest rate of 5.4% (2010: 5.4%) per annum and repayable before the end of year 2012.

(v) The loans from Xiangtou are unsecured, bearing interest at 5.94% (2010: 5.76%) per annum and repayable by 31 December 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

23 RELATED-PARTY TRANSACTIONS *(Continued)*

(d) For the six months ended 30 June 2011 and 2010, the Group's significant transactions and balances with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include:

(i) bank deposits in state-owned banks and the related interest income

(ii) bank borrowings from the state-owned banks and the related interest expenses

(iii) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables

(iv) purchases of coal from state-owned enterprises and the related payables

(v) reservoir maintenance and usage fees to the PRC government

(vi) an amount due from Hubei Electric Power Corporation

(vii) service fees to state-owned enterprises

The prices and terms of such transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

(e) **Key management compensation**

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Basic salaries, housing allowance, other allowances, discretionary bonus and other benefits	**4,121**	3,296
Share-based compensation	**335**	2,444
	4,456	5,740

24 SUBSEQUENT EVENT

On 26 July 2011, the Company entered into agreements with an independent third party pursuant to which the Company agreed to dispose 25% and 42% equity interests in 淮南平圩第二發電有限責任公司 (Huainan Pingwei No.2 Electric Power Generating Company Limited) and 黃岡大別山發電有限責任公司 (Huanggang Dabieshan Power Company Limited) respectively at an aggregate consideration of approximately RMB744 million. The estimated gain on the disposal is approximately RMB270 million. Since the disposal will not result in a loss of control by the Group in the relevant subsidiaries, the resulting gain will be recognised directly in the consolidated statement of changes in equity of the Group.

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羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 19 to 60, which comprises the condensed consolidated balance sheet of China Power International Development Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2011 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows 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 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 interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED (CONTINUED)
(incorporated in Hong Kong with limited liability)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the 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, 10 August 2011

Corporate Information

Chairman of the Board and Chief Executive Officer:	Li Xiaolin
Executive Director and President:	Gu Dake
Non-Executive Directors:	Guan Qihong Gu Zhengxing
Independent Non-Executive Directors:	Kwong Che Keung, Gordon Li Fang Tsui Yiu Wa, Alec
Company Secretary:	Cheung Siu Lan
Auditor:	PricewaterhouseCoopers
Registered Office:	Suite 6301, 63/F., Central Plaza 18 Harbour Road Wanchai, Hong Kong
Head Office and Principal Place of Business in Hong Kong:	Suite 6301, 63/F., Central Plaza 18 Harbour Road Wanchai, Hong Kong
Share Registrar and Transfer Office:	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen’s Road East Wanchai, Hong Kong
Company Website:	www.chinapower.hk www.irasia.com/listco/hk/chinapower/index.htm
Stock Code:	2380

SHAREHOLDERS' ENQUIRIES

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

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