華潤電力控股有限公司

CHINA RESOURCES POWER HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 836)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2007

SUMMARY OF OPERATING RESULTS

The Board of Directors (the "Board") of China Resources Power Holdings Company Limited (the "Company") is pleased to announce the unaudited financial results of the Company and its subsidiaries (the "Group" or "We") for the six months ended 30 June 2007.

For the six months ended 30 June 2007, the Group recorded a profit attributable to equity holders of the Company ("net profit") of HK$1,411.5 million, representing an increase of HK$409.5 million or 40.9% from a net profit of HK$1,002.0 million for the six months ended 30 June 2006. Basic earnings per share for the six months ended 30 June 2007 is HK36.71 cents, as compared with HK26.29 cents for the six months ended 30 June 2006.

The Board resolved to declare an interim dividend of HK5 cents per share for the six months ended 30 June 2007.

	For the six months ended	
	30 June 2007	**30 June 2006**
Turnover *(HK$'000)*	6,628,010	3,767,656
Profit attributable to equity holders of the Company *(HK$'000)*	1,411,452	1,001,950
Basic earnings per share *(HK cents)*	36.71	26.29
Interim dividend per share *(HK cents)*	5.00	4.00
	As at 30 June 2007	**As at 31 December 2006**
Equity attributable to equity holders of the Company *(HK$'000)*	16,761,955	15,284,859
Total assets *(HK$'000)*	43,491,530	38,038,481
Bank balances, cash and pledged bank deposits *(HK$'000)*	2,932,147	2,786,245
Bank and other borrowings *(HK$'000)*	19,125,562	16,590,998
Net debt to shareholders' equity *(%)*	96.6	90.3
EBITDA interest coverage *(times)*	5.21	5.48

Details of the operating results are set out in the section headed "Operating Results" below.

BUSINESS REVIEW FOR THE FIRST HALF OF 2007

Growth of generation capacity

As at 30 June 2007, we had 21 power plants in commercial operation with a total attributable operational generation capacity of 8,741MW. As a comparison, our attributable operational generation capacities were 6,210MW and 8,003MW, respectively as at 30 June 2006 and 31 December 2006.

Our attributable operational generation capacity increased by 2,531MW or 40.8% from 6,210MW as at 30 June 2006 to 8,741MW as at 30 June 2007, mainly due to:

- acquisition of a 55% equity interest in Fuyang Power Plant from our immediate holding company, China Resources (Holdings) Company Limited ("CRH") in September 2006. The two generation units of Fuyang Power Plant commenced commercial operation in March and June 2006, respectively;
- acquisition of a 65% equity interest in Yunpeng Power Plant from CRH in September 2006. Unit 1 of Yunpeng Power Plant commenced commercial operation in May 2007;
- commencement of commercial operation of the two generation units of Gucheng Power Plant in September and December 2006, respectively;
- commencement of commercial operation of unit 2 of Shouyangshan Power Plant in October 2006;
- commencement of commercial operation of the two generation units of Xingning Power Plant in October 2006 and May 2007, respectively; and
- commencement of commercial operation of unit 1 of Liyujiang B Power Plant in June 2007.

The following table sets out the attributable operational generation capacity of our power plants in the context of geographical distribution as at 30 June 2007:

	Attributable operational generation capacity	
	MW	%
Eastern China	3,380	38.7
Central China	2,961	33.9
Southern China	1,863	21.3
Northern China	537	6.1
Total	8,741	100.0

Development of greenfield power plants

Our development strategy is to continue to identify suitable development opportunities in our target markets in order to maintain satisfactory growth of profitability and return on equity in the future.

In February 2007, we obtained approval from the PRC government for the construction of Shantou Wind Power Plant. Shantou Wind Power Plant is located in Nan'ao Island of Shantou City in Guangdong Province and is adjacent to Dannan Wind Power Plant. It has a total installed capacity of 26MW and is expected to commence commercial operation in 2008. The Company owns 100% equity interest in Shantou Wind Power Plant.

Acquisition of new power plants

On 30 May 2007, the Company entered into an agreement to acquire a 30% and 15% equity interest in Yangzhou No.2 Power Plant from Jiangsu Electric Power Company and East China Grid Company Limited, respectively. Yangzhou No.2 Power Plant is located in Yangzhou City, Jiangsu Province. It consists of two 600MW coal-fired generation units which commenced commercial operation in November 1998 and June 1999, respectively. The power generated by Yangzhou No.2 Power Plant is sold to Jiangsu Provincial Power Grid under East China Grid Company Limited.

On 8 June 2007, the Company entered into an agreement to acquire a 44.7% equity interest in Xingtai Power Plant from Hebei Electric Power Corporation. Xingtai Power Plant is located in Xingtai, Hebei Province. It consists of six 220MW coal-fired generation units which commenced commercial operation from December 1985 to October 1992. The power generated by Xingtai Power Plant is sold to Hebei Southern Provincial Power Grid under the North China Grid Company Limited.

Increase in generation volume

Total gross generation volume of our 21 operating power plants amounted to 37,585,705MWh in the first half of 2007, representing an increase of 40.1% from 26,819,508MWh in the first half of 2006. Total gross generation volume of our 15 consolidated power plants amounted to 22,157,087MWh in the first half of 2007, representing an increase of 70.9% from 12,964,678MWh in the first half of 2006.

Total net generation volume of our 21 operating power plants amounted to 35,218,775MWh in the first half of 2007, representing an increase of 39.8% from 25,184,623MWh in the first half of 2006. Total net generation volume of our 15 consolidated power plants amounted to 20,823,703MWh in the first half of 2007, representing an increase of 71.2% from 12,161,712MWh in the first half of 2006.

The increase in gross and net generation volume was primarily due to the growth of attributable operational generation capacity from 6,210MW as at 30 June 2006 to 8,741MW as at 30 June 2007.

For the 13 coal-fired power plants which were in commercial operation for the entire first half of 2006 and 2007, gross generation volume and net generation volume for the first half of 2007 increased by 6.4% and 6.1% as compared to the first half of 2006, respectively.

The following three tables set out the gross generation, net generation and utilisation hours of our operating power plants for the six months ended 30 June 2006 and 2007:

Gross Generation

	For the six months ended 30 June 2007	For the six months ended 30 June 2006	Increase/ (Decrease)
	MWh	*MWh*	*%*
Consolidated power plants			
Changshu Power Plant	5,144,535	4,607,207	11.7
Fuyang Power Plant	3,416,951	N/A	N/A
Shouyangshan Power Plant	3,250,830	151,542	N/A(1)
Liyujiang Phase II	2,307,186	2,141,004	7.8
Dengfeng Power Plant	1,917,808	1,926,693	(0.5)
Puqi Power Plant	1,807,026	1,944,888	(7.1)
Gucheng Power Plant	1,544,358	N/A	N/A
Jiaozuo Thermal Power Plant	753,425	668,650	12.7
Tangshan Thermal II Power Plant	623,727	575,599	8.4
Yixing Power Plant	437,926	456,065	(4.0)
Luoyang Power Plant	428,317	425,702	0.6
Beijing Thermal Power Plant	351,661	36,293	N/A(1)
Yunpeng Power Plant	85,415	N/A	N/A
Liyujiang B Power Plant	61,116	N/A	N/A
Dannan Wind Power Plant	26,806	31,035	(13.6)
Total of consolidated power plants	22,157,087	12,964,678	70.9
Associate power plants			
Shajiao C Power Plant	6,638,506	5,554,879	19.5
Xuzhou Power Plant	3,165,574	2,926,439	8.2
Wenzhou Telluride Phase II	1,899,618	1,715,982	10.7
Hengfeng Phase II	1,667,740	1,722,250	(3.2)
Hengfeng Power Plant	1,521,490	1,935,280	(21.4)
Xingning Power Plant	535,690	N/A	N/A
Total of associate power plants	15,428,618	13,854,830	11.4
Total of consolidated and associate power plants	37,585,705	26,819,508	40.1

Net Generation

	For the six months ended 30 June 2007	30 June 2006	Increase/ (Decrease)
	MWh	*MWh*	*%*
Consolidated power plants			
Changshu Power Plant	4,868,276	4,369,363	11.4
Fuyang Power Plant	3,221,482	N/A	N/A
Shouyangshan Power Plant	3,044,381	140,294	N/A[(1)]
Liyujiang Phase II	2,145,939	1,997,017	7.5
Dengfeng Power Plant	1,814,110	1,818,998	(0.3)
Puqi Power Plant	1,714,329	1,847,773	(7.2)
Gucheng Power Plant	1,457,246	N/A	N/A
Jiaozuo Thermal Power Plant	703,115	611,742	14.9
Tangshan Thermal II Power Plant	559,227	512,399	9.1
Yixing Power Plant	402,545	419,482	(4.0)
Luoyang Power Plant	380,248	378,758	0.4
Beijing Thermal Power Plant	345,581	35,655	N/A[(1)]
Yunpeng Power Plant	84,897	N/A	N/A
Liyujiang B Power Plant	56,352	N/A	N/A
Dannan Wind Power Plant	25,975	30,231	(14.1)
Total of consolidated power plants	20,823,703	12,161,712	71.2
Associate power plants			
Shajiao C Power Plant	6,133,567	5,156,836	18.9
Xuzhou Power Plant	3,006,091	2,779,930	8.1
Wenzhou Telluride Phase II	1,780,553	1,631,195	9.2
Hengfeng Phase II	1,560,350	1,618,840	(3.6)
Hengfeng Power Plant	1,426,910	1,836,110	(22.3)
Xingning Power Plant	487,601	N/A	N/A
Total of associate power plants	14,395,072	13,022,911	10.5
Total of consolidated and associate power plants	35,218,775	25,184,623	39.8

Utilisation hours

	For the six months ended 30 June 2007 *Hours*	30 June 2006 *Hours*
<u>Consolidated power plants</u>		
Changshu Power Plant	2,638	2,363
Fuyang Power Plant	2,669	N/A
Shouyangshan Power Plant	2,709	126(2)
Liyujiang Phase II	3,161	2,933
Dengfeng Power Plant	3,196	3,211
Puqi Power Plant	3,012	3,241
Gucheng Power Plant	2,574	N/A
Jiaozuo Thermal Power Plant	2,790	2,476
Tangshan Thermal II Power Plant	3,119	2,878
Yixing Power Plant	3,649	3,801
Luoyang Power Plant	4,283	4,257
Beijing Thermal Power Plant	2,344	242(2)
Yunpeng Power Plant	1,220(2)	N/A
Liyujiang B Power Plant	94(2)	N/A
Dannan Wind Power Plant	1,117	1,293
<u>Associate power plants</u>		
Shajiao C Power Plant	3,353	2,805
Xuzhou Power Plant	2,638	2,439
Wenzhou Telluride Phase II	3,166	2,860
Hengfeng Phase II	2,780	2,870
Hengfeng Power Plant	2,536	3,225
Xingning Power Plant	1,984(2)	N/A

Notes:

(1) These power plants commenced commercial operation during the first half of 2006. Comparison of increase in generation volume is not meaningful.

(2) These power plants commenced commercial operation during the reporting periods and their respective utilisation hours are not annualised.

Control of fuel costs

Average unit fuel cost for our consolidated operating power plants in the first half of 2007 was RMB167.4/MWh, representing a decrease of 0.6% compared to the average unit fuel cost of the same period last year.

Average standard coal cost for our consolidated operating power plants in the first half of 2007 increased by 3.7% compared to the average standard coal cost of the same period last year.

Environmental compliance

All of our projects have been conducted in full compliance with the requirements under PRC Environmental Protection Law and the regulations promulgated by the PRC government. For the six months ended 30 June 2007, environmental fees paid by each of the operating power plants were in the range from RMB0.3 million to RMB8.6 million and the total amount of environmental fee paid by our subsidiary power plants was RMB25.2 million.

PROSPECTS FOR THE SECOND HALF OF 2007

Unit 1 of Guangzhou Thermal Power Plant and Unit 2 of Yunpeng Power Plant commenced commercial operation in July 2007. In addition, a number of our generation units are expected to commence commercial operation in the second half of 2007, including:

- unit 2 of Guangzhou Thermal Power Plant;
- unit 3 of Yunpeng Power Plant;
- unit 2 of Liyujiang B Power Plant; and
- unit 1 of Cangzhou Power Plant.

On 3 July 2007, Barco Resources Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Pollen First Power Corporation whereby Barco Resources Limited agreed to acquire the entire shareholding in Eastern (Jinzhou) Investment Co., Ltd (“Eastern Jinzhou”). As at the date of the agreement, the sole asset held by Eastern Jinzhou is 55% equity interest in Jinzhou Power Plant. In addition, on 3 July 2007, Eastern Jinzhou entered into an agreement with Liaoning Province Power Company Limited to acquire the remaining 45% equity interest in Jinzhou Power Plant. The acquisition of the 55% equity interest in Eastern Jinzhou was completed on 25 July 2007.

We will continue to identify and develop new projects in line with our development strategies and investment principles in our target markets. Apart from applying for the PRC government’s approval to develop new power plants, we will also continue to explore acquisition opportunities in our target markets.

For operating power plants, we will continue to monitor utilisation levels of the units in their respective locations and aim to maximise our dispatch volume and sales revenue.

OPERATING RESULTS

The results of operations for the six months ended 30 June 2007, which have been reviewed by the auditors and the audit committee of the Company, are as follows:

Condensed consolidated income statement
For the six months ended 30 June 2007

	2007 *HK$'000* *(unaudited)*	**2006** *HK$'000* *(unaudited)*
Turnover	6,628,010	3,767,656
Operating expenses		
Fuel	(3,622,055)	(1,952,351)
Repair and maintenance	(110,222)	(77,219)
Depreciation and amortisation	(709,520)	(386,563)
Others	(539,942)	(391,010)
Total operating expenses	(4,981,739)	(2,807,143)
Other income	107,539	88,941
Profit from operations	1,753,810	1,049,454
Finance costs	(414,024)	(255,694)
Share of results of associates	347,842	347,079
Profit before taxation	1,687,628	1,140,839
Taxation	(5,383)	(5,081)
Profit for the period	1,682,245	1,135,758
Attributable to:		
Equity holders of the Company	1,411,452	1,001,950
Minority interests	270,793	133,808
	1,682,245	1,135,758
Dividend paid	539,236	609,976
Interim dividend proposed	194,903	152,620
Earnings per share		
- basic	36.71 cents	26.29 cents
- diluted	35.10 cents	25.81 cents

Condensed consolidated balance sheet
At 30 June 2007

	30 June 2007 HK$'000 (unaudited)	31 December 2006 HK$'000 (audited)
Non-current assets		
Property, plant and equipment	31,265,653	27,341,499
Prepaid lease payments	434,200	361,840
Interests in associates	4,075,952	3,769,171
Goodwill	213,506	213,506
Investment in investee companies	108,186	108,186
Deposits paid for investment in an associate	77,942	77,942
Deposits paid for acquisition of property, plant and equipment	175,808	109,540
Amount due from an associate	506,010	432,173
Pledged bank deposits	37,337	37,337
Deferred taxation assets	5,249	5,398
Derivative financial instruments	30,003	87
	36,929,846	32,456,679
Current assets		
Inventories	655,125	499,176
Trade receivables, other receivables and prepayments	2,919,992	2,316,773
Amount due from minority shareholders of subsidiaries	3,155	3,024
Dividend receivable from associates	61,089	—
Amounts due from associates	27,442	13,848
Amounts due from group companies	71	73
Pledged bank deposits	1,716	1,666
Bank balances and cash	2,893,094	2,747,242
	6,561,684	5,581,802
Current liabilities		
Trade payables, other payables and accruals	5,416,328	4,097,677
Amounts due to an associate	198	—
Amounts due to group companies	59,310	100,293
Amounts due to minority shareholders of subsidiaries	129,649	92,723
Tax payable	573	1,017
Bank and other borrowings - repayable within one year	5,117,918	3,993,946
	10,723,976	8,285,656
Net current liabilities	(4,162,292)	(2,703,854)
Total assets less current liabilities	32,767,554	29,752,825
Non-current liabilities		
Bank and other borrowings - repayable over one year	14,007,644	12,597,052
Deferred taxation liabilities	25,795	21,211
	14,033,439	12,618,263
	18,734,115	17,134,562
Capital and reserves		
Share capital	3,855,742	3,831,162
Share premium and reserves	12,906,213	11,453,697
Equity attributable to equity holders of the Company	16,761,955	15,284,859
Minority interests	1,972,160	1,849,703
	18,734,115	17,134,562

Condensed consolidated cash flow statement
For the six months ended 30 June 2007

	2007 HK$'000 (unaudited)	2006 HK$'000 (unaudited)
Net cash from operating activities	2,382,104	1,358,004
Net cash used in investing activities		
Dividend received from associates	309,524	459,418
Purchase of property, plant and equipment	(3,119,310)	(2,056,133)
Loan advance to an associate	(61,578)	(221,707)
Capital contribution for the investment in associates	(231,237)	—
Acquisition of interest in an associate	—	(136,537)
Acquisition of subsidiaries	—	(103,292)
Deposits paid for investment in an associate	—	(76,880)
Other investing cash outflow	(55,258)	(53,492)
	(3,157,859)	(2,188,623)
Net cash from financing activities		
New bank and other borrowings raised	6,471,913	3,904,831
Capital contributed from minority shareholders	153,811	87,524
Repayment of bank and other borrowings	(4,516,039)	(2,598,065)
Interest paid	(424,410)	(346,326)
Dividend paid	(539,236)	(609,976)
Dividend paid to minority shareholders of subsidiaries	(316,819)	(11,711)
Other financing cash inflow	71,430	9,319
	900,650	435,596
Net increase (decrease) in cash and cash equivalents	124,895	(395,023)
Cash and cash equivalents at beginning of the period	2,747,242	4,411,484
Effect of foreign exchange rate changes	20,957	—
Cash and cash equivalents at end of the period	2,893,094	4,016,461
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	2,893,094	4,016,461

Overview

For the six months ended 30 June 2007, our net profit increased by 40.9% to HK$1,411.5 million from HK$1,002.0 million for the same period last year. Our turnover increased by 75.9% from HK$3,767.7 million for the first half of 2006 to HK$6,628.0 million for the first half of 2007.

The improvement in the results of operations is mainly attributable to the increase in the Group's attributable operational capacity from 6,210MW as at 30 June 2006 to 8,741MW as at 30 June 2007.

In particular,

- contribution from Fuyang Power Plant which we acquired in September 2006 for the entire six months in the first half of 2007;

- a number of generation units including two generation units of Shouyangshan Power Plant, Beijing Thermal Power Plant and Gucheng Power Plant and unit 1 of Xingning Power Plant commenced commercial operation in 2006 and operated for the entire six months in the first half of 2007; and

- a number of generation units including unit 2 of Xingning Power Plant, unit 1 of Yunpeng Power Plant and unit 1 of Liyujiang B Power Plant commenced commercial operation in the first half of 2007.

Basis of preparation of the condensed financial statements

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

The Group had net current liabilities of HK$4,162,292,000 as at 30 June 2007 (at 31 December 2006: HK$2,703,854,000) with short-term bank borrowings which can be renewed on an annual basis at the discretion of the Company within limits approved by banks. The Directors are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements and for at least the next 12 months commencing from the date of the financial statements. Hence, the financial statements have been prepared on a going concern basis.

Principal accounting policies

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

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standard, amendments of Hong Kong Accounting Standards and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by HKICPA, which are effective from 1 January 2007. The adoption of the new HKFRSs has no material effect on how the Group's results and financial position for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment is required.

Business segments

The Group is principally engaged in a single business segment, being the development, investment and operation of power plants in the PRC.

Geographical segments

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

Turnover

Turnover represents the amounts received and receivable for electricity delivered, and to a limited extent, the amounts received and receivable for heat delivered by thermal power plants, net of value added tax, during the period. Turnover for the six months ended 30 June 2007 amounted to HK$6,628.0 million, representing a 75.9% increase from HK$3,767.7 million for the six months ended 30 June 2006.

The significant increase was mainly due to the consolidation of turnover of Fuyang Power Plant, Shouyangshan Power Plant, Gucheng Power Plant and Beijing Thermal Power Plan (the "four power plants'), which were acquired or commenced commercial operation during 2006 and which made a full six-month contribution in the first half of 2007.

Operating expenses

Operating expenses amounted to HK$4,981.7 million for the six months ended 30 June 2007, representing a 77.5% increase from HK$2,807.1 million for the six months ended 30 June 2006. Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation and staff costs. The increase was mainly due to the consolidation of the operating expenses of the four power plants for the entire first half of 2007.

Fuel costs for the six months ended 30 June 2007 amounted to approximately HK$3,622.1 million, representing an increase of 85.5% from HK$1,952.4 million for the six months ended 30 June 2006. The increase in fuel costs was primarily due to the consolidation of the fuel costs of the four power plants in the entire first half of 2007. Fuel costs accounted for approximately 72.7% of the total operating expenses for the first half of 2007, compared to 69.5% for the first half of 2006.

Other income

Other income amounted to HK$107.5 million for the six months ended 30 June 2007, representing a 20.9% increase from HK$88.9 million for the six months ended 30 June 2006. Other income mainly comprises interest income from bank balances of approximately HK$28.4 million and gain from foreign exchange rate changes of approximately HK$23.8 million.

Profit from operations

Profit from operations represents profit from subsidiaries before deduction of finance costs and minority interests. Profit from operations amounted to HK$1,753.8 million for the six months ended 30 June 2007, representing a 67.1% increase from HK$1,049.5 million for the six months ended 30 June 2006. The increase was mainly due to the consolidation of the four power plants for the entire first half of 2007.

Finance costs

Finance costs amounted to HK$414.0 million for the six months ended 30 June 2007, representing a 61.9% increase from HK$255.7 million for the six months ended 30 June 2006. The increase was mainly due to the consolidation of the interest expenses of the four power plants for the entire fist half of 2007. Interest expenses incurred during the construction of the power plants are capitalised and included as part of total construction costs of power plants.

	For the six months ended 30 June 2007	For the six months ended 30 June 2006
	HK$'000	*HK$'000*
Interest on bank and other borrowings		
- repayable within five years	367,297	103,806
- not repayable within five years	172,658	246,750
	539,955	350,556
Less: Interest capitalised	(125,931)	(94,862)
	414,024	255,694

Share of results of associates

Share of results of associates mainly represents our share of post-tax results of Shajiao C Power Plant, Wenzhou Telluride Phase II, Xuzhou Power Plant, Hengfeng Power Plant and Hengfeng Phase II.

Share of results of associates in the first half of 2007 amounted to HK$347.8 million, representing a 0.2% increase compared to HK$347.1 million in the first half of 2006.

Taxation

Taxation charge for the first half of 2007 was HK$5.3 million, compared to HK$5.1 million for the first half of 2006. Details of the taxation charge for the six months ended 30 June 2006 and 2007 are set out below:

	For the six months ended 30 June 2007	For the six months ended 30 June 2006
	HK$'000	*HK$'000*
The charge comprises:		
The Company and its subsidiaries		
- Hong Kong Profits Tax	—	—
- PRC Enterprise Income Tax	1,342	1,576
- Deferred taxation	4,041	3,505
	5,383	5,081

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

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

Pursuant to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are exempted from the PRC Enterprise Income Tax for the two years from their first profit-making year, and enjoy a 50% reduction for the subsequent three years.

The PRC Enterprise Income Tax of HK$1.3 million relates to tax paid by Dannan Wind Power Plant.

Profit for the period

Profit for the period has been arrived at after charging:

	For the six months ended	
	30 June 2007	**30 June 2006**
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	713,875	392,421
Less: Depreciation of property, plant and equipment capitalised in construction in progress	(4,356)	(5,858)
	709,520	386,563
Share of tax of associates (included in share of results of associates)	50,242	54,105
and after crediting:		
Recognition of discount on acquisition of an associate (included in share of results of associates)	—	5,883
Interest income	28,403	71,033

Profit for the period attributable to equity holders of the Company

As a result of the above, the Group's net profit for the first half of 2007 increased to HK$1,411.5 million, representing a 40.9% increase compared to HK$1,002.0 million for the first half of 2006.

Earnings per share

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

	For the six months ended	
	30 June 2007	**30 June 2006**
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	1,411,452	1,001,950

	Number of ordinary shares	
	1 January 2007 to 30 June 2007	**1 January 2006 to 30 June 2006**
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,845,116,243	3,811,371,862
Effect of dilutive potential ordinary shares on share options	175,772,283	71,060,807
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,020,888,526	3,882,432,669

Interim dividend and closure of register of members

The Board of Directors resolved to declare an interim dividend of HK5 cents per share for the six months ended 30 June 2007.

The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company on Friday, 21 September 2007. The register of members of the Company will be closed from Monday, 17 September 2007 to Friday, 21 September 2007 (both days inclusive), during which no share transfer will be registered. To qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 14 September 2007. The dividend will be payable on or about 2 October 2007.

Liquidity and capital resources

The bank balances, cash and pledged bank deposits as at 30 June 2007 denominated in local currency and foreign currencies amounted to HK$482.9 million, RMB2,333.7 million and US$7.0 million.

For the six months ended 30 June 2007, the Group's primary sources of funding included loans provided by the PRC domestic commercial banks, net cash inflow from operating activities and dividend received from associates, which amounted to HK$6,471.9 million, HK$2,382.1 million and HK$309.5 million, respectively. The Group's funds were primarily used in the repayment of short-term bank loans, purchase of properties, plants and equipment during the construction of new power plants, payment of dividend and payment of interest, which amounted to HK$4,516.0 million, HK$3,119.3 million, HK$539.2 million and HK$424.4 million, respectively.

Bank and other borrowings

The bank and other borrowings as at 30 June 2007 denominated in local currency and foreign currency amounted to HK$1,000 million and RMB17,661 million, respectively.

During the six months ended 30 June 2007, the Group repaid bank and other borrowings amounting to HK$4,516,039,000 (six months ended 30 June 2006: HK$2,598,065,000) and obtained new bank and other borrowings amounting to HK$6,471,913,000 (six months ended 30 June 2006: HK$3,904,831,000), proceeds of which were used for general working capital and for financing the acquisition of property, plant and equipment.

Key financial ratios of the Group

	As at 30 June 2007	As at 31 December 2006
Current ratio *(times)*	0.61	0.67
Quick ratio *(times)*	0.55	0.61
Net debt to shareholders' equity *(%)*	96.6	90.3
EBITDA interest coverage *(times)*	5.21	5.48

Current ratio	=	balance of current assets at the end of the period / balance of current liabilities at the end of the period
Quick ratio	=	(balance of current assets at the end of the period - balance of inventories at the end of the period) / balance of current liabilities at the end of the period
Net debt to shareholders' equity	=	(balance of total bank and other borrowings at the end of the period - balance of bank balances, cash and pledged bank deposits at the end of the period) / balance of equity attributable to equity holders of the Company at the end of the period
EBITDA interest coverage	=	(profit before taxation + interest expense + depreciation and amortisation) / interest expenditure (including capitalised interests)

Foreign exchange rate risk

We collect all of our revenue in Renminbi ("RMB") and most of our expenditures including expenditures incurred in the operation of power plants as well as capital expenditures are also denominated in RMB. Dividends receivable from the Company's subsidiaries and associates can be collected in either RMB, US Dollar ("USD") or Hong Kong Dollar ("HKD").

As at 30 June 2007, the Group had HK$482.9 million and US$7.0 million cash in deposit, and a HK$1 billion long-term liability on its balance sheet, the remaining assets and liabilities of our power plants and subsidiaries were denominated in RMB. The appreciation of RMB against HKD and USD has an overall positive impact on the Group.

Contingent liabilities

The Group did not have any material contingent liabilities as at 30 June 2007.

Legal liabilities

The Group is not involved in any material litigation.

Employees

As at 30 June 2007, the Company and its subsidiaries employed approximately 3,300 employees.

OPERATION STATISTICS BY POWER PLANTS

The tables below set out certain operation statistics of our power plants for the years ended 31 December 2005 and 2006 and the six months ended 30 June 2006 and 2007:

Shajiao C Power Plant

	For the six months ended 30 June		**For the year ended 31 December**	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	1,980	1,980	1,980	1,980
Utilisation hours	3,353	2,805	6,639	6,962
Gross generation *(MWh)*	6,638,506	5,554,879	13,145,697	13,784,034
Net generation *(MWh)*	6,133,567	5,156,836	12,184,886	12,876,107
Equivalent availability factor *(%)*	91	81	89	97
Net generation standard coal consumption rate *(grams/kWh)*	330	327	328	322

Changshu Power Plant

	For the six months ended 30 June		**For the year ended 31 December**	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	1,950	1,950	1,950	1,300
Utilisation hours	2,638	2,363	5,317	N/A
Gross generation *(MWh)*	5,144,535	4,607,207	10,368,325	5,853,265
Net generation *(MWh)*	4,868,276	4,369,363	9,816,227	5,568,971
Equivalent availability factor *(%)*	100	100	100	92
Net generation standard coal consumption rate *(grams/kWh)*	308	325	321	327

Fuyang Power Plant

	For the six months ended 30 June 2007	2006	For the year ended 31 December 2006	2005
Installed capacity at period end *(MW)*	1,280	N/A	1,280	N/A
Utilisation hours	2,669	N/A	N/A	N/A
Gross generation *(MWh)*	3,416,951	N/A	2,100,752	N/A
Net generation *(MWh)*	3,221,482	N/A	1,980,021	N/A
Equivalent availability factor *(%)*	100	N/A	84	N/A
Net generation standard coal consumption rate *(grams/kWh)*	319	N/A	332	N/A

Shouyangshan Power Plant

	For the six months ended 30 June 2007	2006	For the year ended 31 December 2006	2005
Installed capacity at period end *(MW)*	1,200	600	1,200	N/A
Utilisation hours	2,709	N/A	N/A	N/A
Gross generation *(MWh)*	3,250,830	151,542	2,085,817	N/A
Net generation *(MWh)*	3,044,381	140,294	1,954,551	N/A
Equivalent availability factor *(%)*	100	100	95	N/A
Net generation standard coal consumption rate *(grams/kWh)*	329	414	326	N/A

Xuzhou Power Plant

	For the six months ended 30 June 2007	2006	For the year ended 31 December 2006	2005
Installed capacity at period end *(MW)*	1,200	1,200	1,200	1,200
Utilisation hours	2,638	2,439	5,412	6,113
Gross generation *(MWh)*	3,165,574	2,926,439	6,494,983	7,336,039
Net generation *(MWh)*	3,006,091	2,779,930	6,169,358	6,967,120
Equivalent availability factor *(%)*	91	89	95	97
Net generation standard coal consumption rate *(grams/kWh)*	343	345	345	349

Liyujiang Phase II

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	730	730	730	600
Utilisation hours	3,161	2,933	6,608	6,399
Gross generation *(MWh)*	2,307,186	2,141,004	4,823,830	3,839,190
Net generation *(MWh)*	2,145,939	1,997,017	4,501,777	3,610,275
Equivalent availability factor *(%)*	87	89	93	81
Net generation standard coal consumption rate *(grams/kWh)*	360	356	362	351

Dengfeng Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	600	600	600	600
Utilisation hours	3,196	3,211	6,169	6,039
Gross generation *(MWh)*	1,917,808	1,926,693	3,701,327	3,623,430
Net generation *(MWh)*	1,814,110	1,818,998	3,492,649	3,389,694
Equivalent availability factor *(%)*	100	100	96	92
Net generation standard coal consumption rate *(grams/kWh)*	337	337	339	360

Wenzhou Telluride Phase II

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	600	600	600	600
Utilisation hours	3,166	2,860	6,539	7,379
Gross generation *(MWh)*	1,899,618	1,715,982	3,923,280	4,427,520
Net generation *(MWh)*	1,780,553	1,631,195	3,726,175	4,225,307
Equivalent availability factor *(%)*	93	81	89	96
Net generation standard coal consumption rate *(grams/kWh)*	334	329	329	329

Puqi Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	600	600	600	600
Utilisation hours	3,012	3,241	6,913	5,303
Gross generation *(MWh)*	1,807,026	1,944,888	4,147,888	3,181,650
Net generation *(MWh)*	1,714,329	1,847,773	3,937,377	3,028,690
Equivalent availability factor *(%)*	95	96	98	90
Net generation standard coal consumption rate *(grams/kWh)*	346	347	347	342

Hengfeng Phase II

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	600	600	600	300
Utilisation hours	2,780	2,870	6,035	N/A
Gross generation *(MWh)*	1,667,740	1,722,250	3,621,150	3,402,318
Net generation *(MWh)*	1,560,350	1,618,840	3,408,630	3,191,855
Equivalent availability factor *(%)*	96	85	86	90
Net generation standard coal consumption rate *(grams/kWh)*	343	345	343	342

Gucheng Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	600	N/A	600	N/A
Utilisation hours	2,574	N/A	N/A	N/A
Gross generation *(MWh)*	1,544,358	N/A	302,874	N/A
Net generation *(MWh)*	1,457,246	N/A	286,806	N/A
Equivalent availability factor *(%)*	100	N/A	77	N/A
Net generation standard coal consumption rate *(grams/kWh)*	337	N/A	338	N/A

Hengfeng Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	600	600	600	600
Utilisation hours	2,536	3,225	6,086	6,353
Gross generation *(MWh)*	1,521,490	1,935,280	3,651,310	3,811,931
Net generation *(MWh)*	1,426,910	1,836,110	3,456,060	3,612,597
Equivalent availability factor *(%)*	90	96	93	96
Net generation standard coal consumption rate *(grams/kWh)*	343	340	341	342

Jiaozuo Thermal Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	270	270	270	270
Utilisation hours	2,790	2,476	5,297	N/A
Gross generation *(MWh)*	753,425	668,650	1,430,298	1,094,521
Net generation *(MWh)*	703,115	611,742	1,323,505	991,958
Equivalent availability factor *(%)*	90	83	91	99
Net generation standard coal consumption rate *(grams/kWh)*	361	381	376	407

Tangshan Thermal II Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	200	200	200	200
Utilisation hours	3,119	2,878	6,475	N/A
Gross generation *(MWh)*	623,727	575,599	1,294,967	852,223
Net generation *(MWh)*	559,227	512,399	1,156,643	772,335
Equivalent availability factor *(%)*	80	80	87	89
Net generation standard coal consumption rate *(grams/kWh)*	350	360	365	389

Xingning Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	270	N/A	135	N/A
Utilisation hours	N/A	N/A	N/A	N/A
Gross generation *(MWh)*	535,690	N/A	142,929	N/A
Net generation *(MWh)*	487,601	N/A	131,286	N/A
Equivalent availability factor *(%)*	88	N/A	68	N/A
Net generation standard coal consumption rate *(grams/kWh)*	411	N/A	424	N/A

Yixing Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	120	120	120	120
Utilisation hours	3,649	3,801	7,016	N/A
Gross generation *(MWh)*	437,926	456,065	841,873	754,630
Net generation *(MWh)*	402,545	419,482	772,585	686,231
Equivalent availability factor *(%)*	98	93	95	92
Net generation standard coal consumption rate *(grams/kWh)*	400	413	412	420

Luoyang Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	100	100	100	100
Utilisation hours	4,283	4,257	7,989	7,969
Gross generation *(MWh)*	428,317	425,702	798,883	796,860
Net generation *(MWh)*	380,248	378,758	709,415	712,183
Equivalent availability factor *(%)*	99	100	97	93
Net generation standard coal consumption rate *(grams/kWh)*	418	416	420	439

Beijing Thermal Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	150	150	150	N/A
Utilisation hours	2,344	N/A	N/A	N/A
Gross generation *(MWh)*	351,661	36,293	453,506	N/A
Net generation *(MWh)*	345,581	35,655	446,043	N/A
Equivalent availability factor *(%)*	95	85	66	N/A
Net generation standard gas consumption rate *(Nm^3/MWh)*	225	281	240	N/A

Yunpeng Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	70	N/A	N/A	N/A
Utilisation hours	N/A	N/A	N/A	N/A
Gross generation *(MWh)*	85,415	N/A	N/A	N/A
Net generation *(MWh)*	84,897	N/A	N/A	N/A

Liyujiang B Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	650	N/A	N/A	N/A
Utilisation hours	N/A	N/A	N/A	N/A
Gross generation *(MWh)*	61,116	N/A	N/A	N/A
Net generation *(MWh)*	56,352	N/A	N/A	N/A
Equivalent availability factor *(%)*	52	N/A	N/A	N/A
Net generation standard coal consumption rate *(grams/kWh)*	351	N/A	N/A	N/A

Dannan Wind Power Plant

	For the six months ended 30 June		For the year ended 31 December	
	2007	**2006**	**2006**	**2005**
Installed capacity at period end *(MW)*	24	24	24	N/A
Utilisation hours	1,117	1,293	2,463	N/A
Gross generation *(MWh)*	26,806	31,035	59,105	N/A
Net generation *(MWh)*	25,975	30,231	57,435	N/A

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the six months ended 30 June 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

The Company has complied, during the period, with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that they all have complied with the required standards set out in the Model Code.

AUDITORS AND AUDIT COMMITTEE

The interim results for the six months ended 30 June 2007 have been reviewed by Deloitte Touche Tohmatsu and the audit committee of the Company.

By Order of the Board
Song Lin
Chairman

Hong Kong, 20 August 2007

As at the date of this announcement, the existing Board of Directors of the Company consists of five executive directors, namely Messrs. Song Lin, Wang Shuai Ting, Tang Cheng, Zhang Shen Wen and Ms. Wang Xiao Bin, one non-executive director, namely Mr. Jiang Wei and four independent non-executive directors, namely Messrs. Anthony H. Adams, Wu Jing Ru, Chen Ji Min and Ma Chiu-cheung, Andrew.