



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 2012

* For identification purpose only



CORPORATE INFORMATION

Chairman of the Board

Ms. Li Xiaolin

Vice Chairman of the Board

Mr. Yin Lian

Chief Executive Officer

Mr. Liu Genyu

Executive Directors

Ms. Li Xiaolin

Mr. Yin Lian

Mr. Zhao Xinyan

Mr. Wang Hao

Mr. Liu Genyu

Non-Executive Director

Mr. Cheng Chi

Independent Non-Executive Directors

Mr. Chu Kar Wing

Mr. Wong Kwok Tai

Dr. Li Fang

Audit Committee

Mr. Chu Kar Wing (*Chairman*)

Mr. Wong Kwok Tai

Dr. Li Fang

Remuneration Committee

Mr. Chu Kar Wing (*Chairman*)

Mr. Wong Kwok Tai

Dr. Li Fang

Nomination Committee

Ms. Li Xiaolin (*Chairman*)

Mr. Chu Kar Wing

Mr. Wong Kwok Tai

Dr. Li Fang

Company Secretary

Mr. Fung Chun Nam

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
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Company Website

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Stock Code

735

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-month period ended 30 June 2012 (the “Period”). The interim financial information has not been audited but has been reviewed by the Audit Committee of the Company and PricewaterhouseCoopers.

The principal activities of the Group are the development, construction, owning, operating 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 Mainland China. 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, property investments and securities investments.

Business Review for the Six-Month Period Ended 30 June 2012

For the six-month period ended 30 June 2012, the Group recorded revenue and tariff adjustment of approximately RMB972,739,000 (for the six-month period ended 30 June 2011: RMB922,870,000), the growth of which was primarily attributed to contributions from increases in on-grid electricity of Hydro Power Generation Projects and part of the Wind Power Generation Projects compared with that of the same period of last year.

For the six-month period ended 30 June 2012, the Group’s fuel costs amounted to approximately RMB290,930,000 (for the six-month period ended 30 June 2011: RMB410,363,000), finance costs (mainly comprised interest expenses on borrowings for new energy power projects) amounted to approximately RMB186,861,000 (for the six-month period ended 30 June 2011: RMB84,183,000), and the Group’s fair value gain on financial assets at fair value through profit or loss amounted to approximately RMB1,161,000 (for the six-month period ended 30 June 2011: loss of approximately RMB2,672,000). The Group’s profit for the period was approximately RMB135,788,000 (for the six-month period ended 30 June 2011: RMB98,699,000) and the Group recorded profit attributable to equity holders of the Company amounted to approximately RMB123,903,000 (for the six-month period ended 30 June 2011: RMB91,614,000). Basic earnings per share was approximately RMB0.0145 (for the six-month period ended 30 June 2011: RMB0.0116).



Business Environment

During the first half of 2012, China's economy has maintained steady growth. According to the report from the China Electricity Council, China experienced a demand and supply balance of power generation, with 5.5% to 2.38 trillion kWh year-on-year growth in electricity consumption of the society. It is expected that the demand for electricity consumption will register a year-on-year increase in the second half of 2012.

In addition, the State Council of the PRC issued "12th Five-Year Plan for National Strategic Emerging Industries" (the "Plan") in July 2012, in which plans of new energies are enacted. Accelerating the development of new energies including nuclear power, wind power, solar photovoltaic power and energy utilisation and biomass power has been indicated under the Plan, the development target of which is to increase the installed capacity of wind power, solar power as well as biomass power to 0.1 billion kW, 21 million kW and 13 million kW respectively by 2015. Moreover, our Group aims to achieve our targets through the enhancement of support from tax policies, elevated financial resources, innovative technologies and talents training policies, fostering the opportunities in the market and accelerating the reform in major areas, all of which contribute to the stable development of the new energy industry, making future outlook of new energies promising.

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 2012, the following operating power projects were owned by the Group through its subsidiaries, associated company and jointly-controlled entities:

No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable	Average	Gross	
					Installed Capacity (MW)	Average Tariff (RMB/MWh)		Utilization Hours (Hours)
1	Phase I of Gansu Wind Power Project	Wind power generation	100.50	100	100.50	462	663	66,614
2	Phase II of Gansu Wind Power Project	Wind power generation	49.50	100	49.50	540	920	45,526
3	Phase III of Gansu Wind Power Project	Wind power generation	201.00	100	201.00	520	790	158,745
4	Phase IV of Gansu Wind Power Project	Wind power generation	100.50	100	100.50	520	959	96,356
5	Phase I of Heilongjiang Wind Power Project (Hongqi Project)	Wind power generation	49.50	100	49.50	620	1,193	59,035
6	Phase II of Heilongjiang Wind Power Project (Hailang Project)	Wind power generation	33.75	100	33.75	620	622	21,008
7	China Power Dafeng Wind Power Project	Wind power generation	200.25	100	200.25	488	933	186,847
8	Shanghai Sea Wind Power Project	Wind power generation	102.00	24	24.48	975	1,227	125,150

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No.	Project Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable	Average	Gross Generation (MWh)	
					Installed Capacity (MW)	Average Tariff (RMB/MWh)		Utilization Hours (Hours)
9	Fujian Shaxikou Hydro-electric Power Plant	Hydro power generation	300.00	100	300.00	250	2,646	793,742
10	Niu Tou Shan Hydro Power Stations	Hydro power generation	115.00	52	59.80	349	2,297	264,144
11	Zhangping Huakou Hydro Power Plant	Hydro power generation	36.60	100	36.60	336	1,873	68,547
12	Kunming Waste Incineration Power Plant	Waste-to-energy power generation	30.00	100	30.00	485	3,272	98,146
13	Haikou Waste Incineration Power Plant	Waste-to-energy power generation	24.00	100	24.00	627	3,351	80,417
14	Dongguan China Power New Energy Heat and Power Plant	Natural gas power generation	360.00	90.1	324.36	1,030	1,058	380,783
15	Zhongdian Hongze Reproductive Substance Thermal Power Plant	Biomass power generation	15.00	100	15.00	760	2,263	33,939
16	Zhongdian Hongze Thermal Plant	Coal-fired power generation	30.00	60	18.00	519	187	5,605
Total			1,747.60		1,567.24			2,484,604

The above power plants have a total installed capacity of 1,747.60MW, of which 1,567.24MW is attributable to the Group.



Wind Power Generation Projects

The operations of China Power Dafeng Wind Power Project and Heilongjiang Wind Power Hongqi Project during the period under review are satisfactory, contributing to a steady development of our Group.

During the period under review, Phases I to IV of Gansu Wind Power Project were unfavourably affected by reduced wind resources available in Gansu Province and the power supply restriction of the power grid. The pre-development works of Jiangsu Sheyang Sea Wind Power Project with installed capacity of 300MW are underway.

Phase V of Gansu Wind Power Project (Gansu Qiaowan Sannan Yi Wind Power Project) with an installed capacity of 20MW has commenced its commissioning of power generation to the grid upon completion of construction. Heilongjiang Wind Power Project (Hailang Project) has commenced power generation to the grid during the period under review, which provides the Group with revenue from the wind power generation segment.

Phase II of China Power Dafeng Wind Power Project, Shandong Wendeng Wind Power Project, Shanghai Chongming Wind Power Project and Chongqing Wind Power Project are at the pre-planning stage. Construction of Inner Mongolia Chayou Zhongqi 49.5MW Wind Power Project is underway.

Hydro Power Generation Projects

In view of the continuously intense precipitation, heavy rainfall and improved water supply in Fujian Province in the second quarter of 2012, our Group kept close contact with the Electrical Dispatching and Communication Centre and successfully achieved increased gross power generation, resulting in a surge in on-grid electricity generation from Fujian Shaxikou Hydro-electric Power Plant, Niu Tou Shan Hydro Power Stations and Zhangping Huakou Hydro Power Plant as well as on-grid tariff and creating an ideal return.

The construction works of Meixi 129MW Hydropower Projects were underway during the period under review.

On 16 March 2012, the pricing department of Fujian Province granted approval for the increment of on-grid tariff of Niu Tou Shan Hydro Power Stations and Zhangping Huakou Hydro Power Plant by RMB0.021/kWh.



Waste-to-energy Power Generation Projects

During the period under review, all Waste-to-energy Power Generation Projects maintained stable operation, with a waste treatment capacity of approximately 532,000 tonnes, bringing sustained contribution to the Group.

Natural Gas Power Generation Projects

Affected by the local economic environment, there is a declining demand for electricity in Dongguan. In order to maintain the profit margin and maximise the overall efficiency of combined heat and power generation, Dongguan Natural Gas Power Generation Project has exercised reasonable control over power supply, bringing impact on power generation.

The Group intends to upgrade the total installed capacity of Natural Gas Power Generation Projects in Dongguan from 360MW to 1,060MW by installing two additional turbines, the preliminary work of which is currently underway.

Photovoltaic Power Generation Projects

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



FUTURE PLANS

With the industrial policies under the Plan issued by the PRC, in which specific plans of new energies are enacted, our development direction will be in close association with such plans. We will further strive for innovative development solutions, solidify foundation for production safety, establish a management system with technology standards, improve the quality of our operation and generally enhance group management by increasing our efficient control level. We will further strengthen our core corporate culture of “Still Waters Run Deep” through bolstering the cohesiveness, team building together with loyalty.

The Group’s future efforts will focus on:

1. Striving innovative development solutions by proactive strategic optimization. We will explore and implement a strategic business development model that combining new energy and smart grid, developing three principal businesses, namely, new energy for power generation, new energy and smart grid as well as energy-saving and related services, in an effort to establish ourselves as a top new energy group in China in terms of performance and management.
2. Strengthening our working capital by exploring new financing channels. We will fully unleash the advantages of our financing platform, and enhance our financing capability, in a bid to lower finance costs. To create win-win situation, we will consolidate our strategic cooperation with strategic investors. Meanwhile, we will proactively explore merger and acquisition opportunities to increase cost effectiveness.
3. Enhancing the quality and profitability of the operation by optimizing management and control. We will fine-tune our “efficient” operation model, tighten control over our overall budget, promote efficiency enhancement and adhering to our improved operation management, so as to effectively reduce our operation costs and continuously increase our operation performance.
4. Raising the level of production safety by further solidifying our foundation for safety. Efforts will be put on delicacy management and benchmarking by properly implementing our production safety system, optimizing economy of operations of production unit as well as enhancing operation management, in a bid to catch up with the advanced level of our domestic peers.



5. Improving quality of engineering and construction by strengthening our ability of engineering cost control. We will stringently control key nodes of engineering, establish quality management system for intra-system engineering, enhance our engineering management and scientifically master schedule of project construction, with an aim to optimizing profitability of new production units.

6. Advancing technology by accelerating information technology construction. We will establish ourselves as an “enterprise with informationization construction and advanced technology”, achieving intra-system synergy as well as consolidating and sharing of information resources. In addition, we will deliver technology achievements and develop innovative applications by expanding our investments in projects on technologies.

FINANCIAL REVIEW

Turnover and Tariff Adjustment

For the six-month period ended 30 June 2012, turnover and tariff adjustment were approximately RMB972,739,000 (for the six-month period ended 30 June 2011: approximately RMB922,870,000), representing an increase of 5% over the same period of last year. The increase was primarily attributed to the increased on-grid electricity of Hydro Power Generation Projects and part of the Wind Power Generation Projects compared with that of the same period of last year.

Fuel Costs

For the six-month period ended 30 June 2012, fuel costs of the Group were approximately RMB290,930,000 (for the six-month period ended 30 June 2011: approximately RMB410,363,000), representing a decrease of 29% over the same period of last year, which was mainly attributed to the decreased electricity output of Dongguan Natural Gas Power Generation Project and the decrease in coal price.

Depreciation and Amortisation

For the six-month period ended 30 June 2012, depreciation and amortisation of the Group were approximately RMB199,333,000 (for the six-month period ended 30 June 2011: approximately RMB160,999,000), representing an increase of 24% over the same period of last year, which was mainly attributed to depreciation incurred on power generation units and property, plant and other equipment of the new projects.



Staff Costs

For the six-month period ended 30 June 2012, staff costs of the Group were approximately RMB63,476,000 (for the six-month period ended 30 June 2011: approximately RMB52,628,000), representing an increase of 21% over the same period of last year, which was mainly attributed to staff costs for the new development projects.

Repairs and Maintenance

For the six-month period ended 30 June 2012, expenditure on repairs and maintenance of the Group was approximately RMB26,312,000 (for the six-month period ended 30 June 2011: approximately RMB22,139,000), representing an increase of 19% over the same period of last year, which was mainly attributed to the intense precipitation in Fujian Province, causing damages to the plant and equipment of the Hydro Power Generation Projects.

Operating Profit

For the six-month period ended 30 June 2012, operating profit of the Group was approximately RMB324,949,000 (for the six-month period ended 30 June 2011: approximately RMB204,580,000), representing an increase of 59% over the same period of last year after taking into account the impact of the newly operating power generation projects, increased power generation and decreased fuel costs.

Finance Costs

For the six-month period ended 30 June 2012, finance costs of the Group amounted to approximately RMB186,861,000 (for the six-month period ended 30 June 2011: approximately RMB84,183,000), representing an increase of 122% over the same period of last year due to the finance costs incurred on new corporate bonds and cessation of capitalisation of finance costs for the newly operating power generation projects.

Income Tax Expense

For the six-month period ended 30 June 2012, income tax expense of the Group was approximately RMB31,097,000 (for the six-month period ended 30 June 2011: approximately RMB22,205,000), representing an increase of 40% over the same period of last year. The increase in income tax was primarily attributed to a substantial increase of profits of the Hydro Power Generation Projects.



Profit Attributable to the Equity Holders of the Company

For the six-month period ended 30 June 2012, profit attributable to equity holders of the Group was approximately RMB123,903,000 (for the six-month period ended 30 June 2011: approximately RMB91,614,000), which was mainly attributable to profit from clean energy power generation business.

Liquidity and Financial Resources

As at 30 June 2012, the Group had cash and cash equivalents of approximately RMB3,035,825,000 (31 December 2011: approximately RMB645,150,000). Significant increase in cash and cash equivalents was mainly attributable to the allotment of new shares and issuance of corporate bond during the period. 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-month period ended 30 June 2012, capital expenditure of the Group was approximately RMB1,249,661,000, mainly used for developments of new projects, purchase of equipment and technical renovation, which are primarily financed by our cash on hand and project financing.

Borrowings

As at 30 June 2012, total borrowings of the Group amounted to approximately RMB5,855,563,000 (31 December 2011: approximately RMB4,691,430,000), consisting of short-term bank borrowings and current portion of long-term borrowings of approximately RMB989,359,000 and long-term bank and other borrowings of approximately RMB4,866,204,000. 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 January 2012, the Company completed the issuance of RMB800,000,000, 6.5% RMB denominated bonds due in 2017. Please refer to the announcements of the Company dated 30 December 2011 and 9 January 2012 respectively for details.

Gearing Ratio

As at 30 June 2012, net debt divided by total capital was 37% (31 December 2011: 47%). The decrease in gearing ratio over the period was mainly attributable to the Group's increased equity resulted from allotment of new shares during the period.



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.

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-month period ended 30 June 2012, the Group's fair value gain on financial assets at fair value through profit and loss amounted to approximately RMB1,161,000 (for the six-month period ended 30 June 2011: loss of approximately RMB2,672,000).

Charges on the Group's Assets

As at 30 June 2012, certain bank deposits, long-term deposit, accounts receivable, lease prepayments and investment properties of the Group with an aggregate amount of approximately RMB2,508,995,000 (31 December 2011: approximately RMB2,580,488,000) 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 2012, the Group had approximately 979 employees in Hong Kong and the PRC (31 December 2011: 987).

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

The Group provided appropriate remuneration 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 contributions as required by the laws of Hong Kong. It also provides Hong Kong employees with medical insurance.



DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, the Directors of the Company had the following interests in the shares and the underlying shares of the Company which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which 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 for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange:

(i) Long position in underlying shares of the Company – physically settled unlisted equity derivatives

Pursuant to the Company's share option scheme, the Company has granted options to the following directors of the Company to subscribe for shares of the Company, details of which as at 30 June 2012 were as follows:

Name	Nature of interest	Number of underlying shares in respect of share options granted	Percentage of underlying shares over the Company's issued share capital at 30 June 2012
Ms. Li Xiaolin	Beneficial Owner	43,000,000	0.39%
Mr. Zhao Xinyan	Beneficial Owner	26,000,000	0.23%
Mr. Wang Hao	Beneficial Owner	38,000,000	0.34%
Mr. Liu Genyu	Beneficial Owner	33,000,000	0.30%

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



Save as disclosed above, as at 30 June 2012, 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, or was granted or exercised such interests for the six-month period ended 30 June 2012.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme operated by the Company as set out in Note 16 to the financial statements and save as disclosed in the section headed "Directors' interests held in shares and underlying shares" above, at no time during the six-month period ended 30 June 2012 was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse 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 16 to the financial statements.

The following table discloses movements in the Company’s share options during the six-month ended 30 June 2012:

Name or category of participant	Name of share options					Outstanding at 30 June 2012	Date of grant of share options	Exercise period of share option*	Exercise price of share options** HK\$ per share
	Outstanding at 1 January 2012	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors									
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			
Other employees under continuous employment contracts									
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 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 1.8% 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 2012, the following parties had interests of 5% or more in 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 so far as the Company was aware:

Name	Nature of interest	<i>Notes</i>	Number of shares interested or deemed to be interested	Percentage holding
State-owned Assets Supervision and Administration Commission of The State Council, the PRC	Corporate interests	1,2&3	6,998,412,739	62.93%
China Three Gorges Corporation	Beneficial owner	1	3,230,769,231	29.05%
China Power International Holding Limited	Corporate interests	2	2,771,903,508	24.93%
China Power International Holding Limited	Beneficial owner	2	95,740,000	0.86%
			2,867,643,508	25.79%
China Power Investment Corporation	Corporate interests	2	2,867,643,508	25.79%
China Power New Energy Limited	Beneficial owner	2	2,771,903,508	24.93%
China National Offshore Oil Corporation	Corporate interests	3	900,000,000	8.09%



Notes:

1. China Three Gorges Corporation was wholly-owned by State-owned Assets Supervision and Administration Commission of The State Council, the PRC. Accordingly, State-owned Assets Supervision and Administration Commission of The State Council, the PRC was deemed to be interested in these shares.
2. China Power New Energy Limited was a wholly-owned subsidiary of Tianying Holding Limited, which in turn was a wholly-owned subsidiary of China Power International Holding Limited. China Power International Holding Limited was a wholly-owned subsidiary of China Power Investment Corporation which in turn was wholly owned by State-owned Assets Supervision and Administration Commission of The State Council, the PRC. State-owned Assets Supervision and Administration Commission of The State Council, the PRC was interested in China Power New Energy Limited and therefore was deemed to be interested in these shares.
3. 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. China National Offshore Oil Corporation was a wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC. State-owned Assets Supervision and Administration Commission of The State Council, the PRC was interested in Shining East Investments Limited and therefore was deemed to be interested in these shares.

Save as disclosed above, as at 30 June 2012, 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-month period ended 30 June 2012.

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-month period ended 30 June 2012.



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-month period ended 30 June 2012 except for the following deviations:

Term of Office of the Directors

The Code Provision A.4.1 of the Corporate Governance Code (the “CG Code”) stipulates that non-executive directors should be appointed for a specific term, subject to re-election. For the six-month period ended 30 June 2012, other than Mr. Yin Lian and Dr. Li Fang, all 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. 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-month period ended 30 June 2012.



COMMITTEES OF THE BOARD

The Board has established four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination 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.

During the six-month period ended 30 June 2012, the Remuneration Committee met once with all the then committee members (i.e. Mr. Chu Kar Wing, Mr. Wong Kwok Tai and Dr. Li Fang) present at the meeting. In this meeting, the members generally reviewed and discussed the remuneration packages of the Directors and the senior staff of the Group.



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 Rules Governing the Listing of Securities (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.

During the six-month period ended 30 June 2012, the Audit Committee held 1 meeting and performed the following major task:

— Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2011, the related accounting principles and practices adopted by the Group and internal controls related matters; and recommendation of the re-appointment of the external auditor.

The external auditor attended the above meeting to discuss with the Audit Committee on issues arising from the audit and financial reporting matters.

Nomination Committee

The Nomination Committee comprises our Company’s executive Director, Ms. Li Xiaolin and three independent non-executive Directors. The chairman of the Nomination Committee is Ms. Li Xiaolin.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, identify individuals suitably qualified to become members of the Board, and assess the independence of independent non-executive directors.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six-month period ended 30 June 2012 (six-month period ended 30 June 2011: Nil).



PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchange 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, 16 August 2012



CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2012

	Note	Unaudited Six-month period ended 30 June	
		2012 RMB'000	2011 RMB'000
Revenue	5	834,309	767,388
Tariff adjustment	5	138,430	155,482
		972,739	922,870
Other income	6	22,416	22,173
Other gains, net	7	18,004	20,166
Fuel costs		(290,930)	(410,363)
Depreciation and amortisation		(199,333)	(160,999)
Staff costs		(63,476)	(52,628)
Repairs and maintenance		(26,312)	(22,139)
Increase/(decrease) in fair value of financial assets at fair value through profit or loss		1,161	(2,672)
Impairment losses	13	(17,312)	(18,522)
Other operating expenses		(92,008)	(93,306)
Operating profit	8	324,949	204,580
Finance income	9	14,578	2,616
Finance costs	9	(186,861)	(84,183)
Share of (loss)/profit of an associated company		(1,356)	918
Share of profits/(losses) of jointly controlled entities		15,575	(3,027)
Profit before tax		166,885	120,904
Income tax expense	10	(31,097)	(22,205)
Profit for the period		135,788	98,699
Attributable to:			
Equity holders of the Company		123,903	91,614
Non-controlling interests		11,885	7,085
		135,788	98,699
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
— basic	11	0.0145	0.0116
— diluted	11	0.0145	0.0116



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2012

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Profit for the period	135,788	98,699
Other comprehensive income:		
Currency translation differences	<u>(8,931)</u>	<u>(1,845)</u>
Total comprehensive income for the period	<u>126,857</u>	<u>96,854</u>
Attributable to:		
Equity holders of the Company	114,972	89,769
Non-controlling interests	<u>11,885</u>	<u>7,085</u>
	<u>126,857</u>	<u>96,854</u>



CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2012

		As at	
	<i>Note</i>	30 June 2012 Unaudited RMB'000	31 December 2011 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	8,896,655	7,946,596
Lease prepayments	13	107,406	108,810
Investment properties	13	300,006	300,477
Intangible assets	13	1,051,103	1,061,399
Interest in an associated company		115,461	124,017
Interests in jointly controlled entities		221,550	209,356
Other long-term deposits and prepayments	14	536,082	158,576
Deferred income tax assets		30,305	30,726
		11,258,568	9,939,957
Current assets			
Inventories		90,865	92,004
Accounts receivable	15	643,993	360,361
Prepayments, deposits and other receivables		468,927	525,499
Other financial assets		7,928	6,889
Pledged deposits		9,371	54,887
Cash and cash equivalents		3,035,825	645,150
		4,256,909	1,684,790
Total assets		15,515,477	11,624,747



	Note	As at 30 June 2012 Unaudited RMB'000	31 December 2011 Audited RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	16	1,017,436	754,065
Share premium		5,393,086	3,944,546
Reserves		371,261	256,289
		6,781,783	4,954,900
Non-controlling interests		168,986	157,101
Total equity		6,950,769	5,112,001
LIABILITIES			
Non-current liabilities			
Long-term bank and other borrowings	17	4,866,204	4,288,635
Corporate bonds	18	1,291,390	496,935
Other long-term payables	20	164,585	159,402
Deferred income tax liabilities		26,949	26,950
		6,349,128	4,971,922
Current liabilities			
Accounts payable	19	5,936	13,002
Construction cost payable	20	969,045	979,967
Other payables and accrued charges	20	201,409	118,594
Short-term bank borrowings	17	535,610	63,000
Current portion of long-term bank and other borrowings	17	453,749	339,795
Income tax payable		49,831	26,466
		2,215,580	1,540,824
Total liabilities		8,564,708	6,512,746
Total equity and liabilities		15,515,477	11,624,747
Net current assets		2,041,329	143,966
Total assets less current liabilities		13,299,897	10,083,923



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2012

	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 2011	754,065	3,944,546	(62,868)	336,547	4,972,290	267,384	5,239,674
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 22)	—	—	—	—	—	(6,339)	(6,339)
Balance at 30 June 2011	754,065	3,944,546	(64,713)	428,161	5,062,059	268,130	5,330,189
Balance at 1 January 2012	754,065	3,944,546	(260,784)	517,073	4,954,900	157,101	5,112,001
Profit for the period	—	—	—	123,903	123,903	11,885	135,788
Currency translation differences	—	—	(8,931)	—	(8,931)	—	(8,931)
Total comprehensive income for the period	—	—	(8,931)	123,903	114,972	11,885	126,857
Issue of shares (Note 16)	263,371	1,448,540	—	—	1,711,911	—	1,711,911
Balance at 30 June 2012	1,017,436	5,393,086	(269,715)	640,976	6,781,783	168,986	6,950,769



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2012

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Net cash generated from operating activities	138,244	230,321
Net cash used in investing activities	(682,269)	(277,776)
Net cash generated from financing activities	2,934,700	434,530
Net increase in cash and cash equivalents	2,390,675	387,075
Cash and cash equivalents at 1 January	645,150	368,013
Cash and cash equivalents at 30 June	3,035,825	755,088
Analysis of cash and cash equivalents:		
Cash and bank balances	3,035,825	755,088



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 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 16 August 2012.

2 Basis of preparation

The Company has a financial year end date of 31 December. This condensed consolidated interim financial information for the six-month period ended 30 June 2012 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 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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

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 2011, except as mentioned below.

(a) *Effect of adopting amendments to standards*

The following amendments to standards are mandatory for the financial year beginning on 1 January 2012, but do not have significant impact to the Group:

HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets



3 Accounting policies (Continued)

(b) New standards and amendments to standards relevant to the Group that have been issued but are not effective

The following new standards and amendments to standards have been issued but are not effective and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
HKAS 19 (Amendment)	Employee Benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate Financial Statements	1 January 2013
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures	1 January 2013
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013
HKFRS 7 and 9 (Amendments)	Disclosures: Mandatory Effective Date of HKFRS 9 and Transitional Disclosures	1 January 2015

The Group will apply the above new standards and amendments to standards from 1 January 2013 or later period. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial statements will be resulted.



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 2011 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:

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Sales of electricity to provincial power grid companies (note (i))	753,180	681,517
Heat supply by thermal power plants to other companies	40,452	38,148
Rubbish handling income	36,195	44,155
Rental income from investment properties	4,482	3,568
Total revenue	834,309	767,388
Tariff adjustment (note (ii))	138,430	155,482
	972,739	922,870

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-month period ended 30 June 2012, the Group has revised the estimation of tariff adjustment in respect of the period from September to December 2011 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 RMB5,644,000 (six-month period ended 30 June 2011: 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 an associated company and jointly controlled entities (“segment results”).

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

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 power generation business, wind power generation business, hydro power generation business, waste-to-energy power generation business and other power generation business).

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

The securities investments segment is engaged in securities trading.

No sales between operating segments are undertaken.

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.

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

Other unallocated assets mainly comprise property, plant and equipment, prepayments, 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-month periods ended 30 June 2012 and 30 June 2011 is as follows:

	Power generation								Total
	Natural gas power generation business		Wind power generation business		Hydro power generation business		Waste-to-energy power generation business		
	generation business	generation business	generation business	generation business	generation business	generation business	generation business	generation business	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
						Property investments	Securities investments	Unallocated	
For the six-month period ended 30 June 2012									
Segment revenue	208,218	269,854	185,926	112,564	53,265	4,482	-	-	834,309
Tariff adjustment	138,430	-	-	-	-	-	-	-	138,430
	346,648	269,854	185,926	112,564	53,265	4,482	-	-	972,739
Results of reportable segments	71,658	41,460	87,877	25,883	(1,811)	(8,258)	1,161	-	217,970
A reconciliation of results of reportable segments to profit for the period is as follows:									
Results of reportable segments									217,970
Unallocated income									10,848
Unallocated expenses									(76,152)
Share of loss of an associated company									(1,356)
Share of profits of jointly controlled entities									15,575
Profit before tax									166,885
Income tax expense									(31,097)
Profit for the period									135,788
Segment results included:									
Impairment losses	-	-	-	-	(17,312)	-	-	-	(17,312)
Depreciation and amortisation	(16,899)	(123,225)	(26,805)	(19,070)	(6,635)	(4,777)	-	(1,922)	(199,333)
Interest income	571	2,984	120	45	10	-	4	10,844	14,578
Interest expense	(7,758)	(102,491)	(11,643)	(12,480)	(3,979)	(4,488)	-	(44,022)	(186,861)



5 Revenue, tariff adjustment and segment information (Continued)

(b) Segment information (Continued)

	Power generation					Property investments	Securities investments	Unallocated	Total
	Natural gas power generation business	Wind power generation 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-month period ended 30 June 2011									
Segment revenue	295,144	236,122	64,145	122,519	45,893	3,565	—	—	767,388
Tariff adjustment	155,482	—	—	—	—	—	—	—	155,482
	<u>450,626</u>	<u>236,122</u>	<u>64,145</u>	<u>122,519</u>	<u>45,893</u>	<u>3,565</u>	<u>—</u>	<u>—</u>	<u>922,870</u>
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 expense									(25,609)
Share of profit of an associated company									918
Share of losses of jointly controlled entities									(3,027)
Profit before tax									120,904
Income tax expense									(22,205)
Profit for the period									<u>98,699</u>
Segment results included:									
Impairment loss	—	—	—	—	(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 investments	Securities investments	Unallocated	Total
	Natural gas power generation business	Wind power generation 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				
As at 30 June 2012									
Segment assets	1,691,209	6,274,349	2,742,973	811,726	243,728	405,470	16,757	–	12,186,212
Interest in an associated company								115,461	115,461
Interests in jointly controlled entities								221,550	221,550
Deferred income tax assets								30,305	30,305
Other unallocated assets								2,961,949	2,961,949
Total assets per consolidated balance sheet									15,515,477
Additions to non-current assets	11,904	126,039	1,201,403	7,937	29,121	960	–	257,135	1,634,519
As at 31 December 2011									
Segment assets	1,762,533	6,229,817	1,502,243	939,600	225,668	408,819	78,989	–	11,147,669
Interest in an associated company								124,017	124,017
Interests in jointly controlled entities								209,356	209,356
Deferred income tax assets								30,726	30,726
Other unallocated assets								112,979	112,979
Total assets per consolidated balance sheet									11,624,747
Additions to non-current assets	11,259	617,138	177,140	148,549	3,835	1,853	–	1,197	960,971

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 in the amount of RMB2,258,034,000 (31 December 2011: RMB69,422,000) were deposited in Hong Kong, an investment property of RMB26,006,000 (31 December 2011: RMB26,477,000) is situated in Hong Kong and the financial assets at fair value through profit or loss of RMB7,928,000 (31 December 2011: RMB6,889,000) are relating to equity securities listed in Hong Kong.

For the six-month period ended 30 June 2012, external revenue of approximately RMB521,634,000 (six-month period ended 30 June 2011: RMB488,927,000) is generated from 2 (six-month period ended 30 June 2011: 2) 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

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Government grants <i>(note (i))</i>	10,450	16,629
Repairs and maintenance management fee income	4,471	3,805
Income from Voluntary Emission Reductions ("VER") projects <i>(note (ii))</i>	1,572	—
Others	5,923	1,739
	22,416	22,173

Notes:

- (i) During the periods, government grants were received from the relevant government authorities for encouraging the Group to operate environmental-friendly power plants.
- (ii) Income from VER projects refers to the sale of quota in relation to VER which are generated from wind farms and other renewable energy facilities. It is recognised when it is considered that the receipt of the relevant income is reasonably assured.

7 Other gains, net

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Fair value gain on investment properties	—	16,487
(Loss)/gain on disposal of a subsidiary <i>(Note 22 and note (i))</i>	(5,096)	611
Gain on sale of scrap materials	—	1,626
Gain on sale of power generation quota <i>(note (ii))</i>	23,100	—
Others	—	1,442
	18,004	20,166



7 Other gains, net (Continued)

Notes:

(i) On 23 April 2012, the Group entered into a sale and purchase agreement with a third party to dispose of its entire 100% equity interests in a subsidiary engaging in the waste-to-energy power generation business in the PRC for a cash consideration of RMB37,000,000 resulting in a loss on disposal of RMB5,096,000 during the six-month period ended 30 June 2012.

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-month period ended 30 June 2011.

(ii) On 5 March 2012, the Group entered into an agreement with a third party pursuant to which the Group agreed to close down certain power generating units starting from 31 March 2012 and sell the power generation quota to this third party at a cash consideration of RMB23,100,000 resulting in a gain of the same amount and an impairment loss on the property, plant and equipment relating to these power generating units of RMB7,180,000 recognised in the condensed consolidated income statement during the six-month period ended 30 June 2012.

8 Operating profit

Operating profit is stated after charging/(crediting) the following:

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Amortisation of lease prepayments	1,094	1,608
Amortisation of intangible assets	164	107
Depreciation of property, plant and equipment	198,075	159,284
Impairment losses	17,312	18,522
Fair value (gains)/losses of financial assets		
at fair value through profit or loss	(1,161)	2,672
Operating lease rental in respect of leasehold land and buildings	4,281	3,458
Provision for other receivables	—	3,735
Staff costs (including directors' emoluments)	63,476	52,628



9 Finance income and costs

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Interest income from		
— bank deposits	14,578	1,930
— others	—	686
	14,578	2,616
Interest expense on		
— bank borrowings	(179,254)	(133,977)
— other borrowings	(656)	(446)
— corporate bonds	(35,237)	(3,384)
	(215,147)	(137,807)
Less: Amounts capitalised in property, plant and equipment	28,286	53,624
Finance costs, net	(186,861)	(84,183)

The weighted average interest rate on capitalised borrowings is approximately 5.74% (six-month period ended 30 June 2011: 5.99%) per annum.



10 Income tax expense

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit in Hong Kong for the six-month period ended 30 June 2012 (six-month period ended 30 June 2011: Nil).

The provision for PRC corporate income tax is calculated based on the statutory tax rate of 25% (six-month period ended 30 June 2011: 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 followed by a 50% reduction in income tax rate at 12.5% and at 25% thereafter.

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

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
PRC current income tax	30,676	20,471
Deferred income tax	421	1,734
	31,097	22,205

There is no tax impact relating to components of other comprehensive income for the six-month period ended 30 June 2012 (six-month period ended 30 June 2011: 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-month period ended.

	Unaudited Six-month period ended 30 June	
	2012	2011
Profit attributable to equity holders of the Company (RMB'000)	123,903	91,614
Weighted average number of shares in issue (shares in thousands)	8,549,473	7,889,039
Basic earnings per share (RMB)	0.0145	0.0116

(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 six-month period 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.

	Unaudited Six-month period ended 30 June	
	2012	2011
Profit attributable to equity holders of the Company (RMB'000)	123,903	91,614
Weighted average number of shares in issue (shares in thousands)	8,549,473	7,889,039
Adjustment for share options (shares in thousands)	—	1,084
Adjusted weighted average number of shares (shares in thousands)	8,549,473	7,890,123
Diluted earnings per share (RMB)	0.0145	0.0116



12 Interim dividend

The Board of Directors of the Company does not recommend the payment of an interim dividend for the six-month period ended 30 June 2012 (six-month period ended 30 June 2011: Nil).

13 Capital expenditure

	Property, plant and equipment	Lease prepayments	Investment properties	Intangible assets
	RMB'000	RMB'000	RMB'000	RMB'000
Six-month period ended 30 June 2011				
Balance at 1 January 2011	7,520,548	143,785	280,378	1,202,870
Exchange adjustments	(330)	—	(1,388)	—
Additions	647,353	—	—	1,236
Disposals	(100)	—	—	—
Depreciation and amortisation	(159,284)	(1,608)	—	(107)
Impairment loss (<i>note</i>)	—	—	—	(18,522)
Disposal of a subsidiary (<i>Note 22</i>)	(13,706)	(1,986)	—	—
Increase in fair value (<i>Note 7</i>)	—	—	16,487	—
	<u>7,994,481</u>	<u>140,191</u>	<u>295,477</u>	<u>1,185,477</u>
Six-month period ended 30 June 2012				
Balance at 1 January 2012	7,946,596	108,810	300,477	1,061,399
Exchange adjustments	(796)	—	(471)	—
Additions	203,554	7,352	—	—
Acquisition of a subsidiary (<i>Note 21</i>)	1,046,107	—	—	—
Disposals	(4,432)	—	—	—
Depreciation and amortisation	(198,075)	(1,094)	—	(164)
Impairment losses (<i>Note 7(ii) and note</i>)	(7,180)	—	—	(10,132)
Disposal of a subsidiary (<i>Note 22</i>)	(89,119)	(7,662)	—	—
	<u>8,896,655</u>	<u>107,406</u>	<u>300,006</u>	<u>1,051,103</u>

Note:

As at 30 June 2012, the Group assessed the recoverable amount of goodwill and determined that the goodwill associated with subsidiaries operating in other power generation segment to be impaired resulting in a recognition of impairment loss amount to RMB10,132,000 (six-month period ended 30 June 2011: RMB18,522,000) for the six-month period ended 30 June 2012.



14 Other long-term deposits and prepayments

	As at	
	30 June 2012 Unaudited RMB'000	31 December 2011 Audited RMB'000
Prepayments for construction of power plants	271,082	28,576
Prepayments for acquisition of a subsidiary (note (i))	—	130,000
Prepayments for acquisition of an associate company (note (ii))	255,000	—
Deposit for a long-term bank borrowing (Note 17(iii))	10,000	—
	536,082	158,576

Notes:

- (i) On 15 December 2011, the Group entered into a sale and purchase agreement with a third party to acquire 100% equity interests in Chongqing Meixi River Hydropower Company Limited for cash consideration of RMB348,000,000. Pursuant to the agreement, the Group prepaid amounts of RMB130,000,000 as at 31 December 2011. During the period, the acquisition has been completed and the balance was utilised to settle the purchase consideration.
- (ii) On 3 April 2012, the Group entered into an equity interest transfer agreement with a third party to acquire 20% equity interests in Hainan Dalecheng Development Holding Limited ("Dalecheng Company") for cash consideration of RMB455,000,000. Pursuant to the agreement, the Group prepaid amounts of RMB255,000,000 as at 30 June 2012. Up to the date of this condensed consolidated interim financial information, the acquisition has not been completed. The outstanding amount is disclosed as capital commitments (Note 23(a)).



15 Accounts receivable

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
	RMB'000	RMB'000
Accounts receivable from provincial power grid companies	361,880	273,499
Accounts receivable from other companies	46,028	32,217
Accounts receivable (<i>note (i)</i>)	407,908	305,716
Tariff adjustment receivable from the relevant government authorities	206,997	43,739
Notes receivable (<i>note (iii)</i>)	29,088	10,906
	643,993	360,361

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:

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
	RMB'000	RMB'000
Less than 3 months	218,465	194,156
4 to 6 months	76,797	79,537
7 to 12 months	111,834	31,123
Over 1 year	812	900
	407,908	305,716

- (ii) Notes receivable represent bank acceptance notes and are with maturity period of 90 to 180 days (31 December 2011: 180 to 360 days).



16 Share capital

(a) Authorised and issued capital

	Number of shares (HK\$0.10 each)	Nominal value RMB'000
Authorised:		
At 1 January 2011	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, 31 December 2011 and 30 June 2012	<u>20,000,000,000</u>	<u>1,759,154</u>
Issued and fully paid:		
At 1 January 2011, 30 June 2011 and 31 December 2011	7,889,039,108	754,065
Issue of shares (note (ii))	<u>3,230,769,231</u>	<u>263,371</u>
At 30 June 2012	<u>11,119,808,339</u>	<u>1,017,436</u>

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\$0.10 each, ranking pari passu with existing ordinary shares of the Company in all respects.
- (ii) On 30 May 2012, the Company issued 3,230,769,231 new shares of HK\$0.10 each (the "New Shares") to China Three Gorges Corporation. These New Shares rank pari passu in all respects with the existing shares. The proceeds from the issuance of the New Shares amounted to HK\$2,100,000,000 resulting in a share premium of approximately RMB1,448,540,000.



16 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 2012 and 31 December 2011 are as follows:

Date of grant	Expiry date	Exercise price	Number of shares subject to the options at 30 June 2012	Number of shares subject to the options at 31 December 2011
Directors				
9 March 2007	8 March 2017	0.630	30,000,000	30,000,000
8 June 2007	7 June 2017	0.836	59,000,000	59,000,000
1 November 2010	31 October 2020	0.780	51,000,000	51,000,000
			140,000,000	140,000,000
Senior management and other employees				
9 March 2007	8 March 2017	0.630	20,000,000	20,000,000
8 June 2007	7 June 2017	0.836	5,000,000	5,000,000
1 November 2010	31 October 2020	0.780	36,000,000	36,000,000
			61,000,000	61,000,000
			201,000,000	201,000,000

Notes:

- (i) No options were exercised during the six-month period ended 30 June 2012 and 30 June 2011.
- (ii) Pursuant to a resolution passed at the annual general meeting on 21 May 2012, the share option scheme adopted by the then shareholder of the Company on 31 October 2002 was terminated and replaced by a new share option scheme, without prejudice to the rights and benefits of any outstanding options which have been granted.



17 Bank and other borrowings

Bank and other borrowings are analysed as follows:

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
	RMB'000	RMB'000
<hr/>		
Non-current borrowings		
Long-term bank borrowings, secured <i>(note (i))</i>	2,296,496	1,771,299
Long-term bank borrowings, unsecured <i>(note (ii))</i>	2,840,521	2,691,521
Obligation under finance lease <i>(note (iii))</i>	182,936	—
Loan from a related party, unsecured <i>(note (iv))</i>	—	165,610
	<hr/> 5,319,953	<hr/> 4,628,430
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Less: current portion of long-term borrowings		
— secured bank borrowings	(218,829)	(175,835)
— unsecured bank borrowings	(198,660)	(163,960)
— obligation under finance lease	(36,260)	—
	<hr/> (453,749)	<hr/> (339,795)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Non-current portion	<hr/> 4,866,204	<hr/> 4,288,635
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current borrowings		
Short-term bank borrowings, unsecured	155,000	48,000
Short-term other borrowings, secured <i>(note (v))</i>	15,000	15,000
Loans from a related party, unsecured <i>(note (iv))</i>	365,610	—
	<hr/> 535,610	<hr/> 63,000
Add: current portion of long-term borrowings	<hr/> 453,749	<hr/> 339,795
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current portion	<hr/> 989,359	<hr/> 402,975
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total borrowings	<hr/> 5,855,563	<hr/> 4,691,430



17 Bank and other borrowings (Continued)

Movements in bank and other borrowings are analysed as follows:

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Balance as at 1 January	4,691,430	4,927,173
Additions	711,936	173,732
Acquisition of a subsidiary (Note 21)	581,600	—
Repayments	(90,648)	(235,676)
Disposal of a subsidiary (Note 22)	(38,755)	—
	5,855,563	4,865,229

Except for the long-term bank borrowings of RMB7,516,000 (31 December 2011: RMB7,829,000) which are denominated in HK\$, all borrowings are denominated in RMB.

All of the bank and other borrowings, other than the obligation under finance lease, are interest bearing at floating rates. The effective interest rate of the Group's HK\$-denominated long-term bank borrowings is 0.80% (31 December 2011: 0.73%) per annum. The effective interest rates of the Group's RMB-denominated bank and other borrowings, other than the obligation under finance lease, are as follows:

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
Long-term bank borrowings	6.52%	6.14%
Loans from a related party	6.31%	6.56%
Short-term bank borrowings	6.77%	6.76%
Short-term other borrowings	9.00%	7.43%



17 Bank and other borrowings (Continued)

Notes:

- (i) Secured long-term bank borrowings are secured by:
- all investment properties of the Group with a carrying amount of RMB300,006,000 (31 December 2011: RMB300,477,000);
 - certain lease prepayments and property, plant and equipment of the Group with a carrying amount of RMB2,001,385,000 (31 December 2011: RMB2,103,697,000);
 - accounts receivable with a carrying amount of RMB174,833,000 (31 December 2011: RMB118,810,000);
 - personal guarantee given by a former director of the Company; and
 - corporate guarantee given by a shareholder, China Power International Holding Limited ("CPIH").

- (ii) Unsecured long-term bank borrowings to the extent of RMB1,056,000,000 (31 December 2011: RMB1,041,000,000) are guaranteed by CPIH.

- (iii) As at 30 June 2012, the cost and accumulated depreciation of property, plant and equipment held by the Group under finance lease amounted to RMB282,622,000 (31 December 2011: Nil) and RMB87,652,000 (31 December 2011: Nil) respectively.

The obligation under finance lease is secured by a long-term deposit of RMB10,000,000 (31 December 2011: Nil) (Note 14).

- (iv) Loans from a related party comprises an entrusted loan amounting to RMB165,610,000 borrowed from a subsidiary of CPIH which is originally repayable within one year 31 December 2011 in accordance with the terms of the loan agreement. The Group has obtained the unconditional right from the lender to defer the repayment of the loan for one year upon the original maturity date. Thus, the Group has classified such borrowing as non-current liabilities as at 31 December 2011. This entrusted loan is unsecured and carries interest at 6.56% per annum.

During the six-month period ended 30 June 2012, the Group borrowed another short-term loan from a subsidiary of CPIH which is unsecured, carries interest at 6.1% per annum and repayable within one year.

- (v) As at 30 June 2012 and 31 December 2011, short-term other borrowings of RMB15,000,000 were secured by certain lease prepayment and property, plant and equipment of the Group with carrying amounts of RMB23,400,000 (31 December 2011: RMB9,424,000).



18 Corporate bonds

	As at	
	30 June 2012 Unaudited RMB'000	31 December 2011 Audited RMB'000
Corporate bond issued by the Company	1,291,390	496,935

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.

On 9 January 2012, the Company issued RMB800,000,000 corporate bond, due in April 2017. The bond is unsecured and carried an effective interest rate of 6.78% per annum, with the interest being payable semi-annually.

As at 30 June 2012, the fair value of corporate bonds amounted to RMB1,319,946,000 (31 December 2011: RMB500,060,000).

19 Accounts payable

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

The ageing analysis of accounts payable is as follows:

	As at	
	30 June 2012 Unaudited RMB'000	31 December 2011 Audited RMB'000
Current to 3 months	4,444	2,929
4 to 6 months	168	207
7 to 12 months	676	8,229
Over 1 year	648	1,637
	5,936	13,002



20 Construction cost payable, other payables and accrued charges

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
	RMB'000	RMB'000
Construction cost payable	1,133,630	1,139,369
Salaries and staff welfare payable	8,542	5,200
Value added tax payable	406	448
Repairs and maintenance expenses payable	31,665	45,759
Consideration payables	65,027	17,027
Other payables and accrued operating expenses	34,019	21,800
Interest payable	36,381	14,188
Amounts due to a shareholder and its subsidiaries (<i>note (i)</i>)	24,826	13,629
Amounts due to non-controlling interests (<i>note (i)</i>)	543	543
	1,335,039	1,257,963
Less: non-current portions (<i>note (ii)</i>)	(164,585)	(159,402)
Current portions	1,170,454	1,098,561

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 repayable within one year from the date of balance sheet in accordance with the terms of the construction agreements.



21 Acquisition

Effective from 31 March 2012, the Group acquired 100% equity interest in Meixi Hydropower for a consideration of RMB348,000,000.

The following table summarises the consideration paid for Meixi Hydropower, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	RMB'000
Property, plant and equipment	1,046,107
Prepayments, deposits and other receivables	103,494
Cash and cash equivalents	31,986
Other payables and accrued charges	(67,805)
Long-term bank borrowings	(581,600)
Other long-term payables	(184,182)
	<hr/>
Total identifiable net assets	348,000



22 Disposal of a subsidiary

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Net assets disposed of:		
Property, plant and equipment	89,119	13,706
Lease prepayments	7,662	1,986
Inventories	5,515	8,224
Accounts receivable	2,912	27,007
Prepayments, deposits and other receivables	—	42,695
Pledged deposits	—	804
Cash and cash equivalents	497	5,704
Accounts payable	(4,799)	(13,665)
Other payables and accrued charges	(16,984)	(69,991)
Income tax recoverable/(payable)	1,925	(3,532)
Bank borrowings	(38,755)	—
Exchange reserve	(4,996)	—
Non-controlling interests	—	(6,339)
	42,096	6,599
Consideration	37,000	7,210
(Loss)/gain on disposal (Note 7)	(5,096)	611



23 Commitments

(a) Capital commitments

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

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
	RMB'000	RMB'000
Contracted but not provided for in respect of		
— property, plant and equipment	1,726,657	1,948,608
— investment in a subsidiary	—	218,000
— investment in an associated company (Note 14(ii))	200,000	—
	1,926,657	2,166,608

(b) Commitments under operating leases

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

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
	RMB'000	RMB'000
Land and buildings		
Not later than one year	9,376	5,847
Later than one year and not later than five years	15,609	5,229
	24,985	11,076



23 Commitments *(Continued)*

(c) Future operating lease agreements

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

	As at	
	30 June 2012 Unaudited RMB'000	31 December 2011 Audited RMB'000
Land and buildings		
Not later than one year	10,902	7,806
Later than one year and not later than five years	24,104	22,421
Later than five years	11,694	3,624
	46,700	33,851

24 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

	Unaudited Six-month period ended 30 June	
	2012 RMB'000	2011 RMB'000
Interest income from a jointly controlled entity <i>(note (i))</i>	—	686
Service income from a jointly controlled entity <i>(note (ii))</i>	1,833	1,840



24 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% per annum for the six-month period ended 30 June 2011.
- (ii) 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*

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Repair and maintenance expenses to a subsidiary of a shareholder <i>(note (i))</i>	17,611	12,346
Interest expense to a subsidiary of a shareholder <i>(note (ii))</i>	328	—
	328	—

Notes:

- (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.
- (ii) The Group has entered into loan agreements with a subsidiary of CPIH (Note 17(iii)), the terms of which were mutually agreed between the parties.



24 Related party transactions *(Continued)*

(ii) Period-end balances with related parties

	As at	
	30 June	31 December
	2012	2011
	Unaudited	Audited
	RMB'000	RMB'000
Included in:		
<u>Other receivables</u>		
Amount due from a shareholder <i>(note (i))</i>	8,516	7,381
Dividend receivable from a jointly controlled entity <i>(note (ii))</i>	—	3,087
Amount due from CPI Finance Company ("CPIF") <i>(note (ii))</i>	—	133
	<hr/>	<hr/>
<u>Other payables</u>		
Amounts due to a shareholder and certain of its subsidiaries <i>(note (i))</i>	25,433	13,961
Amounts due to non-controlling interest <i>(note (ii))</i>	543	543
	<hr/>	<hr/>
<u>Bank and other borrowings</u>		
Loans from a subsidiary of a shareholder <i>(Note 17 (iii))</i>	365,610	165,610
	<hr/>	<hr/>

Notes:

- (i) The balance with these related parties are unsecured, interest-free and repayable on demand.
- (ii) The amount due from CPIF, a subsidiary of a shareholder, is unsecured, carries interest at 0.36% (2011: 0.36%) per annum and is repayable on demand.



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

	Unaudited	
	Six-month period ended	
	30 June	
	2012	2011
	RMB'000	RMB'000
Basic salaries, housing allowance, other allowances, discretionary bonus and benefits in kind	1,270	813
Employer's contributions to pension schemes	—	10
	1,270	823

25 Subsequent event

Pursuant to a resolution passed at the special general meeting on 6 August 2012, the shareholders approved the issuance of a 5-year term convertible bond in the principal amount of HK\$236,032,000 convertible into ordinary shares of the Company at the conversion price of HK\$0.65 per share (subject to adjustments).

Up to the date of this condensed interim consolidated financial information, the convertible bond has not been issued.



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 22 to 56, 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 2012 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.



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, 16 August 2012