CHINA RESOURCES POWER HOLDINGS COMPANY LIMITED
華潤電力控股有限公司

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

(Stock Code: 836)

ANNOUNCEMENT OF FINAL 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 audited financial results of the Company and its subsidiaries (the "Group" or "We") for the year ended 31 December 2007.

For the year ended 31 December 2007, the Group recorded a profit attributable to equity holders of the Company ("net profit") of HK$3,220.6 million, representing an increase of HK$855.7 million or 36.2% from a net profit of HK$2,364.9 million for the year ended 31 December 2006. Basic earnings per share for the year ended 31 December 2007 was HK82.05 cents, representing an increase of 32.4% from basic earnings per share of HK61.99 cents for the year ended 31 December 2006.

The Board resolved to declare a final dividend of HK20 cents per share for the year ended 31 December 2007. Including the interim dividend of HK5 cents per share paid on 2 October 2007, total dividend paid and proposed for the year of 2007 was HK25 cents per share, representing a payout ratio of approximately 30.5%.

	For the year ended 31 December	
	2007	**2006**
Turnover *(HK$'000)*	16,830,488	9,740,371
Profit attributable to equity holders of the Company *(HK$'000)*	3,220,597	2,364,856
Basic earnings per share *(HK cents)*	82.05	61.99
Interim dividend per share *(HK cents)*	5.00	4.00
Final dividend per share *(HK cents)*	20.00	14.00
Total dividend per share for the year *(HK cents)*	25.00	18.00

As at 31 December 2007, equity attributable to equity holders of the Company and total assets of the Group amounted to HK$24.8 billion and HK$63.8 billion, respectively. Bank balances, cash and pledged deposits of the Group amounted to HK$7.9 billion, with net debt to shareholders' equity ratio standing at approximately 75.5%.

	As at 31 December	
	2007	**2006**
Equity attributable to equity holders of the Company *(HK$'000)*	24,813,452	15,284,859
Total assets *(HK$'000)*	63,814,518	38,038,481
Bank balances, cash and pledged bank deposits *(HK$'000)*	7,939,657	2,786,245
Bank and other borrowings *(HK$'000)*	26,672,332	16,590,998
Net debt to shareholders' equity *(%)*	75.5	90.3
EBITDA interest coverage *(times)*	5.56	5.48

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

BUSINESS REVIEW FOR YEAR 2007

Growth of generation capacity

As at 31 December 2007, we had 26 power plants in commercial operation with a total attributable operational capacity of 12,505MW. As a comparison, our attributable operational generation capacity was 8,003MW as at 31 December 2006.

Our attributable operational generation capacity increased by 4,502MW or 56.3% in 2007, mainly due to:

- commencement of commercial operation of the three generation units of Yunpeng Power Plant in 2007;
- commencement of commercial operation of unit 2 of Xingning Power Plant in May 2007;
- commencement of commercial operation of the two generation units of Liyujiang B Power Plant in June and August 2007, respectively;

- commencement of commercial operation of the two generation units of Cangzhou Power Plant in November and December 2007, respectively;

- commencement of commercial operation of the two generation units of Guangzhou Power Plant in the second half of 2007;

- acquisition of a total of 100% equity interest in Jinzhou Power Plant in the second half of 2007;

- acquisition of a 45% equity interest in Yangzhou No. 2 Power Plant in September 2007;

- acquisition of a 67% equity interest in Huaxin Power Plant in December 2007; and

- acquisition of the remaining 71% equity interest in Xingning Power Plant in December 2007.

The following table sets out the attributable operational capacity of our power plants in the context of geographical distribution as at 31 December 2007:

	Attributable operational generation capacity	
	MW	%
Eastern China	4,362	34.9
Southern China	3,055	24.4
Central China	2,961	23.7
Northeastern China	1,200	9.6
Northern China	927	7.4
Total	12,505	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 Farm. Shantou Wind Farm 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 23.25MW and commenced commercial operation in February 2008. The Company owns 100% equity interest in Shantou Wind Farm.

In August 2007, we obtained approval from the PRC government for the construction of Weichang Wind Farm. Weichang Wind Farm is located in Weichang County, Chengde City of Hebei Province. It has a total installed capacity of 48MW and is expected to commence commercial operation in 2009. The Company owns 100% equity interest in Weichang Wind Farm.

In October 2007, we obtained approval from the PRC government for the construction of Penglai Wind Farm. Penglai Wind Farm is located in Penglai, Yantai City of Shandong Province. It has a total installed capacity of 48MW and is expected to commence commercial operation in 2008. The Company owns a 95% equity interest in Penglai Wind Farm.

In addition, a number of our coal-fired power plants under planning received preliminary approval from the PRC government in 2007.

Increase in generation volume

Total gross generation volume of our 26 operating power plants amounted to 88,352,860MWh in 2007, representing an increase of 39.4% from 63,388,794MWh in 2006. Total gross generation volume of our 20 consolidated power plants amounted to 56,105,849MWh in 2007, representing an increase of 72.4% from 32,552,374MWh in 2006.

Total net generation volume of our 26 operating power plants amounted to 82,702,443MWh in 2007, representing an increase of 39.0% from 59,512,429MWh in 2006. Total net generation volume of our 20 consolidated power plants amounted to 52,599,879MWh in 2007, representing an increase of 72.1% from 30,566,320MWh in 2006.

The increase in gross and net generation volume was primarily due to the growth of attributable operational generation capacity from 8,003MW as at 31 December 2006 to 12,505MW as at 31 December 2007.

For the 13 coal-fired power plants which were in commercial operation for the entire year of 2006 and 2007, gross and net generation volume increased by 0.5% and 0.1%, respectively. The full-load equivalent utilisation hours for 2007 of the 13 coal-fired power plants amounted to 6,127 hours, representing an increase of 0.5% from 6,099 hours for 2006.

The following three tables set out the gross generation, net generation and utilisation hours of our operating power plants for the year ended 31 December 2006 and 2007:

Gross generation

	2007 *(MWh)*	**2006** *(MWh)*	**Increase (Decrease)** *(%)*
Consolidated power plants			
Changshu Power Plant	11,322,289	10,368,325	9.2
Fuyang Power Plant	7,333,017	2,100,752	N/A[1]
Shouyangshan Power Plant	7,019,655	2,085,817	N/A[1]
Liyujiang Phase II	4,841,690	4,823,830	0.4
Dengfeng Power Plant	3,725,142	3,701,327	0.6
Puqi Power Plant	3,613,686	4,147,888	(12.9)
Liyujiang B Power Plant	3,480,540	N/A	N/A
Gucheng Power Plant	3,355,890	302,874	N/A[1]
Jinzhou Power Plant	3,200,160[2]	N/A	N/A
Jiaozuo Thermal Power Plant	1,707,031	1,430,298	19.3
Tangshan Thermal II Power Plant	1,422,351	1,294,967	9.8
Xingning Power Plant	1,420,138	142,929	N/A[1]
Yixing Power Plant	859,973	841,873	2.1
Luoyang Power Plant	798,910	798,883	0.0
Beijing Thermal Power Plant	749,470	453,506	N/A[1]
Yunpeng Power Plant	717,248	N/A	N/A
Cangzhou Power Plant	284,234	N/A	N/A
Guangzhou Power Plant	193,424	N/A	N/A
Dannan Wind Power Plant	61,001	59,105	3.2
Huaxin Power Plant	0[3]	N/A	N/A
Total of consolidated power plants	56,105,849	32,552,374	72.4
Associate power plants			
Shajiao C Power Plant	13,317,323	13,145,697	1.3
Xuzhou Power Plant	6,457,670	6,494,983	(0.6)
Wenzhou Telluride Phase II	3,723,084	3,923,280	(5.1)
Hengfeng Phase II	3,389,340	3,621,150	(6.4)
Hengfeng Power Plant	3,333,460	3,651,310	(8.7)
Yangzhou No. 2 Power Plant	2,026,134[4]	N/A	N/A
Total of associate power plants	32,247,011	30,836,420	4.6
Total of consolidated and associate power plants	88,352,860	63,388,794	39.4

Net generation

	2007	2006	Increase (Decrease)
	(MWh)	*(MWh)*	*(%)*
Consolidated power plants			
Changshu Power Plant	10,704,727	9,816,227	9.1
Fuyang Power Plant	6,903,194	1,980,021	N/A[(1)]
Shouyangshan Power Plant	6,585,592	1,954,551	N/A[(1)]
Liyujiang Phase II	4,508,743	4,501,777	0.2
Dengfeng Power Plant	3,520,207	3,492,649	0.8
Puqi Power Plant	3,427,351	3,937,377	(13.0)
Liyujiang B Power Plant	3,229,161	N/A	N/A
Gucheng Power Plant	3,161,108	286,806	N/A[(1)]
Jinzhou Power Plant	2,941,350[(2)]	N/A	N/A
Jiaozuo Thermal Power Plant	1,595,398	1,323,505	20.5
Tangshan Thermal II Power Plant	1,271,980	1,156,643	10.0
Xingning Power Plant	1,294,353	131,286	N/A[(1)]
Yixing Power Plant	789,565	772,585	2.2
Luoyang Power Plant	709,717	709,415	0.0
Beijing Thermal Power Plant	737,046	446,043	N/A[(1)]
Yunpeng Power Plant	708,313	N/A	N/A
Cangzhou Power Plant	265,337	N/A	N/A
Guangzhou Power Plant	187,582	N/A	N/A
Dannan Wind Power Plant	59,155	57,435	3.0
Huaxin Power Plant	0[(3)]	N/A	N/A
Total of consolidated power plants	52,599,879	30,566,320	72.1
Associate power plants			
Shajiao C Power Plant	12,296,457	12,184,886	0.9
Xuzhou Power Plant	6,126,645	6,169,358	(0.7)
Wenzhou Telluride Phase II	3,483,723	3,726,175	(6.5)
Hengfeng Phase II	3,158,242	3,408,630	(7.3)
Hengfeng Power Plant	3,110,760	3,457,060	(10.0)
Yangzhou No. 2 Power Plant	1,926,737[(4)]	N/A	N/A
Total of associate power plants	30,102,564	28,946,109	4.0
Total of consolidated and associate power plants	82,702,443	59,512,429	39.0

Utilisation hours

	2007 *(hours)*	2006 *(hours)*
Consolidated power plants		
Changshu Power Plant	5,806	5,317
Fuyang Power Plant	5,729	1,641(5)
Shouyangshan Power Plant	5,850	1,738(5)
Liyujiang Phase II	6,632	6,608
Dengfeng Power Plant	6,209	6,169
Puqi Power Plant	6,023	6,913
Liyujiang B Power Plant	2,677(5)	N/A
Gucheng Power Plant	5,593	505(5)
Jinzhou Power Plant	2,667(2)	N/A
Jiaozuo Thermal Power Plant	6,322	5,297
Tangshan Thermal II Power Plant	7,112	6,475
Xingning Power Plant	5,260(5)	1,059(5)
Yixing Power Plant	7,166	7,016
Luoyang Power Plant	7,989	7,989
Beijing Thermal Power Plant	4,996	3,023(5)
Yunpeng Power Plant	3,415(5)	N/A
Cangzhou Power Plant	437(5)	N/A
Guangzhou Power Plant	537(5)	N/A
Dannan Wind Power Plant	2,542	2,463
Huaxin Power Plant	0(3)	N/A
Associate power plants		
Shajiao C Power Plant	6,726	6,639
Xuzhou Power Plant	5,381	5,412
Wenzhou Telluride Phase II	6,205	6,539
Hengfeng Phase II	5,649	6,035
Hengfeng Power Plant	5,556	6,086
Yangzhou No. 2 Power Plant	1,688(4)	N/A

Notes:

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

(2) The generation volume and utilisation hours of Jinzhou Power Plant represents data for the period from the date of completion of acquisition to 31 December 2007.

(3) The acquisition of Huaxin Power Plant was completed on 21 December 2007. No generation volume and utilisation hours were included in these tables.

(4) The generation volume and utilisation hours of Yangzhou No. 2 Power Plant represents data for the period from the date of completion of acquisition to 31 December 2007.

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

Control of fuel costs

Average unit fuel cost for our consolidated operating power plants in 2007 was RMB170.9/MWh, representing an increase of 2.3% compared to that in 2006. Average standard coal cost for our consolidated operating power plants in 2007 increased by 4.4% compared to that in 2006.

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 year ended 31 December 2007, environmental fees paid by each of the operating power plants were in the range from RMB0.3 million to RMB16.0 million and the total amount of environmental fee paid by our subsidiary power plants was RMB101.4 million.

PROSPECTS FOR YEAR 2008

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 in their respective areas and aim to maximise our dispatch volume and sales revenue.

OPERATING RESULTS

The audited results of operations for the year ended 31 December 2006 and 2007 are as follows:

Consolidated Income Statement
For the year ended 31 December 2007

	2007	**2006**
	HK$'000	*HK$'000*
Turnover	16,830,488	9,740,371
Operating expenses		
Fuel	(9,301,548)	(5,132,756)
Repair and maintenance	(249,503)	(179,184)
Depreciation and amortisation	(1,706,495)	(985,742)
Others	(1,516,722)	(1,122,604)
Total operating expenses	(12,774,268)	(7,420,286)
Other income	243,202	232,564
Profit from operations	4,299,422	2,552,649
Finance costs	(1,029,315)	(541,148)
Share of results of associates	575,002	686,672
Discount on acquisition of a subsidiary	30,817	46,925
Profit before taxation	3,875,926	2,745,098
Taxation	(69,523)	(11,133)
Profit for the year	3,806,403	2,733,965
Attributable to:		
Equity holders of the Company	3,220,597	2,364,856
Minority interests	585,806	369,109
	3,806,403	2,733,965
Dividends paid	734,463	762,613
Dividends proposed	829,295	538,259
Earnings per share		
- basic	82.05 cents	61.99 cents
- diluted	77.89 cents	60.10 cents

Consolidated Balance Sheet
As at 31 December 2007

	2007 *HK$'000*	**2006** *HK$'000*
Non-current assets		
Property, plant and equipment	39,522,707	27,341,499
Prepaid lease payments	996,630	361,840
Mining rights	138,787	—
Interests in associates	5,847,422	3,769,171
Goodwill	2,319,555	213,506
Investments in investee companies	128,416	108,186
Deposit paid for investment in an associate	77,942	77,942
Deposit paid for acquisition of property, plant and equipment	365,342	109,540
Amount due from an associate	—	432,173
Pledged bank deposits	37,433	37,337
Deferred taxation assets	98,061	5,398
Derivative financial instruments	—	87
	49,532,295	32,456,679
Current assets		
Inventories	957,510	499,176
Trade receivables, other receivables and prepayments	5,140,101	2,316,773
Amounts due from minority shareholders of subsidiaries	10,890	3,024
Amounts due from associates	270,346	13,848
Amounts due from group companies	95	73
Financial assets at fair value through profit or loss	1,057	—
Pledged bank deposits	15,090	1,666
Bank balances and cash	7,887,134	2,747,242
	14,282,223	5,581,802

	2007	2006
	HK$'000	*HK$'000*
Current liabilities		
Trade payables, other payables and accruals	8,375,842	4,097,677
Consideration payable for acquisitions of subsidiaries	484,740	—
Amount due to an associate	100	—
Amounts due to group companies	284,769	100,293
Amounts due to minority shareholders of subsidiaries	734,712	92,723
Taxation payable	39,225	1,017
Bank and other borrowings - repayable within one year	8,076,194	3,993,946
	17,995,582	8,285,656
Net current liabilities	(3,713,359)	(2,703,854)
Total assets less current liabilities	45,818,936	29,752,825
Non-current liabilities		
Bank and other borrowing - repayable after one year	18,596,138	12,597,052
Derivative financial instruments	102,180	—
Deferred taxation liabilities	63,061	21,211
	18,761,379	12,618,263
	27,057,557	17,134,562
Capital and reserves		
Share capital	4,140,317	3,831,162
Share premium and reserves	20,673,135	11,453,697
	24,813,452	15,284,859
Minority interests	2,244,105	1,849,703
	27,057,557	17,134,562

Consolidated Cash Flow Statement
For the year ended 31 December 2007

	2007	**2006**
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	3,875,926	2,745,098
Adjustments for:		
Amortisation of prepaid lease payments	25,262	17,016
Depreciation for property, plant and equipment	1,681,233	968,726
Recognition of share-based payments	155,685	113,230
Interest expense	1,029,315	541,148
Interest income	(101,012)	(145,860)
Discount on acquisition of a subsidiary	(30,817)	(46,925)
Share of results of associates	(575,002)	(686,672)
(Gain) loss on disposal of property, plant and equipment	(148)	32
Operating cash flows before movements in working capital	6,060,442	3,505,793
Increase in inventories	(240,966)	(151,535)
Increase in trade receivables, other receivables and prepayments	(1,107,073)	(329,929)
Decrease in amounts due from minority shareholders of subsidiaries	—	51,306
Decrease in amounts due from associates	—	1,686
(Increase) decrease in amounts due from group companies	(22)	9,645
Increase (decrease) in trade payables, other payables and accruals	855,438	(422,228)
Increase (decrease) in amounts due to an associate	100	(188)
Increase in amounts due to group companies	—	3,865
Increase in amounts due to minority shareholders of subsidiaries	—	7,457
PRC profits tax paid	(14,384)	(1,886)
NET CASH FROM OPERATING ACTIVITIES	5,553,535	2,673,986

	2007	2006
	HK$'000	*HK$'000*
INVESTING ACTIVITIES		
Dividends received from associates	1,044,299	997,290
Interest received	99,776	134,281
Increase in pledged bank deposits	(13,520)	(1,279)
Purchase and deposit paid for acquisition of property, plant and equipment	(6,895,325)	(4,992,194)
Acquisition of additional interest in an associate	—	(37,495)
Loan advanced to a minority shareholder of a subsidiary	(8,639)	—
Loan advanced to associates	(341,318)	(279,695)
Capital contribution for investments in associates	(592,198)	(105,995)
Acquisition of an associate	(1,879,242)	(42,359)
Deposit paid for investment of an associate	—	(77,942)
Loan repayment from a minority shareholder of a subsidiary	864	78,975
Investments in investee companies	(20,230)	(88,258)
Acquisition of additional interest in a subsidiary	(577,105)	—
Acquisitions of subsidiaries	(1,836,086)	(579,825)
Proceeds from disposal of property, plant and equipment	2,028	825
NET CASH USED IN INVESTING ACTIVITIES	(11,016,696)	(4,993,671)
FINANCING ACTIVITIES		
New bank and other borrowings raised	17,741,040	8,246,507
Capital contribution from minority shareholders	362,898	171,543
Proceeds on issue of shares	5,079,186	60,224
Repayment of advances from minority shareholders of subsidiaries	(32,314)	—
Repayment of bank loans	(10,497,550)	(6,558,571)
Interest paid	(1,124,255)	(445,395)
Dividends paid	(734,463)	(762,613)
Dividends paid to minority shareholders of subsidiaries	(373,798)	(116,976)
Expenses paid in connection with issue of shares	(42,898)	—
NET CASH FROM FINANCING ACTIVITIES	10,377,846	594,719
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,914,685	(1,724,966)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,747,242	4,411,484
EFFECT ON FOREIGN EXCHANGE RATE CHANGE	225,207	60,724
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTING BANK BALANCES AND CASH	7,887,134	2,747,242

Overview

Net profit for the year ended 31 December 2007 amounted to HK$3,220.6 million, representing an increase of 36.2% from HK$2,364.9 million for 2006.

The increase in net profit is mainly attributable to the increase in the Group's operational attributable generation capacity from 8,003MW as at 31 December 2006 to 12,505MW as at 31 December 2007 and full year operation of power plants which were commissioned in 2006.

In particular, during the year,

- we acquired a total of 100% equity interest in Jinzhou Power Plant, a 45% equity interest in Yangzhou No. 2 Power Plant, a 67% equity interest in Huaxin Power Plant and a 71% equity interest in Xingning Power Plant;

- a number of power plants including Liyujinag B Power Plant, Cangzhou Power Plant, Yunpeng Power Plant, unit 2 of Xingning Power Plant, and Guangzhou Power Plant commenced commercial operation; and

- a number of power plants including Shouyangshan Power Plant, Gucheng Power Plant and Beijing Thermal Power Plant, which were commissioned during 2006, had their first full year of operation.

Principal accounting policies

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

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the financial statements include applicable disclosure required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

In the current year, the Group has applied, for the first time, a number of new standards, amendment of Hong Kong Accounting Standards and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on 1 January 2007. The adoption of the new HKFRSs has no material impact on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior adjustment has been 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 the operations for the year were substantially carried out in the PRC. Accordingly, no geographical segment information for the year is presented.

Turnover

Turnover represents the net amount received and receivable for electricity delivered, and to a limited extent, the amount received and receivable for heat delivered by thermal power plants, net of value-added tax, during the year. Turnover for the year ended 31 December 2007 was HK$16,830.5 million, representing a 72.8% increase from HK$9,740.4 million for the year ended 31 December 2006.

The significant increase in turnover was mainly due to commencement of commercial operation and acquisition of new subsidiary power plants in 2007 and full year operation of power plants which were commissioned during 2006.

Four power plants, including Liyujiang B Power Plant, Cangzhou Power Plant, Yunpeng Power Plant, and Guangzhou Power Plant, commenced commercial operation during the year. Power plants, namely Shouyangshan Power Plant, Gucheng Power Plant, and Beijing Thermal Power Plant, which commenced commercial operation in 2006, had their first full year of operation in 2007. In addition, we also acquired a total of 100% equity interest in Jinzhou Power Plant during 2007. These power plants are subsidiaries and their turnover were consolidated by the Group.

Operating expenses

Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation, and other administrative costs such as staff costs, office rent, professional fee, travelling expense and discharge fee. Operating expenses amounted to HK$12,774.3 million for the year ended 31 December 2007, representing a 72.2% increase from HK$7,420.3 million for the year ended 31 December 2006.

The increase in operating expenses was mainly due to commencement of commercial operation and acquisition of new subsidiary power plants in 2007 and full year operation of the power plants which were commissioned during 2006.

Fuel costs for the year ended 31 December 2007 amounted to approximately HK$9,301.5 million, representing an increase of 81.2% from HK$5,132.8 million for the year ended 31 December 2006. Fuel costs accounted for approximately 72.8% of the total operating expenses for the year ended 31 December 2007, compared to 69.2% for the year ended 31 December 2006.

Profit from operations

Profit from operations represents profit from subsidiaries before deduction of finance costs and minority interests. Profit from operations amounted to HK$4,299.4 million for the year ended 31 December 2007, representing a 68.4% increase from HK$2,552.6 million for the year ended 31 December 2006. The increase was mainly due to commencement of commercial operation and acquisition of new subsidiary power plants in 2007 and full year operation of the power plants which were commissioned during 2006.

Finance costs

Finance costs amounted to HK$1,029.3 million for the year ended 31 December 2007, representing a 90.2% increase from HK$541.1 million for the year ended 31 December 2006. The significant increase in finance costs is mainly due to commencement of commercial operation and acquisition of new subsidiary power plants in 2007 and full year operation of the power plants which were commissioned during 2006. The increase is also attributable to increases in lending rates for commercial loans provided by PRC commercial banks as the People's Bank of China announced six interest hikes in 2007. Interest expenses incurred during the construction of the power plants are capitalised and included as part of total construction costs of power plants.

	2007 *HK$'000*	**2006** *HK$'000*
Interest on bank and other borrowings		
- repayable within five years	363,247	349,847
- not repayable within five years	826,649	429,369
	1,189,896	779,216
Less: Interest capitalised in property, plant and equipment	(160,581)	(238,068)
	1,029,315	541,148

Share of results of associates

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

Share of results of associates for the year ended 31 December 2007 amounted to HK$575.0 million, representing a 16.3% decrease or a decrease of HK$111.7 million from HK$686.7 million for the year ended 31 December 2006. The decrease is mainly due to the following reasons:

(1) a decrease of HK$93.3 million in our share of results of Shajiao C Power Plant from HK$313.8 million in 2006 to HK$220.5 million in 2007. This reflects that the effective share of net profit of Shajiao C Power Plant by Resources Shajiao C Investments Limited, our 90% owned subsidiary, decreased from 28% for the period from 1 July 1996 to 30 June 2006 to 16% for the period from 1 July 2006 to 30 June 2016;

(2) charge of deferred tax expenses for various associates of a total of HK$66.4 million, due to a change in tax rate announced by the PRC Government; and offset by

(3) an increase of HK$32.7 million in share of results of Yangzhou No. 2 Power Plant, as we acquired a 45% equity interest in the plant in 2007.

Taxation

Taxation charge for the year ended 31 December 2007 was HK$69.5 million, compared to HK$11.1 million for the year ended 31 December 2006.

Details of the taxation charge for the year ended 31 December 2006 and 2007 are set out below:

	2007	**2006**
	HK$'000	*HK$'000*
The charge comprises:		
The Company and its subsidiaries		
Current tax:		
- PRC Enterprise Income Tax	32,870	2,842
Deferred taxation		
- current year	9,460	8,291
- attributable to a change in tax rate	27,193	—
	36,653	8,291
	69,523	11,133

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

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.

In 2007, most of the Company's PRC subsidiaries were exempted from PRC Enterprise Income Tax. Tax paid in 2007 mainly relates to our Dannan Wind Power Plant and Jinzhou Power Plant.

Profit for the year

	2007 *HK$'000*	**2006** *HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration		
- Fees	690	615
- Other emoluments	14,745	12,296
- Pension costs	199	196
- Share option benefits expenses	2,646	5,274
	18,280	18,381
Other staff costs	355,330	283,099
Pension costs, excluding directors	49,454	56,370
Share option benefits expense, excluding directors	153,039	107,956
Total staff costs	576,103	465,806
Less: Staff costs included in pre-operating expenses of subsidiaries	(7,038)	(9,959)
	569,065	455,847
Amortisation of prepaid lease payments	25,262	17,016
Auditors' remuneration	4,934	3,100
Depreciation of property, plant and equipment	1,681,233	968,726
Loss on disposal of property, plant and equipment	—	32
Minimum lease payments under operating leases in respect of:		
- land and buildings	56,869	54,838
- other assets	654	806
Write-off of pre-operating expenses of subsidiaries	29,154	71,817

	2007	2006
	HK$'000	*HK$'000*
and after crediting:		
Recognition of discount on acquisition of an associate (included in share of results of associates)	—	5,883
Recognition of discount on acquisition of a subsidiary	30,817	46,925
Gain on disposal of property, plant and equipment	148	—
Net exchange gain	27,099	23,822
Interest income	101,012	145,860
Expenses capitalised in construction in progress:		
Other staff costs	17,075	85,619
Pension costs	223	1,173
Depreciation	1,278	1,659

Profit for the year attributable to equity holders of the Company

As a result of the above, the Group's net profit increased from HK$2,364.9 million for 2006 to HK$3,220.6 million for the year ended 31 December 2007, representing a 36.2% increase year on year.

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:

	2007	2006
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	3,220,597	2,364,856

	Number of ordinary shares	
	2007	**2006**
Weighted average number of ordinary shares for the purposes of basic earnings per share	3,924,997,504	3,814,667,934
Effect of dilutive potential ordinary shares:		
- share options	202,857,131	120,489,057
- issuable consideration shares for acquisition of a subsidiary	6,772,104	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,134,626,739	3,935,156,991

	2007	2006
	HK cents	*HK cents*
Basic earnings per share	82.05	61.99
Diluted earnings per share	77.89	60.10

Final dividend and closure of register of members

The Board of Directors resolved to declare a final dividend of HK20 cents per share for the year ended 31 December 2007.

Subject to approval of shareholders at the forthcoming annual general meeting of the Company, the final dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 30 May 2008. The register of members of the Company will be closed from Monday, 26 May 2008 to Friday, 30 May 2008 (both days inclusive), during which no share transfer will be registered. To qualify for the final 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, 23 May 2008. The dividend will be payable on or about 10 June 2008.

Liquidity and capital resources

The bank balances, cash and pledged bank deposits as at 31 December 2007 denominated in local currency and foreign currencies amounted to HK$3,112 million, RMB4,131 million and US$54 million.

For the year ended 31 December 2007, the Group's primary sources of funding included loans provided by the PRC domestic commercial banks, net cash inflow from operating activities, net proceeds from issue of new shares and dividend received from associates, which amounted to HK$17,741 million, HK$5,554 million, HK$5,079 million and HK$1,044 million, respectively. The Group's funds were primarily used in repayment of short-term bank loans, purchase of property, plant and equipment for the construction of new power plants, acquisition of or investment in subsidiaries and associates, payment of interest and payment of dividend to shareholders, which amounted to HK$10,498 million, HK$6,895 million, HK$4,885 million, HK$1,124 million and HK$734 million, respectively.

Borrowings

The bank and other borrowings of the Group as at 31 December 2006 and 2007 were as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Secured bank loans	5,281,536	4,610,630
Unsecured bank loans	16,201,990	6,993,912
Other loans	5,188,806	4,986,456
	26,672,332	16,590,998

The maturity profile of the above loans is as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Within 1 year	8,076,194	3,993,946
More than 1 year, but not exceeding 2 years	899,198	633,487
More than 2 years, but not exceeding 5 years	7,262,804	2,273,635
More than 5 years	10,434,136	9,689,930
	26,672,332	16,590,998

The bank and other borrowings as at 31 December 2007 denominated in local currency and foreign currency amounted to HK$4,735 million, RMB20,507 million and US$5 million respectively.

During the year ended 31 December 2007, the Group repaid bank and other borrowings amounting to HK$10,498 million (2006: HK$6,559 million) and obtained new bank and other borrowings amounting to HK$17,741 million (2006: HK$8,247 million), proceeds of which were used for general working capital, repayment of bank borrowings due and for financing the acquisition of property, plant and equipment.

Key financial ratios of the Group

	2007	**2006**
Current ratio *(times)*	0.79	0.67
Quick ratio *(times)*	0.74	0.61
Net debt to equity *(%)*	75.5	90.3
EBITDA interest coverage *(times)*	5.56	5.48

Current ratio	=	balance of current assets at the end of the year / balance of current liabilities at the end of the year
Quick ratio	=	(balance of current assets at the end of the year - balance of inventories at the end of the year) / balance of current liabilities at the end of the year
Net debt to shareholders' equity	=	(balance of total bank and other borrowings at the end of the year - balance of bank balances, cash and pledged bank deposits at the end of the year) / balance of shareholders' equity at the end of the year
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.

As at 31 December 2007, the Group had HK$3,112 million and US$54 million cash at bank, and HK$4,735 million and US$5 million bank borrowings on its balance sheet, the remaining assets and liabilities of the Group were mainly denominated in RMB.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2007.

Charge of assets

As at 31 December 2007, Telluride International Energy Limited Partnership, a wholly owned subsidiary of the Company, pledged its equity interest in Zhejiang Wenzhou Telluride Power Generating Company Limited ("Zhejiang Wenzhou") and a bank deposit amounting to HK$37,433,000 (2006: HK$37,337,000) to a bank as securities for the bank loans granted to Zhejiang Wenzhou of approximately HK$247,666,000 (2005: HK$307,748,000).

The bank deposits carried an annual average floating interest rate of 4.8%. The pledged bank deposits will be released upon the repayment of relevant bank borrowings. The fair values of bank deposits as at 31 December 2007 approximated to the corresponding carrying amounts.

As at 31 December 2007, bank loans were secured by the Group's land use rights, buildings with a carrying value of HK$94,757,000 (2006: HK$102,752,000) and HK$1,148,681,000 (2006: HK$582,139,000) respectively. In addition, bank loans were secured by the Group's power generating plant and equipment with a carrying value of HK$3,754,996,000 (2005: HK$3,141,567,000).

Legal liabilities

The Group is not involved in any material lawsuits, in which the Group is the named defendant.

Employees

As at 31 December 2007, the Company and its subsidiaries employed approximately 12,400 employees.

OPERATION STATISTICS BY POWER PLANTS

The tables below set out certain operation statistics of our power plants for the three years ended 31 December 2007:

Changshu Power Plant

	2007	**2006**	**2005**
Installed capacity at year end *(MW)*	1,950	1,950	1,300
Average utilisation hours	5,806	5,317	N/A
Gross generation *(MWh)*	11,322,289	10,368,325	5,853,265
Net generation *(MWh)*	10,704,727	9,816,227	5,568,971
Equivalent availability factor *(%)*	100	100	92
Net generation standard coal consumption rate *(grams/kWh)*	311	321	327

Fuyang Power Plant

	2007	**2006**	**2005**
Installed capacity at year end *(MW)*	1,280	1,280	N/A
Average utilisation hours	5,729	N/A	N/A
Gross generation *(MWh)*	7,333,017	2,100,752	N/A
Net generation *(MWh)*	6,903,194	1,980,021	N/A
Equivalent availability factor *(%)*	100	84	N/A
Net generation standard coal consumption rate *(grams/kWh)*	320	332	N/A

Shouyangshan Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	1,200	1,200	N/A
Average utilisation hours	5,850	N/A	N/A
Gross generation *(MWh)*	7,019,655	2,085,817	N/A
Net generation *(MWh)*	6,585,592	1,954,551	N/A
Equivalent availability factor *(%)*	100	95	N/A
Net generation standard coal consumption rate *(grams/kWh)*	325	326	N/A

Liyujiang Phase II

	2007	2006	2005
Installed capacity at year end *(MW)*	730	730	600
Average utilisation hours	6,632	6,608	6,399
Gross generation *(MWh)*	4,841,690	4,823,830	3,839,190
Net generation *(MWh)*	4,508,743	4,501,777	3,610,275
Equivalent availability factor *(%)*	93	93	81
Net generation standard coal consumption rate *(grams/kWh)*	358	362	351

Dengfeng Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	600	600	600
Average utilisation hours	6,209	6,169	6,039
Gross generation *(MWh)*	3,725,142	3,701,327	3,623,430
Net generation *(MWh)*	3,520,207	3,492,649	3,389,694
Equivalent availability factor *(%)*	97	96	92
Net generation standard coal consumption rate *(grams/kWh)*	338	339	360

Puqi Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	600	600	600
Average utilisation hours	6,023	6,913	5,303
Gross generation *(MWh)*	3,613,686	4,147,888	3,181,650
Net generation *(MWh)*	3,427,351	3,937,377	3,028,690
Equivalent availability factor *(%)*	98	98	90
Net generation standard coal consumption rate *(grams/kWh)*	346	347	342

Liyujiang B Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	1,300	N/A	N/A
Average utilisation hours	N/A	N/A	N/A
Gross generation *(MWh)*	3,480,540	N/A	N/A
Net generation *(MWh)*	3,229,161	N/A	N/A
Equivalent availability factor *(%)*	90	N/A	N/A
Net generation standard coal consumption rate *(grams/kWh)*	348	N/A	N/A

Gucheng Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	600	600	N/A
Average utilisation hours	5,593	N/A	N/A
Gross generation *(MWh)*	3,355,890	302,874	N/A
Net generation *(MWh)*	3,161,108	286,806	N/A
Equivalent availability factor *(%)*	100	77	N/A
Net generation standard coal consumption rate *(grams/kWh)*	341	338	N/A

Jinzhou Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	1,200	N/A	N/A
Average utilisation hours	N/A	N/A	N/A
Gross generation *(MWh)*	3,200,160	N/A	N/A
Net generation *(MWh)*	2,941,350	N/A	N/A
Equivalent availability factor *(%)*	94	N/A	N/A
Net generation standard coal consumption rate *(grams/kWh)*	377	N/A	N/A

Jiaozuo Thermal Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	270	270	270
Average utilisation hours	6,322	5,297	N/A
Gross generation *(MWh)*	1,707,031	1,430,298	1,094,521
Net generation *(MWh)*	1,595,398	1,323,505	991,958
Equivalent availability factor *(%)*	94	91	99
Net generation standard coal consumption rate *(grams/kWh)*	367	376	407

Tangshan Thermal II Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	200	200	200
Average utilisation hours	7,112	6,475	N/A
Gross generation *(MWh)*	1,422,351	1,294,967	852,223
Net generation *(MWh)*	1,271,980	1,156,643	772,335
Equivalent availability factor *(%)*	88	87	89
Net generation standard coal consumption rate *(grams/kWh)*	367	365	389

Xingning Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	270	135	N/A
Average utilisation hours	N/A	N/A	N/A
Gross generation *(MWh)*	1,420,138	142,929	N/A
Net generation *(MWh)*	1,294,353	131,286	N/A
Equivalent availability factor *(%)*	91	68	N/A
Net generation standard coal consumption rate *(grams/kWh)*	421	424	N/A

Yixing Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	120	120	120
Average utilisation hours	7,166	7,016	N/A
Gross generation *(MWh)*	859,973	841,873	754,630
Net generation *(MWh)*	789,565	772,585	686,231
Equivalent availability factor *(%)*	97	95	92
Net generation standard coal consumption rate *(grams/kWh)*	401	412	420

Luoyang Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	100	100	100
Average utilisation hours	7,989	7,989	7,969
Gross generation *(MWh)*	798,910	798,883	796,860
Net generation *(MWh)*	709,717	709,415	712,183
Equivalent availability factor *(%)*	96	97	93
Net generation standard coal consumption rate *(grams/kWh)*	422	420	439

Beijing Thermal Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	150	150	N/A
Average utilisation hours	4,996	N/A	N/A
Gross generation *(MWh)*	749,470	453,506	N/A
Net generation *(MWh)*	737,046	446,043	N/A
Equivalent availability factor *(%)*	80	66	N/A
Net generation standard gas consumption rate *(Nm³/MWh)*	220	240	N/A

Yunpeng Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	210	N/A	N/A
Average utilisation hours	N/A	N/A	N/A
Gross generation *(MWh)*	717,248	N/A	N/A
Net generation *(MWh)*	708,313	N/A	N/A
Equivalent availability factor *(%)*	96	N/A	N/A

Cangzhou Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	650	N/A	N/A
Average utilisation hours	N/A	N/A	N/A
Gross generation *(MWh)*	284,234	N/A	N/A
Net generation *(MWh)*	265,337	N/A	N/A
Equivalent availability factor *(%)*	74	N/A	N/A
Net generation standard coal consumption rate *(grams/kWh)*	361	N/A	N/A

Guangzhou Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	360	N/A	N/A
Average utilisation hours	N/A	N/A	N/A
Gross generation *(MWh)*	193,424	N/A	N/A
Net generation *(MWh)*	187,582	N/A	N/A
Equivalent availability factor *(%)*	98	N/A	N/A
Net generation standard gas consumption rate *(Nm³/MWh)*	195	N/A	N/A

Dannan Wind Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	24	24	N/A
Average utilisation hours	2,542	2,463	N/A
Gross generation *(MWh)*	61,001	59,105	N/A
Net generation *(MWh)*	59,155	57,435	N/A

Shajiao C Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	1,980	1,980	1,980
Average utilisation hours	6,726	6,639	6,962
Gross generation *(MWh)*	13,317,323	13,145,697	13,784,034
Net generation *(MWh)*	12,296,457	12,184,886	12,876,107
Equivalent availability factor *(%)*	95	89	97
Net generation standard coal consumption rate *(grams/kWh)*	329	328	322

Xuzhou Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	1,200	1,200	1,200
Average utilisation hours	5,381	5,412	6,113
Gross generation *(MWh)*	6,457,670	6,494,983	7,336,039
Net generation *(MWh)*	6,126,645	6,169,358	6,967,120
Equivalent availability factor *(%)*	100	95	96
Net generation standard coal consumption rate *(grams/kWh)*	342	345	349

Wenzhou Telluride Phase II

	2007	2006	2005
Installed capacity at year end *(MW)*	600	600	600
Average utilisation hours	6,205	6,539	7,379
Gross generation *(MWh)*	3,723,084	3,923,280	4,427,520
Net generation *(MWh)*	3,483,723	3,726,175	4,225,307
Equivalent availability factor *(%)*	94	89	96
Net generation standard coal consumption rate *(grams/kWh)*	336	329	329

Hengfeng Phase II

	2007	2006	2005
Installed capacity at year end *(MW)*	600	600	600
Average utilisation hours	5,649	6,035	N/A
Gross generation *(MWh)*	3,389,340	3,621,150	3,402,318
Net generation *(MWh)*	3,158,242	3,408,630	3,191,855
Equivalent availability factor *(%)*	92	86	90
Net generation standard coal consumption rate *(grams/kWh)*	340	343	342

Hengfeng Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	600	600	600
Average utilisation hours	5,556	6,086	6,353
Gross generation *(MWh)*	3,333,460	3,651,310	3,811,931
Net generation *(MWh)*	3,110,760	3,457,060	3,612,597
Equivalent availability factor *(%)*	93	93	96
Net generation standard coal consumption rate *(grams/kWh)*	346	341	342

Yangzhou No. 2 Power Plant

	2007	2006	2005
Installed capacity at year end *(MW)*	1,200	N/A	N/A
Average utilisation hours	N/A	N/A	N/A
Gross generation *(MWh)*	2,026,134	N/A	N/A
Net generation *(MWh)*	1,926,737	N/A	N/A
Equivalent availability factor *(%)*	100	N/A	N/A
Net generation standard coal consumption rate *(grams/kWh)*	321	N/A	N/A

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2007 will be held on Friday, 30 May 2008 in Hong Kong.

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

The Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the year ended 31 December 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

The Company has complied, throughout the financial year, with the code provision set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 all Directors have complied with the required standards set out in the Model Code.

AUDITORS AND AUDIT COMMITTEE

The financial statements of the Company are audited by Deloitte Touche Tohmatsu. The Audit Committee of the Company has reviewed the financial statements for the year ended 31 December 2007.

By Order of the Board
Song Lin
Chairman

Hong Kong, 31 March 2008

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