



China Power New Energy  
Development Company Limited

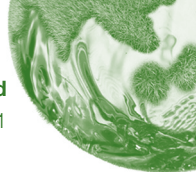
中國電力新能源發展有限公司\*

Incorporated in Bermuda with limited liability  
Stock Code : 0735



**Sustainable  
Development**  
INTERIM REPORT 2011

\* For identification purpose only



## CORPORATE INFORMATION

### Chairman of the Board

Ms. Li Xiaolin

### Chief Executive Officer

Mr. Liu Genyu

### Executive Directors

Ms. Li Xiaolin

Mr. Zhao Xinyan

Mr. Wang Hao

Mr. Liu Genyu

### Non-Executive Directors

Mr. Cheng Chi

Mr. Yin Lian (appointed on 6 July 2011)

### Independent Non-Executive Directors

Mr. Chu Kar Wing

Mr. Wong Kwok Tai

Mr. Li Fang (appointed on 6 July 2011)

### Company Secretary

Mr. Fung Chun Nam

### Audit Committee

Mr. Chu Kar Wing (*Chairman*)

Mr. Wong Kwok Tai

Mr. Li Fang

### Remuneration Committee

Mr. Chu Kar Wing (*Chairman*)

Mr. Wong Kwok Tai

Mr. Li Fang

### Auditor

PricewaterhouseCoopers

(*Certified Public Accountants*)

22/F., Prince's Building

Central, Hong Kong

### Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### Head Office and Principal Place of Business in Hong Kong

Rooms 3801-05, 38/F.,

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

### Principal Share Registrar

HSBC Securities Services

(Bermuda) Limited

6 Front Street

Hamilton HM 11

Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited

26/F., Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

### Company Website

[www.cpne.com.hk](http://www.cpne.com.hk)

### Stock Code

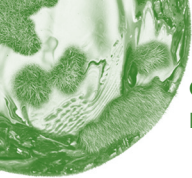
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### Investor Relations

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## INTERIM RESULTS

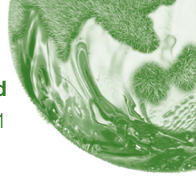
The Board of Directors (the “Board”) of China Power New Energy Development Company Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (together, the “Group”) for the six months period ended 30 June 2011 (the “Interim Period”). The interim financial information has not been audited but has been reviewed by the Audit Committee of the Company and PricewaterhouseCoopers, the auditor of the Company, 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.

The principal activities of the Group are the development, construction, ownership, operation and management of clean energy power plants, including but not limited to wind power generation, hydro power generation, waste-to-energy power generation, natural gas power generation, photovoltaic power generation and other power generation in the People’s Republic of China (the “PRC”). The power generation plants currently owned or controlled by the Group are mainly situated in Guangdong, Fujian and Gansu, and the electricity generated thereof is sold to Southern Power Grid, East China Power Grid and Northwest Power Grid. The Group is also engaged in investment holding in the clean energy power industry and property investments.

### **Business Review for the Six Months Period Ended 30 June 2011**

For the six months period ended 30 June 2011, the Group recorded revenue and tariff adjustment of approximately RMB922,870,000 (for the six months period ended 30 June 2010: RMB809,208,000), the growth of which was primarily attributed to contributions from new energy power projects after commencing operation.

For the six months period ended 30 June 2011, the Group’s fuel costs amounted to approximately RMB410,363,000 (for the six months period ended 30 June 2010: RMB386,449,000), finance costs (mainly comprised interest expenses on borrowings in respect of the operation of new energy power projects) amounted to approximately RMB84,183,000 (for the six months period ended 30 June 2010: RMB40,034,000), and the Group’s fair value loss on financial assets at fair value through profit or loss amounted to approximately RMB2,672,000 (for the six months period ended 30 June 2010: loss of approximately RMB7,092,000). The Group’s profit for the period was approximately RMB98,699,000 (for the six months period ended 30 June 2010: RMB151,846,000) and the Group recorded profit attributable to equity holders of the Company amounted to approximately RMB91,614,000 (for the six months period ended 30 June 2010: RMB125,908,000). Basic earnings per share was approximately RMB0.0116 (for the six months period ended 30 June 2010: RMB0.0178).



## Business Environment

During the first half of 2011, China's economy has maintained robust growth, resulting in a steady rise in total monthly electricity consumption, with the National Energy Board announcing a 12.2% year-on-year increase in total cumulative electricity consumption. Pursuant to the notice of the National Energy Board, the "Decision of the State Council on Accelerating the Fostering and Development of Strategic Emerging Industries" is currently being implemented to expedite the development of renewable energies under the Twelfth Five-Year Plan, which includes the development plans for wind power, photovoltaic power, biomass power and shale gas, etc. The future outlook of new energies is promising under various policies enacted by the government to support the development of new energies during the Twelfth Five-Year period.

In July 2011, the National Energy Board of the PRC promulgated "the Grid Connection Design and Technical Specifications for Large Wind Farms" (大型風電場併網設計技術規範) for the betterment of the wind power industry, with an aim to regulate the technical requirements of grid connection for wind farms and minimize the impact of sudden changes in voltage on wind turbines, so as to improve the stability and security of wind power generation projects, creating a solid platform for the future development of the wind power industry in the PRC.

In August 2011, the National Development and Reform Commission of the People's Republic of China issued the "Notice of Modifications of the On-grid Tariff Policy for Solar Photovoltaic Power Generation" (關於完善太陽能光伏發電上網電價政策的通知) to formulate a unified standard on-grid tariff for solar photovoltaic power generation in the PRC, which help improve the pricing mechanism of photovoltaic power generation while creating a reasonable return for photovoltaic power projects.

Backed by various favorable policies, the Group has actively engrossed in the pre-development works for new projects to lay a solid foundation for its future growth.



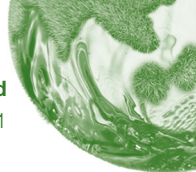
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As at 30 June 2011, the Group owned the following operating power projects through its subsidiaries, associated companies and jointly-controlled entities:

Project	Project name	Nature of business	Installed capacity (MW)	Interest (%)	Attributable	Average tariff (RMB/MWh)	Average	Gross generation (MWh)	Net generation (MWh)
					installed capacity (MW)		utilisation hours (Hours)		
1	Phase I of the Gansu Wind Power Project (甘肅風力發電項目一期)	Wind power generation	100.50	100	100.50	462	1,069	107,447	103,131
2	Phase II of the Gansu Wind Power Project (甘肅風力發電項目二期)	Wind power generation	49.50	100	49.50	540	1,238	61,305	59,012
3	Phase III of the Gansu Wind Power Project (甘肅風力發電項目三期)	Wind power generation	201.00	100	201.00	520	1,011	203,201	196,157
4	Phase I of the Heilongjiang Wind Power Project (Hongqi Project) (黑龍江風力發電項目一期(紅旗項目))	Wind power generation	49.50	100	49.50	610	868	42,961	34,921
5	China Power Dafeng Wind Power Project (中電大豐風力發電項目)	Wind power generation	200.25	100	200.25	488	778	155,878	150,409
6	Shanghai Sea Wind Power Project (上海海風發電項目)	Wind power generation	102.00	24	24.48	978	1,111	113,371	108,911
7	Fujian Shaxikou Hydro-electric Power Plant (福建沙溪口水力發電廠)	Hydro power generation	300.00	100	300.00	210	1,213	363,803	357,382
8	Niu Tou Shan Power Stations (牛頭山發電廠)	Hydro power generation	122.20	52	61.60	343	1,191	145,506	143,309

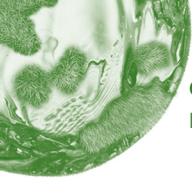
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Project	Project name	Nature of business	Installed capacity (MW)	Interest (%)	Attributable	Average	Average	Gross generation (MWh)	Net generation (MWh)
					installed capacity (MW)	tariff (RMB/MWh)	utilisation hours (Hours)		
9	Zhangping Huakou Hydro Power Plant (漳平市華口水電廠)	Hydro power generation	36.60	100	36.60	378	772	28,268	26,837
10	Dongguan Waste Incineration Power Plant (東莞廢物焚化發電廠)	Waste-to-energy power generation	36.00	40	14.40	580	3,368	121,248	99,840
11	Deqing Waste Incineration Power Plant (德清廢物焚化發電廠)	Waste-to-energy power generation	6.00	100	6.00	525	3,682	22,091	17,072
12	Kunming Waste Incineration Power Plant (昆明廢物焚化發電廠)	Waste-to-energy power generation	30.00	100	30.00	330	1,642	49,264	39,803
13	Dongguan China Power New Energy Heat and Power Plant (東莞中電新能源熱電廠)	Natural gas power generation	360.00	80	288.00	990	1,518	546,326	536,282
14	Zhongdian Hongze Reproductive Substance Thermal Power Plant (中電洪澤生物質發電廠)	Biomass power generation	15.00	100	15.00	750	1,796	26,940	23,880
15	Zhongdian Hongze Thermal Plant (中電洪澤熱電廠)	Coal-fired Power generation	30.00	60	18.00	494	446	13,370	6,325
Total			1,638.55		1,394.83			2,000,979	1,903,271

The above power plants have a total installed capacity of 1,638.55MW, of which the installed capacity attributable to the Group is 1,394.83MW.



## **Wind Power Generation Projects**

Given the abundant wind resources in the Gansu Province for the Interim Period and the operation of the 750kV transmission line, the electricity sold for Phases I and II of the Gansu Wind Power Project achieved a steady growth over the same period last year. Phase III of the Gansu Wind Power Project has also commenced operation in 2011. Phase IV of the Gansu Wind Power Project with installed capacity of 100MW is undergoing charged debugging. The pre-development works of Phase V of the Gansu Wind Power Project (Gansu Qiaowan Sannan Yi Wind Power Project) with installed capacity of 47.5MW and Jiangsu Sea Wind Power Project with installed capacity of 300MW are underway.

On 6 July 2011, the Group obtained approval from the Development and Reform Commission of Inner Mongolia Autonomous Region to kick off the preliminary works for Phase I of the Inner Mongolia Wind Power Project with total installed capacity of 49.5MW, details of which are set out in the announcement of the Company dated 6 July 2011.

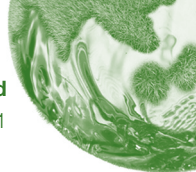
The amount of electricity generated by the China Power Dafeng Wind Power Project was negatively affected by less wind resources available in Dafeng City, Jiangsu Province for the Interim Period when compared with that of the same period last year.

Phase I of the Heilongjiang Wind Power Project (Hongqi Wind Power Project) has commenced power generation to the grid during the Interim Period, which provides the Group with revenue from the wind power generation segment. The relevant approvals of Phase II of the Heilongjiang Wind Power Project (Hailang Wind Power Project) are being obtained.

Phase II of the China Power Dafeng Wind Power Project, the Shandong Wendeng Wind Power Project and Shanghai Chongming Wind Power Project are at the pre-planning stage.

## **Hydro Power Generation Projects**

According to the information outlined by The People's Government of Fujian Province, average rainfall of Fujian Province was 605mm in the first half of 2011, which was approximately 39% lower than normal years and hit a record low for the same period. Runoff for the rivers in the province dropped approximately 50% as compared to the normal years.



According to the reports on the Analysis and Forecast on National Electric Power Supply and Demand and the economic trend for the first half of 2011, middle and lower reaches of Yangtze River experienced severe drought in the second quarter of 2011, causing the total power generation of Fujian province to drop approximately 54.1% as compared to the same period last year.

The amount of electricity generated from the Fujian Shaxikou Hydro-electric Power Plant and Niu Tou Shan Power Stations for the Interim Period was adversely affected by the severe aridity across the entire region.

Zhangping Huakou Hydro Power Plant has undertaken debugging and trial operation.

### **Waste-to-energy Power Generation Projects**

On 15 July 2011, the Group has entered into an agreement with Ample Forest Limited in respect of the proposed disposal of the entire issued share capital in Worldtron Limited together with the shareholder's loan at a consideration of RMB192,000,000. Worldtron Limited indirectly held 40% equity interest in Dongguan Waste Incineration Power Plant, particulars of which are set out in the announcement of the Company dated 15 July 2011.

Haikou Waste Incineration Power Plant is installed with 2 sets of grate boilers, each with a daily waste treatment capacity of 600 tons, and equipped with 2 steam turbine units, each of 12MW. The project has commenced operation since July 2011.

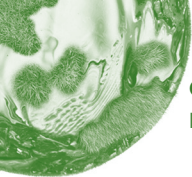
In January 2011, the Group obtained approval from the Development and Reform Commission of Hebei Province to invest, construct, operate and own the Waste Incineration Power Plant in Qianxi County, Tangshan City, Hebei Province (河北省唐山市遷西縣) in the PRC.

It is planned that the project will have an installed capacity of approximately 18MW with an annual waste treatment capacity of approximately 350,000 tons, to be completed in 2013.

### **Natural Gas Power Generation Projects**

The Group holds 80% equity interest in Dongguan China Power New Energy Heat and Power Plant ("Dongguan Heat and Power"), which has an installed capacity of 360MW. On 15 July 2011, the Group has entered into an agreement with Ample Forest Limited in respect of the proposed acquisition of Fortune Jade Limited, which held 10.1% equity interest in Dongguan Heat and Power, at a consideration of RMB192,000,000. Upon completion, the Group will hold 90.1% equity interest in Dongguan Heat and Power, particulars of which are set out in the announcement of the Company dated 15 July 2011.





The Group intends to upgrade the total installed capacity of Dongguan Heat and Power from 360MW to 1,140MW by installing two additional turbines, the feasibility study of which is currently underway.

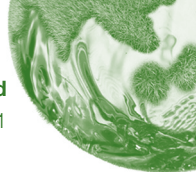
### **Photovoltaic Power Generation Projects**

On 10 May 2011, the Group has entered into a strategic cooperation framework agreement with First Solar, Inc., through which both parties agreed to establish a comprehensive strategic partnership in the investment, construction and project management of power plants, as well as the application of thin-film photovoltaic modules, allowing the Group to brace for any future developments in photovoltaic power generation.

The preliminary development works of both Phase I of the Gansu Photovoltaic Power Generation Project (Gansu Baiyin Photovoltaic Power Generation) and Phase II of the Gansu Photovoltaic Power Generation Project (Gansu Wuwei Photovoltaic Power Generation), each with an installed capacity of 20MW, are underway.

### **FUTURE PLANS**

2011 marks the beginning of the Twelfth Five-Year Plan with a number of policies in support of the development of new energies being launched in China. The National Energy Working Conference (中國能源工作會議) outlined 22 major energy-related issues in 2011, covering various energy topics such as energy development plans, coal mine construction, oil and gas industry, new energies and policy standards. Therefore, the Group is of the view that the development potential and prospects of clean energy business are enormous. To this end, the Group will keep an eye on the national macroeconomic policies and market trends in new energies, optimise its capital structure and undergo resources integration. We will focus on the development of clean energy power generation as the major driver of our business and continue to commit resources and efforts to develop clean energy projects.



The Group's future efforts will focus on:

1. Emphasising on implementing the Company's strategy to embark on clean energy segments;
2. Strengthening and improving quality management in creating premium and quality projects;
3. Improving internal and development control systems and optimising its assets and capital structures;
4. Attracting and training talents, reinforcing corporate governance and achieving corporate standardised management; and
5. Enhancing management efforts and promoting target management to form a long-term and efficient mechanism for safety production.

## FINANCIAL REVIEW

### Revenue and Tariff Adjustment

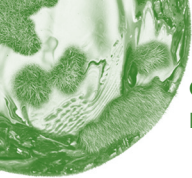
For the six months period ended 30 June 2011, revenue and tariff adjustment were approximately RMB922,870,000 (for the six months period ended 30 June 2010: approximately RMB809,208,000), representing an increase of 14% over the same period last year. The increase was primarily attributed to the operation of new power generation projects.

### Fuel Costs

For the six months period ended 30 June 2011, fuel costs of the Group were approximately RMB410,363,000 (for the six months period ended 30 June 2010: approximately RMB386,449,000), representing an increase of 6% over the same period last year, which was mainly attributed to increased coal and natural gas prices.

### Depreciation and Amortisation

For the six months period ended 30 June 2011, depreciation and amortisation of the Group were approximately RMB160,999,000 (for the six months period ended 30 June 2010: approximately RMB85,114,000), representing an increase of 89% over the same period last year, which was mainly attributed to depreciation incurred on power generation units of new projects, property, plant and other equipment.



## **Staff Costs**

For the six months period ended 30 June 2011, staff costs of the Group were approximately RMB52,628,000 (for the six months period ended 30 June 2010: approximately RMB51,850,000), representing an increase of 2% over the same period last year.

## **Repairs and Maintenance**

For the six months period ended 30 June 2011, the expenditure on repairs and maintenance of the Group was approximately RMB22,139,000 (for the six months period ended 30 June 2010: approximately RMB16,499,000), representing an increase of 34% over the same period last year, which was mainly attributed to the Group's business expansion and greater installed capacity.

## **Operating Profit**

For the six months period ended 30 June 2011, the operating profit of the Group was approximately RMB204,580,000 (for the six months period ended 30 June 2010: approximately RMB211,959,000), representing a decrease of 3% over the same period last year after taking into account the impact of the new operating power generation projects, decreased power generation and increased fuel costs.

## **Finance Costs**

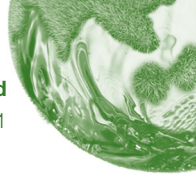
For the six months period ended 30 June 2011, finance costs of the Group amounted to approximately RMB84,183,000 (for the six months period ended 30 June 2010: approximately RMB40,034,000), representing an increase of 110% over the same period last year due to the finance costs incurred on new project loans.

## **Taxation**

For the six months period ended 30 June 2011, taxation of the Group was approximately RMB22,205,000 (for the six months period ended 30 June 2010: approximately RMB37,104,000), representing a decrease of 40% over the same period last year. The decrease in income tax was primarily attributed to the adverse impact on the amount of electricity generated by hydro power in the face of the severe aridity.

## **Profit Attributable to the Equity Holders of the Company**

For the six months period ended 30 June 2011, profit attributable to equity holders of the Group was approximately RMB91,614,000 (for the six months period ended 30 June 2010: approximately RMB125,908,000), which was mainly attributable to profit from clean energy power generation business.



## Liquidity and Financial Resources

As at 30 June 2011, the Group had cash and cash equivalents of approximately RMB755,088,000. The Group's principal sources of funds include cash inflow from operations, as well as the working capital and project financing of its respective subsidiaries from financial institutions including banks.

## Capital Expenditure

For the six months period ended 30 June 2011, the capital expenditure of the Group was approximately RMB648,589,000, spent mainly on developments of new projects, the purchase of equipment and technical renovation. The major sources of the invested funds were our cash on hand and project financing.

## Borrowings

As at 30 June 2011, total borrowings of the Group amounted to approximately RMB4,865,229,000 (31 December 2010: approximately RMB4,927,173,000), consisting of short-term bank borrowings and current portion of long-term borrowings of approximately RMB606,628,000 and long-term bank borrowings of approximately RMB4,258,601,000. The interest rate of the Group's bank borrowings will be adjusted in accordance with the relevant rules of the People's Bank of China.

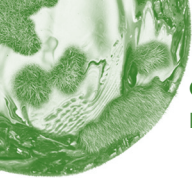
In April 2011, the Company completed the issuance of RMB500,000,000, 3.75% RMB-denominated bonds due 2014, thus fully utilizing the financing platform. Please refer to the announcements of the Company dated 13 April 2011, 25 April 2011 and 29 April 2011 respectively for details.

## Gearing Ratio

As at 30 June 2011, the gearing ratio of the Group, based on net debt divided by total capital, was 46% (31 December 2010: 46%).

## Foreign Exchange and Currency Risks

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



## **Capital Structure**

As at 30 June 2011, the authorised share capital of the Company was HK\$2 billion divided into 20 billion shares of HK\$0.10 each, of which 7,889,039,108 shares were issued and fully paid.

## **Investment Risk of the Capital Market**

The Group has some of its funds invested in securities. With its business being focused on clean energy related businesses, the Group will terminate/reduce its securities investment business.

For the six months period ended 30 June 2011, the Group's fair value loss on financial assets at fair value through profit and loss amounted to approximately RMB2,672,000 (for the six months period ended 30 June 2010: loss of approximately RMB7,092,000).

## **Charge on the Group's Assets**

As at 30 June 2011, certain bank deposits, accounts receivable, lease prepayments, property, plant and equipment and investment properties of the Group with an aggregate amount of approximately RMB2,109,266,000 (31 December 2010: approximately RMB1,685,977,000) were pledged as securities for certain notes payable and bank borrowings of the Group.

## **Contingent Liabilities**

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

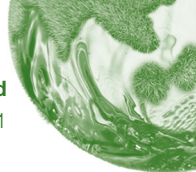
## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2011, the Group had approximately 1,124 employees in Hong Kong and the PRC (31 December 2010: 1,293).

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

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

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



## CHANGES OF DIRECTORS

Dr. Chow King Wai resigned as an independent non-executive director at the 2011 annual general meeting. For more information, please refer to the announcements of the Company dated 24 March 2011 and 28 April 2011 respectively.

Since 7 July 2011, the Company has appointed Mr. Yin Lian as a non-executive director of the Company, and Mr. Li Fang as an independent non-executive director and a member of both the Audit Committee and Remuneration Committee of the Company. For more information, please refer to the announcement of the Company dated 6 July 2011.

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

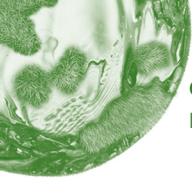
As at 30 June 2011, the directors of the Company below had the following interests in the underlying shares of the Company which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register referred to therein.

### Long Position in Underlying Shares of the Company – Physically Settled Unlisted Equity Derivatives

Pursuant to the Company's share option schemes, the Company has granted options to the following directors of the Company to subscribe for shares of the Company, details of which as at 30 June 2011 were as follows:

<b>Name of director</b>	<b>Nature of interest</b>	<b>Number of underlying shares in respect of the share options granted</b>	<b>Percentage<sup>+</sup> of underlying shares over the Company's issued share capital</b>
Ms. Li Xiaolin	Beneficial owner	43,000,000	0.54%
Mr. Zhao Xinyan	Beneficial owner	26,000,000	0.32%
Mr. Wang Hao	Beneficial owner	38,000,000	0.48%
Mr. Liu Genyu	Beneficial owner	33,000,000	0.41%

<sup>+</sup> *The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2011.*



Save as disclosed above, as at 30 June 2011, none of the directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

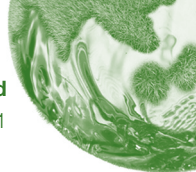
Apart from the share option scheme operated by the Company as set out in note 15 to the interim financial information and save as disclosed in the section headed "Share Option Scheme" below, at no time during the Interim Period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **SHARE OPTION SCHEME**

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. Further details of the Scheme are disclosed in note 15 to the interim financial information.

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The following table discloses movements in the Company's share options during the six months period ended 30 June 2011:

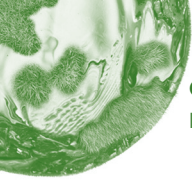
Name or category of participant	Number of share options					Outstanding at 30 June 2011	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share
	Outstanding at 1 January 2011	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Directors</b>									
Ms. Li Xiaolin	23,000,000	–	–	–	–	23,000,000	8 June 2007	26 June 2007 to 7 June 2017	0.836
	20,000,000	–	–	–	–	20,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
Mr. Zhao Xinyan	18,000,000	–	–	–	–	18,000,000	8 June 2007	15 June 2007 to 7 June 2017	0.836
	8,000,000	–	–	–	–	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
Mr. Wang Hao	30,000,000	–	–	–	–	30,000,000	9 March 2007	26 March 2007 to 8 March 2017	0.63
	8,000,000	–	–	–	–	8,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
Mr. Liu Genyu	18,000,000	–	–	–	–	18,000,000	8 June 2007	15 June 2007 to 7 June 2017	0.836
	15,000,000	–	–	–	–	15,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	140,000,000	–	–	–	–	140,000,000			
<b>Other employees working under continuous employment contracts</b>									
In aggregate	20,000,000	–	–	–	–	20,000,000	9 March 2007	23 March 2007 to 8 March 2017	0.63
	5,000,000	–	–	–	–	5,000,000	8 June 2007	28 June 2007 to 7 June 2017	0.836
	36,000,000	–	–	–	–	36,000,000	1 November 2010	1 November 2010 to 31 October 2020	0.78
	61,000,000	–	–	–	–	61,000,000			
	201,000,000	–	–	–	–	201,000,000			

Notes to the table of movements in the Company's share options during the interim Period:

\* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

\*\* The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.





As at the date of this interim report, a total of 201,000,000 shares (representing approximately 2.5% of the existing issued share capital of the Company) may be issued by the Company if all the outstanding options under the Scheme have been fully exercised.

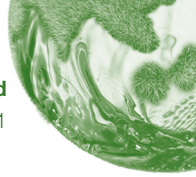
## **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES**

As at 30 June 2011, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or as the Company was aware:

<b>Name</b>	<b>Nature of interest</b>	<i>Note</i>	<b>Number of shares interested or deemed to be interested</b>	<b>Percentage holding<sup>†</sup></b>
China Power New Energy Limited	Beneficial owner	1	2,771,903,508	35.14%
State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會)	Corporate interests	1	2,771,903,508	35.14%
China Power Investment Corporation	Corporate interests	1	2,771,903,508	35.14%
China Power International Holding Limited	Corporate interests	1	2,771,903,508	35.14%
Tianying Holding Limited	Corporate interests	1	2,771,903,508	35.14%
China National Offshore Oil Corporation	Corporate interests	2	900,000,000	11.40%

Notes:

1. These shares were held by China Power New Energy Limited, a wholly-owned subsidiary of Tianying Holding Limited, which in turn was a wholly-owned subsidiary of China Power International Holding Limited. China Power International Holding Limited was a wholly-owned subsidiary of China Power Investment Corporation which in turn was wholly owned by State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Tianying Holding Limited, China Power International Holding Limited, China Power Investment Corporation and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.



2. These shares were held by Shining East Investments Limited, a wholly-owned subsidiary of Overseas Oil & Gas Corporation, Ltd., which in turn was a wholly-owned subsidiary of China National Offshore Oil Corporation. Accordingly, China National Offshore Oil Corporation was deemed to be interested in these shares pursuant to Part XV of the SFO.

† *The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 30 June 2011.*

Save as disclosed above, as at 30 June 2011, no person, other than the directors of the Company whose interests were set out in the section headed "Directors' interests in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

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

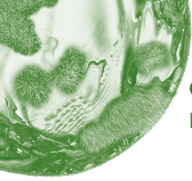
## **EVENT AFTER BALANCE SHEET DATE**

On 15 July 2011, the Group entered into a sale and purchase agreement with a third party, pursuant to which the Group agreed to dispose of and the third party agreed to acquire the entire issued share capital in Worldtron Limited ("Worldtron"), a wholly owned subsidiary of the Group, for a cash consideration of approximately RMB192,000,000 subject to a condition that the third party agreed to dispose of and the Group agreed to acquire the entire issued share capital in Fortune Jade Limited ("Fortune Jade") for a cash consideration of the same amount.

Worldtron is an indirect wholly owned subsidiary of the Group which held 40% equity interests in 東莞市科偉環保電力有限公司 and Fortune Jade, upon completion of the equity transfer of 東莞中電新能源熱電有限公司, is a 10.1% minority shareholder of 東莞中電新能源熱電有限公司, a subsidiary of the Group.

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the directors of the Company, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the six months period ended 30 June 2011.



## **CORPORATE GOVERNANCE REPORT**

The Company complied with the Code Provisions on Corporate Governance (the “Code Provision(s)”) as set out in Appendix 14 of the Listing Rules throughout the six months period ended 30 June 2011 except for the following deviations:

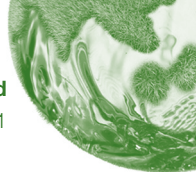
### **Term of Office of the Directors**

The Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently, the non-executive directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Company’s bye-laws (the “Bye-laws”). Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

The Code provision A.4.2 of the CG Code requires every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the CG Code, the aforementioned provision in the Bye-laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is significant for stability and growth of the Group.

### **Model Code for Securities Transactions by Directors of Listed Issuers**

The Company has adopted its code of conduct (the “Own Code”) for dealings in securities of the Company by directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Having made enquiry by the Company, all directors of the Company have confirmed that they complied with the required standards set out in the Model Code and the Own Code throughout the six months period ended 30 June 2011.



## COMMITTEES OF THE BOARD

The Board has established three Board committees, namely, the Executive Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the affairs of the Company.

### Executive Committee

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Ms. Li Xiaolin, acting as the Chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

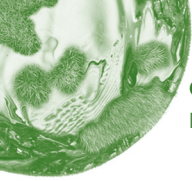
### Remuneration Committee

The Remuneration Committee comprises the three independent non-executive directors of the Company and the chairman of the Committee is Mr. Chu Kar Wing.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and members of senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The present members of the Remuneration Committee are Mr. Li Fang, Mr. Chu Kar Wing and Mr. Wong Kwok Tai.

### Audit Committee

The Audit Committee comprises the three independent non-executive directors of the Company with Mr. Wong Kwok Tai possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. The chairman of the Committee is Mr. Chu Kar Wing. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.



The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system. The present members of the Audit Committee are Mr. Li Fang, Mr. Chu Kar Wing and Mr. Wong Kwok Tai.

The interim financial information for the six months period ended 30 June 2011 has not been audited but has been reviewed by the Audit Committee of the Company and PricewaterhouseCoopers, the auditor of the Company, 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.

### **Interim Dividend**

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

### **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The interim results announcement and interim report are published on the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> and the Company's website at <http://www.cpne.com.hk>.

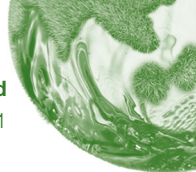
By order of the Board

**China Power New Energy Development Company Limited**

**Li Xiaolin**

*Chairman*

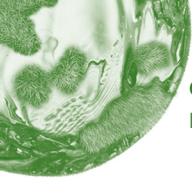
Hong Kong, 26 August 2011



## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months period ended 30 June 2011

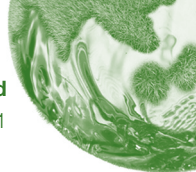
	Note	Unaudited Six months ended 30 June	
		2011 RMB'000	2010 RMB'000
Revenue	5	<b>767,388</b>	649,560
Tariff adjustment	5	<b>155,482</b>	159,648
		<b>922,870</b>	809,208
Other income	6	<b>22,173</b>	14,249
Other gains, net	7	<b>20,166</b>	8,484
Fuel costs		<b>(410,363)</b>	(386,449)
Cost of power generating equipment sold		<b>—</b>	(322)
Depreciation and amortisation		<b>(160,999)</b>	(85,114)
Staff costs		<b>(52,628)</b>	(51,850)
Repairs and maintenance		<b>(22,139)</b>	(16,499)
Decrease in fair value of financial assets at fair value through profit or loss		<b>(2,672)</b>	(7,092)
Impairment on goodwill	13	<b>(18,522)</b>	—
Other operating expenses		<b>(93,306)</b>	(72,656)
Operating profit	8	<b>204,580</b>	211,959
Finance income	9	<b>2,616</b>	1,974
Finance costs	9	<b>(84,183)</b>	(40,034)
Share of profits of associated companies		<b>918</b>	—
Share of (losses)/profits of jointly controlled entities		<b>(3,027)</b>	15,051
Profit before taxation		<b>120,904</b>	188,950
Taxation	10	<b>(22,205)</b>	(37,104)
Profit for the period		<b>98,699</b>	151,846
Attributable to:			
Equity holders of the Company		<b>91,614</b>	125,908
Non-controlling interests		<b>7,085</b>	25,938
		<b>98,699</b>	151,846
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
— basic	11	<b>0.0116</b>	0.0178
— diluted	11	<b>0.0116</b>	0.0178



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Profit for the period	<b>98,699</b>	151,846
Other comprehensive income:		
Currency translation differences	<b>(1,845)</b>	1,335
Total comprehensive income for the period	<b>96,854</b>	153,181
Attributable to:		
Equity holders of the Company	<b>89,769</b>	127,243
Non-controlling interests	<b>7,085</b>	25,938
	<b>96,854</b>	153,181



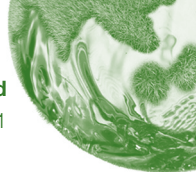
## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2011

	<i>Note</i>	As at	
		30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	13	<b>7,994,481</b>	7,520,548
Lease prepayments	13	<b>140,191</b>	143,785
Investment properties	13	<b>295,477</b>	280,378
Intangible assets	13	<b>1,185,477</b>	1,202,870
Interests in associated companies		<b>130,168</b>	129,250
Interests in jointly controlled entities		<b>192,037</b>	195,064
Other long-term deposits and prepayments		<b>73,343</b>	123,937
Deferred income tax assets		<b>31,578</b>	27,453
		<b>10,042,752</b>	9,623,285
Current assets			
Inventories		<b>115,148</b>	156,128
Accounts receivable	14	<b>474,376</b>	371,568
Prepayments, deposits and other receivables		<b>611,343</b>	548,050
Other financial assets		<b>11,191</b>	14,915
Pledged deposits		<b>20,245</b>	28,111
Cash and cash equivalents		<b>755,088</b>	368,013
		<b>1,987,391</b>	1,486,785
Total assets		<b>12,030,143</b>	11,110,070



	Note	As at	
		30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
<b>EQUITY</b>			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	754,065	754,065
Share premium		3,944,546	3,944,546
Reserves		363,448	273,679
		<b>5,062,059</b>	4,972,290
Non-controlling interests		268,130	267,384
Total equity		<b>5,330,189</b>	5,239,674
<b>LIABILITIES</b>			
Non-current liabilities			
Long-term bank borrowings	16	4,258,601	4,352,309
Corporate bond	17	496,474	—
Other long-term payables	19	123,782	97,485
Deferred income tax liabilities		28,018	21,051
		<b>4,906,875</b>	4,470,845
Current liabilities			
Accounts payable	18	45,013	61,571
Other payables and accrued charges	19	1,124,069	731,647
Short-term bank and other borrowings	16	371,832	361,510
Current portion of long-term bank borrowings	16	234,796	213,354
Income tax payable		17,369	31,469
		<b>1,793,079</b>	1,399,551
Total liabilities		<b>6,699,954</b>	5,870,396
Total equity and liabilities		<b>12,030,143</b>	11,110,070
Net current assets		<b>194,312</b>	87,234
Total assets less current liabilities		<b>10,237,064</b>	9,710,519



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

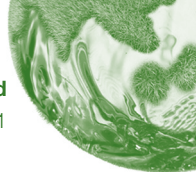
For the six months period ended 30 June 2011

	Unaudited						
	Attributable to equity holders of the Company						
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2010	677,635	3,426,360	(57,890)	102,323	4,148,428	301,982	4,450,410
Profit for the period	—	—	—	125,908	125,908	25,938	151,846
Currency translation differences	—	—	1,335	—	1,335	—	1,335
Total comprehensive income for the period	—	—	1,335	125,908	127,243	25,938	153,181
Issue of shares upon exercise of share options	8,840	58,074	(12,374)	—	54,540	—	54,540
Acquisition of non-controlling interest	—	—	(7,814)	—	(7,814)	(95,209)	(103,023)
Disposal of a subsidiary (Note 20)	—	—	—	—	—	13,840	13,840
	8,840	58,074	(20,188)	—	46,726	(81,369)	(34,643)
Balance at 30 June 2010	686,475	3,484,434	(76,743)	228,231	4,322,397	246,551	4,568,948
Balance at 1 January 2011	<b>754,065</b>	<b>3,944,546</b>	<b>(62,868)</b>	<b>336,547</b>	<b>4,972,290</b>	<b>267,384</b>	<b>5,239,674</b>
Profit for the period	—	—	—	91,614	91,614	7,085	98,699
Currency translation differences	—	—	(1,845)	—	(1,845)	—	(1,845)
Total comprehensive income for the period	—	—	(1,845)	91,614	89,769	7,085	96,854
Disposal of a subsidiary (Note 20)	—	—	—	—	—	(6,339)	(6,339)
	—	—	—	—	—	(6,339)	(6,339)
Balance at 30 June 2011	<b>754,065</b>	<b>3,944,546</b>	<b>(64,713)</b>	<b>428,161</b>	<b>5,062,059</b>	<b>268,130</b>	<b>5,330,189</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2011

	Unaudited	
	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Net cash generated from operating activities	<b>230,321</b>	50,239
Net cash used in investing activities	<b>(277,776)</b>	(1,510,465)
Net cash generated from financing activities	<b>434,530</b>	2,240,547
Net increase in cash and cash equivalents	<b>387,075</b>	780,321
Cash and cash equivalents at 1 January	<b>368,013</b>	475,312
Cash and cash equivalents at 30 June	<b>755,088</b>	1,255,633
Analysis of cash and cash equivalents:		
Cash and bank balances	<b>755,088</b>	1,255,633



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 General information

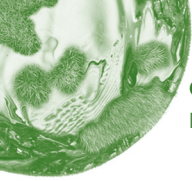
China Power New Energy Development Company Limited (the “Company”) is a limited liability company incorporated in Bermuda. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (together, the “Group”) are principally engaged in the development, construction, ownership and management of clean energy power plants in the People’s Republic of China (the “PRC”), including but not limited to the following types of energy generation — natural gas and oil power generation, wind power generation, hydro power generation, waste-to-energy power generation and other power generation. The Group is also engaged in investment holding in clean energy power industry and property investments.

This condensed consolidated interim financial information is presented in thousands of Renminbi (RMB’000), unless otherwise stated, and have been approved for issue on 26 August 2011.

### 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 period ended 30 June 2011 has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).



### 3 Accounting policies

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

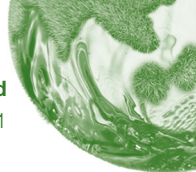
#### (a) **Effect of adopting amendments to standards and interpretations**

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 rights issue
HK(IFRIC)-Int 14	Prepayments of a minimum funding requirement
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments



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

<sup>1</sup> Effective for the Group for annual period beginning on or after 1 January 2012

<sup>2</sup> Effective for the Group for annual period beginning on or after 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.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### 4 Estimates

The preparation of interim financial statements 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 these 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 consolidated financial statements for the year ended 31 December 2010 except for a revision of the estimation of tariff adjustment and an impairment of non-financial assets. Details of which are set out in Notes 5 and 13 respectively.

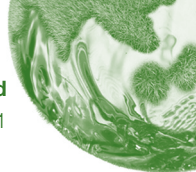
**5 Revenue, tariff adjustment and segment information**

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Sales of electricity to provincial power grid companies ( <i>note (i)</i> )	<b>681,517</b>	583,436
Heat supply by thermal power plants to other companies	<b>38,148</b>	35,529
Sales of power generating equipment	—	2,216
Rubbish handling income	<b>44,155</b>	25,799
Rental income from investment properties	<b>3,568</b>	2,580
	<hr/>	<hr/>
Total revenue	<b>767,388</b>	649,560
Tariff adjustment ( <i>note (ii)</i> )	<b>155,482</b>	159,648
	<hr/>	<hr/>
	<b>922,870</b>	809,208

*Notes:*

- (i) Pursuant to the power purchase agreements entered into between the Group and the respective 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 provincial power grid companies as approved by the relevant government authorities.
- (ii) The amount represents additional tariff received and receivable from the relevant local government authorities. During the six months ended 30 June 2011, the Group has revised the estimation of tariff adjustment in respect of the period from September to December 2010 with reference to the actual notices received from the relevant local government authorities resulting in an one-off reduction in tariff adjustment amounting to approximately RMB14,000,000.



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

**(b) Segment information**

The chief operating decision-maker has been identified as the executive directors and certain senior management of the Group (collectively referred to as the “CODM”) that make strategic decisions. The CODM reviews the internal reporting of the Group in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on each segment’s profit/(loss) before income tax and share of results of associated companies and jointly controlled entities (“segment results”).

The Group has the following major segments: power generation, property investment and securities investment.

The Group is principally engaged in the development, construction, ownership and management of clean energy power plants in the PRC. The power generation business is further evaluated based on the types of energy generation (natural gas and oil power generation business, wind power generation and related business, hydro power generation business, waste-to-energy power generation business and other power generation business).

The property investment segment is engaged in the leasing of properties to generate rental income.

The securities investment segment is engaged in securities trading.

No sales between operating segments are undertaken.

Segment assets exclude interests in associated companies and jointly controlled entities, deferred income tax assets and corporate assets, all of which are managed on a central basis.

Unallocated income mainly refers to interest income earned from cash and cash equivalents held at corporate level. Unallocated expenses mainly refer to general and administrative expenses incurred at corporate level.

Other unallocated assets mainly comprise property, plant and equipment, prepayment, deposits and other receivables, and cash and cash equivalents held at corporate level.

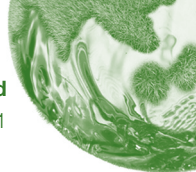


5 Revenue, tariff adjustment and segment information (Continued)

(b) Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2011 and 30 June 2010 is as follows:

	Power generation					Property investment	Securities investment	Unallocated	Total
	Natural gas and oil power generation business	Wind power generation and related business	Hydro power generation business	Waste-to-energy power generation business	Other power generation business				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>For the six months ended 30 June 2011</b>									
Segment revenue	295,144	236,122	64,145	122,519	45,893	3,565	-	-	767,388
Tariff adjustment	155,482	-	-	-	-	-	-	-	155,482
	<b>450,626</b>	<b>236,122</b>	<b>64,145</b>	<b>122,519</b>	<b>45,893</b>	<b>3,565</b>	<b>-</b>	<b>-</b>	<b>922,870</b>
Results of reportable segments	57,833	76,396	12,957	24,681	(29,315)	8,028	(2,672)	-	147,908
A reconciliation of results of reportable segments to profit for the period is as follows:									
Results of reportable segments									147,908
Unallocated income									714
Unallocated expenses									(25,609)
Share of profits of associated companies									918
Share of losses of jointly controlled entities									(3,027)
Profit before taxation									120,904
Taxation									(22,205)
Profit for the period									98,699
Segment results included:									
Impairment of goodwill	-	-	-	-	18,522	-	-	-	18,522
Provision for other receivables	-	-	-	-	-	-	-	3,735	3,735
Depreciation and amortisation	16,461	100,327	19,026	14,582	6,470	1,679	21	2,433	160,999
Interest income	642	255	1,000	48	12	6	549	104	2,616
Interest expense	11,213	56,029	-	5,673	3,822	4,057	3,384	5	84,183



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

**(b) Segment information (Continued)**

	Power generation					Property investment	Securities investment	Unallocated	Total
	Natural gas and oil power generation business	Wind power generation and related business	Hydro power generation business	Waste-to-energy power generation business	Other power generation business				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2010									
Segment revenue	317,314	53,596	132,294	86,720	57,056	2,580	—	—	649,560
Tariff adjustment	155,402	—	—	—	4,246	—	—	—	159,648
	<u>472,716</u>	<u>53,596</u>	<u>132,294</u>	<u>86,720</u>	<u>61,302</u>	<u>2,580</u>	<u>—</u>	<u>—</u>	<u>809,208</u>
Results of reportable segments	<u>116,435</u>	<u>12,012</u>	<u>64,365</u>	<u>14,148</u>	<u>(2,399)</u>	<u>(5,097)</u>	<u>(7,092)</u>	<u>—</u>	<u>192,372</u>
A reconciliation of results of reportable segments to profit for the period is as follows:									
Results of reportable segments									192,372
Unallocated income									6,610
Unallocated expenses									(25,083)
Share of profits of jointly controlled entities									<u>15,051</u>
Profit before taxation									188,950
Taxation									<u>(97,104)</u>
Profit for the period									<u>151,846</u>
Segment results included:									
Depreciation and amortisation	16,478	23,511	21,457	12,725	7,210	2,187	—	1,546	85,114
Interest income	737	131	944	125	14	5	18	—	1,974
Interest expense	<u>13,452</u>	<u>14,055</u>	<u>1,050</u>	<u>4,217</u>	<u>3,738</u>	<u>3,516</u>	<u>4</u>	<u>2</u>	<u>40,034</u>

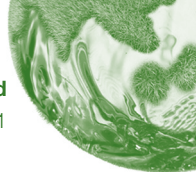
5 Revenue, tariff adjustment and segment information (Continued)

(b) Segment information (Continued)

	Power generation					Property investment	Securities investment	Unallocated	Total
	Natural gas and oil power generation business RMB'000	Wind power generation business RMB'000	Hydro power generation business RMB'000	Waste-to-energy power generation business RMB'000	Other power generation business RMB'000				
<b>As at 30 June 2011</b>									
Segment assets	1,867,268	5,634,197	1,774,267	1,211,270	225,963	390,558	61,027	—	11,164,550
Interests in associated companies								130,168	130,168
Interests in jointly controlled entities								192,037	192,037
Deferred income tax assets								31,578	31,578
Other unallocated assets								511,810	511,810
Total assets per consolidated balance sheet									12,030,143
Additions to non-current assets	13,266	513,717	11,974	56,400	446	1,607	—	585	597,995
<b>As at 31 December 2010</b>									
Segment assets	1,880,306	5,539,960	1,427,647	1,150,480	262,216	394,996	87,207	—	10,742,812
Interests in associated companies								129,250	129,250
Interests in jointly controlled entities								195,064	195,064
Deferred income tax assets								27,453	27,453
Other unallocated assets								15,491	15,491
Total assets per consolidated balance sheet									11,110,070
Additions to non-current assets	10,238	1,210,986	22,925	134,205	1,602	358	—	1,511	1,381,825

Substantially all of the Group's revenue and assets are generated or located in the PRC except that cash and cash equivalents held at corporate level of RMB552,849,000 (31 December 2010: RMB77,007,000) were deposited in Hong Kong, investment properties of RMB26,477,000 (31 December 2010: RMB24,628,000) were situated in Hong Kong and certain other financial assets in the amount of RMB11,191,000 (31 December 2010: RMB14,915,000) were relating to equity securities listed in Hong Kong.

For the six months ended 30 June 2011, external revenue of approximately RMB488,927,000 (six months period ended 30 June 2010: RMB493,334,000) is generated from two (six months period ended 30 June 2010: two) major customers, each of which accounts for 10% or more of the Group's external revenue. The revenue is attributable to the power generation segment.



## 6 Other income

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Government grants ( <i>note</i> )	<b>600</b>	1,670
Refund of value added tax ( <i>note</i> )	<b>16,029</b>	9,199
Repairs and maintenance management fee income	<b>3,805</b>	1,780
Others	<b>1,739</b>	1,600
	<b>22,173</b>	14,249

*Note:*

During the period, government grants and refund of value added tax were received from the relevant government authorities for encouraging the Group to operate environmental-friendly power plants.

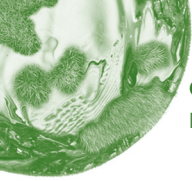
## 7 Other gains, net

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Fair value gain on investment properties ( <i>note 13</i> )	<b>16,487</b>	968
Gain on disposal of property, plant and equipment	<b>—</b>	180
Gain on disposal of a subsidiary, net ( <i>note</i> )	<b>611</b>	6,614
Gain on sale of scrap materials	<b>1,626</b>	722
Others	<b>1,442</b>	—
	<b>20,166</b>	8,484

*Note:*

On 15 March 2011, the Group entered into a sale and purchase agreement with a third party to dispose of its entire 51% equity interests in a subsidiary engaging in the provision of wind turbine installation services in the PRC for a cash consideration of RMB7,210,000, resulting in a gain on disposal of RMB611,000 during the six months period ended 30 June 2011.

On 23 June 2010, the Group entered into a sale and purchase agreement with a third party to dispose of its entire 51% equity interest in a subsidiary engaging in the provision of bakery and food business in Hong Kong at a cash consideration of RMB1 resulting in a gain on disposal of RMB6,614,000 recognized during the six months period ended 30 June 2010.



## 8 Operating profit

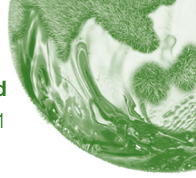
Operating profit is stated after charging the following:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Amortisation of lease prepayments	<b>1,608</b>	1,960
Amortisation of intangible assets	<b>107</b>	558
Depreciation of property, plant and equipment	<b>159,284</b>	82,596
Operating lease rental in respect of leasehold land and buildings	<b>3,458</b>	5,401
Provision for other receivables	<b>3,735</b>	—
Direct outgoings in respect of rental income	<b>2,359</b>	1,909
	<b>2,359</b>	1,909

## 9 Finance income and costs

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Interest income from		
— bank deposits	<b>1,930</b>	1,321
— others	<b>686</b>	653
	<b>2,616</b>	1,974
Interest expense on		
— bank borrowings not wholly repayable within five years	<b>113,772</b>	18,638
— bank borrowings wholly repayable within five years	<b>20,205</b>	52,144
— other borrowings wholly repayable within five years	<b>446</b>	5,898
— corporate bond wholly repayable within five years	<b>3,384</b>	—
	<b>137,807</b>	76,680
Less: Amounts capitalised in property, plant and equipment	<b>(53,624)</b>	(36,646)
	<b>84,183</b>	40,034

The weighted average interest rate on capitalised borrowings is approximately 5.99% (six months period ended 30 June 2010: 5.35%) per annum.



**10 Taxation**

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit in Hong Kong for the six months period ended 30 June 2011 (six months period ended 30 June 2010: Nil).

The provision for PRC corporate income tax is calculated based on the statutory tax rate of 25% (six months period ended 30 June 2010: 25%) on the estimated assessable income for the period except that certain subsidiaries of the Group are entitled to a two-year exemption from income tax starting from year 2008 followed by a 50% reduction in income tax rate at 12.5% towards year 2012, and at 25% thereafter.

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
PRC current income tax	<b>20,471</b>	37,839
Deferred income tax	<b>1,734</b>	(735)
	<b>22,205</b>	37,104

There is no tax impact relating to components of other comprehensive income for the six months ended 30 June 2011 (six months period ended 30 June 2010: Nil).

**11 Earnings per share**

**(a) Basic**

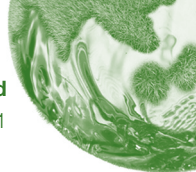
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the six months period ended.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
Profit attributable to equity holders of the Company (RMB'000)	<b>91,614</b>	125,908
Weighted average number of shares in issue (shares in thousands)	<b>7,889,039</b>	7,075,277
Basic earnings per share (RMB)	<b>0.0116</b>	0.0178

**(b) Diluted**

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period of six months ended plus the weighted average number of dilutive potential ordinary shares deemed to be issued at nil consideration if all outstanding options had been exercised.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
Profit attributable to equity holders of the Company (RMB'000)	<b>91,614</b>	125,908
Weighted average number of shares in issue (shares in thousands)	<b>7,889,039</b>	7,075,277
Adjustment for share options (shares in thousands)	<b>1,084</b>	11,308
Adjusted weighted average number of shares (shares in thousands)	<b>7,890,123</b>	7,086,585
Diluted earnings per share (RMB)	<b>0.0116</b>	0.0178



## 12 Interim dividend

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

## 13 Capital expenditure

	<b>Property, plant and equipment</b>	<b>Lease prepayments</b>	<b>Investment properties</b>	<b>Intangible assets</b>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended 30 June 2010</b>				
Balance at 1 January 2010	3,841,783	133,423	249,142	1,048,677
Additions	1,027,023	6,415	—	740
Disposals	(748)	—	—	—
Depreciation and amortisation	(82,596)	(1,960)	—	(558)
Increase in fair value	—	—	968	—
	<u>4,785,462</u>	<u>137,878</u>	<u>250,110</u>	<u>1,048,859</u>
<b>Balance at 30 June 2010</b>				
<b>Six months ended 30 June 2011</b>				
Balance at 1 January 2011	<b>7,520,548</b>	<b>143,785</b>	<b>280,378</b>	<b>1,202,870</b>
Exchange adjustments	<b>(330)</b>	—	<b>(1,388)</b>	—
Additions	<b>647,353</b>	—	—	<b>1,236</b>
Disposals	<b>(100)</b>	—	—	—
Depreciation and amortisation	<b>(159,284)</b>	<b>(1,608)</b>	—	<b>(107)</b>
Impairment losses	—	—	—	<b>(18,522)</b>
Disposal of a subsidiary	<b>(13,706)</b>	<b>(1,986)</b>	—	—
Increase in fair value	—	—	<b>16,487</b>	—
	<u><b>7,994,481</b></u>	<u><b>140,191</b></u>	<u><b>295,477</b></u>	<u><b>1,185,477</b></u>
<b>Balance at 30 June 2011</b>				

As at 30 June 2011, the Group assessed the recoverable amount of goodwill and determined that the goodwill associated with a subsidiary operating in other power generation segment to be impaired resulting in a recognition of impairment loss amounting to RMB18,522,000 for the six months ended 30 June 2011.



**14 Accounts receivable**

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Accounts receivable from provincial power grid companies	<b>236,508</b>	177,332
Accounts receivable from other companies	<b>49,778</b>	31,979
Accounts receivable ( <i>note (i)</i> )	<b>286,286</b>	209,311
Tariff adjustment receivable from the relevant government authorities	<b>169,482</b>	155,400
Notes receivable ( <i>note (iii)</i> )	<b>18,608</b>	6,857
	<b>474,376</b>	371,568

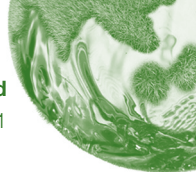
The carrying values of accounts receivable approximate their fair values due to their short maturities. Substantially all accounts receivable are denominated in RMB.

*Notes:*

- (i) The Group normally grants 30 to 60 days credit period to customers from the end of the month in which the relevant sales are made. The ageing analysis of the accounts receivable is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
1 to 3 months	<b>200,059</b>	156,897
4 to 6 months	<b>79,113</b>	47,545
7 to 12 months	<b>5,954</b>	1,122
Over 1 year	<b>1,160</b>	3,747
	<b>286,286</b>	209,311

- (ii) Notes receivable represent commercial acceptance notes and are with maturity period of 90 to 180 days (31 December 2010: 180 to 360 days).



## 15 Share capital

### (a) Authorised and issued capital

	Number of shares (HK\$0.1 each)	Nominal value RMB'000
Authorised:		
At 1 January 2010, 30 June 2010 and 31 December 2010	10,000,000,000	879,577
Increase in authorised share capital (note (i))	<u>10,000,000,000</u>	<u>879,577</u>
At 30 June 2011	<u>20,000,000,000</u>	<u>1,759,154</u>
Issued and fully paid:		
At 1 January 2010	7,020,100,000	677,635
Exercise of share option (note (ii))	<u>100,500,000</u>	<u>8,840</u>
At 30 June 2010	7,120,600,000	686,475
Issue of shares for acquisition of a subsidiary (note (iii))	<u>768,439,108</u>	<u>67,590</u>
At 1 January 2011 and 30 June 2011	<b><u>7,889,039,108</u></b>	<b><u>754,065</u></b>

#### Notes:

- (i) Pursuant to a resolution passed at the special general meeting on 3 March 2011, the authorised share capital of the Company was increased to 20,000,000,000 shares by the creation of additional 10,000,000,000 ordinary shares of HK\$0.1 each, ranking pari passu with existing ordinary shares of the Company in all respects.
- (ii) During the six months period ended 30 June 2010, 100,500,000 shares of HK\$0.1 each were issued at the price ranged from HK\$0.63 to HK\$0.836 each for cash upon the exercise of the relevant options to subscribe for 100,500,000 shares of the Company under the share option scheme of the Company (also see Note 15(b) below). These new shares rank pari passu in all respects with the existing shares.
- (iii) On 10 November 2010, the Company issued 768,439,108 new shares of HK\$0.1 each to China Power International Holding Limited ("CPIH") as part of the purchase consideration for the acquisition of 100% equity interests in Dafeng (the "Consideration Shares"). These new shares rank pari passu in all respects with the then existing shares. The fair value of Consideration Shares, determined using the published closing price at the date of acquisition amounted to HK\$0.78 (equivalent to approximately RMB0.69).

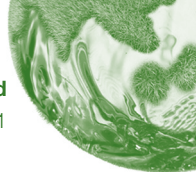
**15 Share capital** (Continued)

**(b) Share option scheme**

Details of the options granted under the share option scheme of the Company outstanding as at 30 June 2011 and 31 December 2010 are as follows:

Date of grant	Expiry date	Exercise price	Number of shares subject to the options at	
			30 June 2011	31 December 2010
Directors				
9 March 2007	8 March 2017	0.630	<b>30,000,000</b>	30,000,000
8 June 2007	7 June 2017	0.836	<b>59,000,000</b>	59,000,000
1 November 2010	31 October 2020	0.780	<b>51,000,000</b>	51,000,000
			<b>140,000,000</b>	140,000,000
Senior management and other employees				
9 March 2007	8 March 2017	0.630	<b>20,000,000</b>	20,000,000
8 June 2007	7 June 2017	0.836	<b>5,000,000</b>	5,000,000
1 November 2010	31 October 2020	0.780	<b>36,000,000</b>	36,000,000
			<b>61,000,000</b>	61,000,000
			<b>201,000,000</b>	201,000,000

No options were exercised during the period ended 30 June 2011 (six months period ended 30 June 2010: 100,500,000 shares were exercised).



## 16 Bank and other borrowings

Bank and other borrowings are analysed as follows:

	As at	
	30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Non-current borrowings		
Long-term bank borrowings, secured ( <i>note (i)</i> )	<b>2,000,877</b>	1,342,143
Long-term bank borrowings, unsecured ( <i>note (ii)</i> )	<b>2,492,520</b>	3,223,520
	<b>4,493,397</b>	4,565,663
Less: current portion of long-term bank borrowings		
— secured	<b>(140,836)</b>	(103,394)
— unsecured	<b>(93,960)</b>	(109,960)
	<b>(234,796)</b>	(213,354)
Non-current portion	<b>4,258,601</b>	4,352,309
Current borrowings		
Short-term bank borrowings, secured ( <i>note (iii)</i> )	<b>196,832</b>	20,000
Short-term bank borrowings, unsecured	<b>160,000</b>	295,000
Short-term other borrowings, secured ( <i>note (iv)</i> )	<b>15,000</b>	15,000
Short-term other borrowings, unsecured	<b>—</b>	31,510
	<b>371,832</b>	361,510
Current portion of long-term borrowings	<b>234,796</b>	213,354
Current portion	<b>606,628</b>	574,864
Total borrowings	<b>4,865,229</b>	4,927,173

**16 Bank and other borrowings** (Continued)

Movements in bank and other borrowings are analysed as follows:

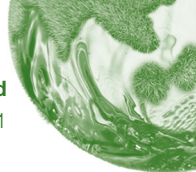
	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Balance as at 1 January	<b>4,927,173</b>	1,965,288
Additions	<b>173,732</b>	2,805,461
Repayments	<b>(235,676)</b>	(620,789)
Balance as at 30 June	<b>4,865,229</b>	4,149,960

The repayment terms of the non-current borrowings are analysed as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Wholly repayable within five years	<b>598,400</b>	658,000
Not wholly repayable within five years	<b>3,894,997</b>	3,907,663
	<b>4,493,397</b>	4,565,663

The Group's non-current borrowings were repayable as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Within one year	<b>234,796</b>	213,354
In the second year	<b>326,796</b>	299,954
In the third to fifth year	<b>1,449,288</b>	971,961
After the fifth year	<b>2,482,517</b>	3,080,394
	<b>4,493,397</b>	4,565,663



## 16 Bank and other borrowings (Continued)

Except for the long-term bank borrowings of RMB8,007,000 (31 December 2010: RMB8,673,000) which are denominated in HK\$, all borrowings are denominated in RMB.

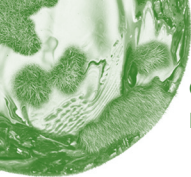
All of the bank and other borrowings are interest bearing at floating rates. The effective interest rate of the Group's HK\$-denominated long-term bank borrowing is 0.73% per annum. The effective interest rates of the Group's RMB-denominated bank and other borrowings are as follows:

	<b>As at</b>	
	<b>30 June 2011 Unaudited</b>	31 December 2010 Audited
Long-term bank borrowings	<b>6.08%</b>	5.15%
Short-term bank borrowings	<b>5.54%</b>	5.22%
Short-term other borrowings	<b>7.43%</b>	5.36%

Notes:

- (i) Secured long-term bank borrowings are secured by:
- all investment properties of the Group with a carrying amount of RMB295,477,000 (31 December 2010: RMB280,378,000);
  - certain lease prepayments and property, plant and equipment of the Group with a carrying amount of RMB1,685,534,000 (31 December 2010: RMB1,180,713,000);
  - accounts receivable with a carrying amount of RMB70,615,000 (31 December 2010: RMB16,475,000);
  - personal guarantee given by a former director of the Company; and
  - corporate guarantee given by a shareholder, CPIH.
- (ii) Unsecured long-term bank borrowings to the extent of RMB1,066,000,000 (31 December 2010: RMB1,101,000,000) are guaranteed by a shareholder, CPIH.
- (iii) As at 30 June 2011, short-term bank borrowings to the extent of RMB95,760,000 are secured by accounts receivable with a carrying amount of RMB12,495,000.

As at 31 December 2010, short-term bank borrowings to the extent of RMB20,000,000 are secured by accounts receivable with a carrying amount of RMB155,400,000.



## China Power New Energy Development Company Limited

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### 16 Bank and other borrowings (Continued)

Notes: (Continued)

- (iv) As at 31 December 2010 and 30 June 2011, short-term other borrowings of RMB15,000,000 are secured by certain property, plant and equipment with a carrying amount of RMB24,900,000 (31 December 2010: RMB24,900,000).
- (v) As at 31 December 2010 and 30 June 2011, a subsidiary has obtained a written waiver in respect of the breach of the financial ratio covenant as required in a loan agreement. The entire balance amounting to RMB200,000,000 (31 December 2010: RMB165,000,000) was reclassified to non-current borrowings.
- (vi) At 30 June 2011, the Group had the following undrawn committed borrowing facilities, all at floating rates:

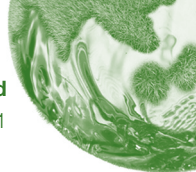
	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Long-term bank borrowings	<b>2,193,768</b>	2,370,500
Long-term other borrowings	<b>11,000</b>	11,000
	<b>2,204,768</b>	2,381,500

### 17 Corporate bond

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
RMB denominated corporate bond — unsecured	<b>496,474</b>	—

On 22 April 2011, the Company issued RMB500,000,000 corporate bond, due in April 2014. The bond is unsecured and carried an effective interest rate of 4.06% per annum, with the interest being payable semi-annually.

As at 30 June 2011, the fair value of corporate bond amounted to approximately RMB499,599,000 (31 December 2010: Nil).



## 18 Accounts payable

	<b>As at</b>	
	<b>30 June 2011</b>	31 December 2010
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Accounts payable (note (i))	<b>10,013</b>	28,116
Notes payable (note (ii))	<b>35,000</b>	33,455
	<b>45,013</b>	61,571

The carrying amounts of accounts payable approximate their fair values due to their short maturities. All these accounts payable are denominated in RMB.

Notes:

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

	<b>As at</b>	
	<b>30 June 2011</b>	31 December 2010
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Current to 3 months	<b>6,871</b>	24,197
4 to 6 months	<b>388</b>	1,101
7 to 12 months	<b>1,987</b>	1,535
Over 1 year	<b>767</b>	1,283
	<b>10,013</b>	28,116

- (ii) Notes payable are normally with maturity period of 90 to 180 days (31 December 2010: 90 to 180 days).

As at 30 June 2011, notes payable of RMB35,000,000 (31 December 2010: RMB33,455,000) were drawn under the banking facilities which were secured by a bank deposit of the Group amounting to RMB20,245,000 (31 December 2010: RMB28,111,000) and a corporate guarantee given by a minority shareholder of a subsidiary.

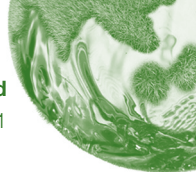


**19 Other payables and accrued charges**

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2011</b>	2010
	<b>Unaudited</b>	Audited
	<b>RMB'000</b>	RMB'000
Construction cost payable	<b>1,160,346</b>	714,868
Salaries and staff welfare payable	<b>6,681</b>	9,123
Value added tax payable	<b>—</b>	5,171
Repairs and maintenance expenses payable	<b>10,311</b>	30,359
Consideration payables	<b>17,170</b>	22,377
Other payables and accrued operating expenses	<b>41,544</b>	38,374
Amounts due to a shareholder and its subsidiaries ( <i>note (i)</i> )	<b>11,256</b>	4,960
Amounts due to non-controlling interests ( <i>note (i)</i> )	<b>543</b>	3,900
	<b>1,247,851</b>	829,132
Less: non-current portions ( <i>note (ii)</i> )	<b>(123,782)</b>	(97,485)
Current portions	<b>1,124,069</b>	731,647
Denominated in:		
RMB	<b>1,232,746</b>	807,807
HK\$	<b>15,105</b>	21,325
	<b>1,247,851</b>	829,132

*Notes:*

- (i) These balances are unsecured, interest-free and repayable on demand.
- (ii) Non-current portions of other payables represent construction cost payable which will not be due for settlement within one year from the date of balance sheet in accordance with the terms of the construction agreements.



## 20 Disposal of a subsidiary

	Unaudited	
	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Net assets/(liabilities) disposed of:		
Property, plant and equipment	<b>13,706</b>	—
Lease prepayments	<b>1,986</b>	—
Inventories	<b>8,224</b>	—
Accounts receivable	<b>27,007</b>	—
Prepayments, deposits and other receivables	<b>42,695</b>	—
Pledged deposits	<b>804</b>	—
Cash and cash equivalents	<b>5,704</b>	—
Accounts payable	<b>(13,665)</b>	—
Other payables and accrued charges	<b>(69,991)</b>	(4,228)
Income tax payable	<b>(3,532)</b>	—
Amounts due to a non-controlling interests	<b>—</b>	(16,226)
Non-controlling interests	<b>(6,339)</b>	13,840
	<b>6,599</b>	(6,614)
Consideration	<b>7,210</b>	—
Gain on disposal ( <i>Note 7</i> )	<b>611</b>	6,614

## 21 Commitments

### (a) Capital commitments

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

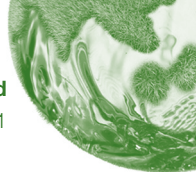
	<b>As at</b>	
	<b>30 June 2011 Unaudited RMB'000</b>	31 December 2010 Audited RMB'000
Contracted but not provided for in respect of		
— property, plant and equipment	<b>1,047,968</b>	1,228,191
— investment in a jointly controlled entity	<b>—</b>	18,608
	<b>1,047,968</b>	1,246,799

### (b) Commitments under operating leases as lessee

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

	<b>As at</b>	
	<b>30 June 2011 Unaudited RMB'000</b>	31 December 2010 Audited RMB'000
Land and buildings		
Not later than one year	<b>7,097</b>	4,656
Later than one year and not later than five years	<b>7,542</b>	2,902
	<b>14,639</b>	7,558

Generally, the Group's operating leases are for terms of 1 to 7 years.

**21 Commitments** (Continued)**(c) Future operating lease agreements as lessor**

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

	<b>As at</b>	
	<b>30 June 2011 Unaudited RMB'000</b>	31 December 2010 Audited RMB'000
Land and buildings		
Not later than one year	<b>6,798</b>	6,709
Later than one year and not later than five years	<b>12,783</b>	12,587
Later than five years	<b>2,870</b>	3,725
	<b>22,451</b>	23,021

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

**22 Related party transactions**

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

**(i) Transactions with related parties****(a) Income**

	<i>Note</i>	<b>Unaudited</b>	
		<b>Six months ended 30 June 2011 RMB'000</b>	2010 RMB'000
Interest income from a jointly controlled entity	<i>(i)</i>	<b>686</b>	653
Sale of power generating equipment to non-controlling interests	<i>(ii)</i>	—	2,216
Service income from a jointly controlled entity	<i>(iii)</i>	<b>1,840</b>	—

**22 Related party transactions** (Continued)

**(i) Transactions with related parties** (Continued)

(a) *Income* (Continued)

Notes:

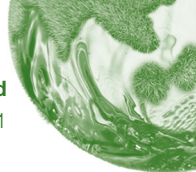
- (i) Interest income from a jointly controlled entity was charged on outstanding loan balance at 6.12% (six months period ended 30 June 2010: 5.84%) per annum.
- (ii) The Group had entered into agreements for the sales of power generating equipment and the provision of installation services to non-controlling interests, the terms of which were mutually agreed between the parties.
- (iii) The Group has entered into the provision of repair and maintenance service to a jointly controlled entity, the terms of which were mutually agreed between the parties.

(b) *Expenses*

	Note	<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2011</b>	2010
		<b>RMB'000</b>	RMB'000
Repair and maintenance expenses to a subsidiary of a shareholder	(i)	<b>12,346</b>	14,690

Note:

- (i) The Group has entered into agreements for the provision of repair and maintenance service from a subsidiary of a shareholder, the terms of which were mutually agreed between the parties.



## 22 Related party transactions (Continued)

### (ii) Period-end balances with related parties

	Note	As at	
		30 June 2011 Unaudited RMB'000	31 December 2010 Audited RMB'000
Included in:			
<u>Other receivables</u>			
Amount due from a shareholder	(i)	<b>6,056</b>	6,056
Amounts due from non-controlling interests	(i)	<b>22,100</b>	18,850
Loan to a jointly controlled entity	(ii)	<b>25,513</b>	25,206
Amount due from CPI Finance Company ("CPIF")	(iii)	<b>10</b>	77
<u>Other payables</u>			
Amounts due to a shareholder and certain of its subsidiaries	(i)	<b>11,256</b>	4,960
Amounts due to non-controlling interests	(i)	<b>543</b>	3,900

#### Notes:

- (i) The balances with these related parties are unsecured, interest-free and repayable on demand.
- (ii) The loan to a jointly controlled entity is unsecured, interest bearing at 6.12% (31 December 2010: 6.12%) per annum and repayable on 16 December 2011.
- (iii) The amount due from CPIF, a fellow subsidiary of a shareholder, is unsecured, carries interest at 0.36% (31 December 2010: 0.36%) per annum and is repayable on demand.

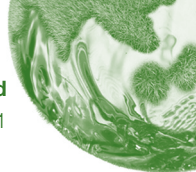
**22 Related party transactions** *(Continued)*  
**(iii) Key management compensation**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Basic salaries, housing allowances, other allowances, discretionary bonus and benefits in kind	<b>813</b>	2,727
Employer's contributions to pension schemes	<b>10</b>	18
	<b>823</b>	2,745

**23 Subsequent events**

On 15 July 2011, the Group entered into a sale and purchase agreement with a third party, pursuant to which the Group agreed to dispose of and the third party agreed to acquire the entire issued share capital in Worldtron Limited ("Worldtron"), a wholly owned subsidiary of the Group, for a cash consideration of approximately RMB192,000,000 subject to a condition that the third party agreed to dispose of and the Group agreed to acquire the entire issued share capital in Fortune Jade Limited ("Fortune Jade") for a cash consideration of the same amount.

Worldtron is an indirect wholly owned subsidiary of the Group which held 40% equity interests in 東莞市科偉環保電力有限公司 and Fortune Jade, upon completion of the equity transfer of 東莞中電新能源熱電有限公司, is a 10.1% minority shareholder of 東莞中電新能源熱電有限公司, a subsidiary of the Group.



羅兵咸永道

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
TO THE BOARD OF DIRECTORS OF  
CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED**

*(Incorporated in Bermuda with limited liability)*

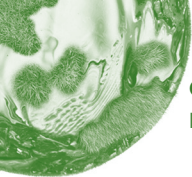
**INTRODUCTION**

We have reviewed the interim financial information set out on pages 21 to 54 which comprises the condensed consolidated balance sheet of China Power New Energy Development Company 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.

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羅兵咸永道

## **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.

## **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, 26 August 2011