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 2008

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 2008.

For the year ended 31 December 2008, the Group recorded a profit attributable to equity holders of the Company ("net profit") of HK$1,717.4 million, representing a decrease of HK$1,503.2 million or 46.7% from a net profit of HK$3,220.6 million for the year ended 31 December 2007. Basic earnings per share for the year ended 31 December 2008 was HK41.30 cents, representing a decrease of 49.7% from basic earnings per share of HK82.05 cents for the year ended 31 December 2007.

The Board resolved to declare a final dividend of HK8 cents per share for the year ended 31 December 2008. Including the interim dividend of HK5 cents per share paid on 6 October 2008, total dividend paid and proposed for the year of 2008 was HK13 cents per share, representing a payout ratio of approximately 31.5%.

	For the year ended 31 December 2008	2007
Turnover *(HK$'000)*	26,771,662	16,830,488
Profit attributable to equity holders of the Company *(HK$'000)*	1,717,448	3,220,597
Basic earnings per share *(HK cents)*	41.30	82.05
Interim dividend per share *(HK cents)*	5.00	5.00
Final dividend per share *(HK cents)*	8.00	20.00
Total dividend per share for the year *(HK cents)*	13.00	25.00

As at 31 December 2008, equity attributable to equity holders of the Company and total assets of the Group amounted to HK$27.2 billion and HK$79.6 billion, respectively. Bank balances and cash of the Group amounted to HK$5.5 billion, with net debt to shareholders' equity ratio standing at approximately 118.3%.

	As at 31 December 2008	2007
Equity attributable to equity holders of the Company *(HK$'000)*	27,215,105	24,813,452
Total assets *(HK$'000)*	79,649,846	63,814,518
Bank balances and cash *(HK$'000)*	5,467,088	7,887,134
Bank and other borrowings *(HK$'000)*	37,671,443	26,672,332
Net debt to shareholders' equity *(%)*	118.3	75.7
EBITDA interest coverage *(times)*	3.62	5.56

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

BUSINESS REVIEW FOR 2008

2008 is an exceptionally challenging year for the Chinese power industry. Coal prices increased by an unprecedented magnitude during the year. Meanwhile, tariff only began to rise in the second half of the year in magnitudes that do not allow the power generation companies to offset the significant increase in fuel price. In addition, at the beginning of the year, Southern China and certain parts of Eastern and Central China suffered from severe weather conditions, resulting in a breakdown of certain transmission lines in these parts of the country. In May, earthquake in Sichuan also caused disruption to coal production and railway transportation capacities. Starting from the third quarter of the year, power demand started to slow down in line with the global and national economic conditions.

As a result, the vast majority of the power generation companies in China incurred significant losses in 2008.

The Group employed a number of measures to improve operational efficiency, lower operation costs and maximize generation volume. In addition to financial return targets, the Group also sets targets in terms of operational efficiency, operation costs and generation volume for each of our power plants. The actual performance of the power plants are measured against benchmarks we set up for each of the above aspects and performance of the power plants management teams and staff members are rewarded accordingly.

Growth of generation capacity

As at 31 December 2008, we had 28 power plants in commercial operation with a total attributable operational generation capacity of 12,981MW. As a comparison, our attributable operational generation capacity was 12,505MW as at 31 December 2007.

In April 2008, we completed the acquisition of a total of 54.115% equity interest in Shenhai Thermal Power Plant. Shenhai Thermal Power Plant is located in Shenyang City of Liaoning Province. It comprises three 200MW coal-fired generating units. These generation units commenced commercial operation in December 1990, December 1991 and February 2007, respectively. Shenhai Thermal Power Plant sells its electricity to Liaoning Provincial Power Grid under Northeastern China Power Grid.

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 in profitability and return on equity in the future.

In March 2008, we obtained approval from the PRC government for the construction of Lianyuan Power Plant. Lianyuan Power Plant is located in Lianyuan City of Hunan Province. It comprises two 300MW coal-fired generating units equipped with desulphurization and denitration facilities. The Company owns 100% equity interest in Lianyuan Power Plant.

In the second half of 2008, we obtained approval from the PRC government for the construction of a number of wind farms in Guangdong and Hebei Province and Inner Mongolia. Each of the wind farms has an installed capacity of 49.5MW. These wind farms are expected to commence commercial operation in 2009.

Increase in generation volume

Total gross generation volume of our 28 operating power plants amounted to 104,548,012MWh in 2008, representing an increase of 18.3% from 88,352,860MWh in 2007. Total gross generation volume of our 22 consolidated operating power plants amounted to 69,360,711MWh in 2008, representing an increase of 23.6% from 56,105,849MWh in 2007.

Total net generation volume of our 28 operating power plants amounted to 97,579,013MWh in 2008, representing an increase of 18.0% from 82,702,443MWh in 2007. Total net generation volume of our 22 consolidated operating power plants amounted to 64,740,110MWh in 2008, representing an increase of 23.1% from 52,599,879MWh in 2007.

The increase in gross and net generation volumes was primarily due to the growth of attributable operational generation capacity from 12,505MW as at 31 December 2007 to 12,981MW as at 31 December 2008.

On a same plant basis (using 16 coal-fired power plants which were in commercial operation for the entire year of 2007 and 2008), gross and net generation volumes decreased by 5.0% and 5.2%, respectively. The average full-load equivalent utilisation hours for 2008 of the 16 coal-fired power plants amounted to 5,724 hours, representing a decrease of 4.9% from 6,020 hours for 2007.

Rise in fuel costs

Coal prices increased significantly in 2008 nationwide. Average unit fuel cost for our consolidated operating power plants in 2008 was RMB238.8/MWh, representing an increase of 39.8% compared to that in 2007. Average standard coal cost for our consolidated operating power plants in 2008 increased by 37.7% compared to that in 2007.

Environmental fees

For the year ended 31 December 2008, environmental fees paid by each of the operating power plants were in the range from RMB0.3 million to RMB39.1 million and the total amount of environmental fees paid by our subsidiary power plants was RMB147.7 million, increased by 45.7% compared to RMB101.4 million for 2007. The increase is mainly attributable to our acquisition of the 200MW class generation units of Shenhai Thermal Power Plant in April 2008, the acquisition of Huaxin Power Plant in December 2007 and commencement of operations of Cangzhou Power Plant and Liyujiang B Power Plant in the second half of 2007.

PROSPECTS FOR 2009

As Chinese economic growth slows down, coal prices and electricity demand started to decrease in the third quarter of 2008. Our major challenge in 2009 is to maximize our generation volume and power plant utilization.

We will also monitor our capital structure and balance sheet, in order to ensure that as the power industry in China goes through a difficult period, we will still have a stable capital structure to support the Company's operations and more importantly future development plans.

In our target markets, we continue to identify and develop new power projects in line with our business strategies and strictly comply with our investment disciplines. We have received a number of preliminary approvals from National Development and Reform Commission to construct new power plants in the country. Subject to final government approval, further internal examination of the technical and financial aspects of the projects, we may proceed with the construction of a number of new power projects in 2009.

In addition, we will continue to develop our coal mine projects in the country in order to secure our long-term fuel supply at competitive costs.

Construction of new power plants and coal mines will be funded through our operational cash flow and debt facilities provided by Chinese and international commercial banks and proceeds from other debt facilities.

OPERATING RESULTS

The audited results of operations for the years ended 31 December 2007 and 2008 are as follows:

Consolidated Income Statement
For the year ended 31 December 2008

	2008	**2007**
	HK$'000	*HK$'000*
Turnover	26,771,662	16,830,488
Operating expenses		
Fuel	(17,482,818)	(9,301,548)
Repair and maintenance	(304,745)	(249,503)
Depreciation and amortisation	(2,813,692)	(1,706,495)
Others	(3,247,453)	(1,516,722)
Total operating expenses	(23,848,708)	(12,774,268)
Other income	560,802	243,202
Profit from operations	3,483,756	4,299,422
Finance costs	(1,711,614)	(1,029,315)
Share of results of associates	396,901	575,002
Fair value change on derivative financial instruments	(17,531)	—
Discount on acquisition of a subsidiary	—	30,817
Profit before taxation	2,151,512	3,875,926
Taxation	(215,987)	(69,523)
Profit for the year	1,935,525	3,806,403
Attributable to:		
Equity holders of the Company	1,717,448	3,220,597
Minority interests	218,077	585,806
	1,935,525	3,806,403
Dividends paid	1,044,269	734,463
Dividends proposed	338,167	829,295
Earnings per share		
- basic	41.30 HK cents	82.05 HK cents
- diluted	39.85 HK cents	77.89 HK cents

Consolidated Balance Sheet
As at 31 December 2008

	2008	2007
	HK$'000	*HK$'000*
Non-current assets		
Property, plant and equipment	50,318,595	39,522,707
Prepaid lease payments	1,021,098	996,630
Mining rights	197,061	138,787
Exploration and resources rights	239,989	—
Interests in associates	6,381,116	5,847,422
Goodwill	3,207,440	2,319,555
Investments in investee companies	128,416	128,416
Deposit paid for acquisition of subsidiaries	981,418	—
Deposit paid for investment in an associate	77,942	77,942
Deposit paid for acquisition of property, plant and equipment	406,311	365,342
Deposit paid for acquisition of mining/exploration rights	2,584,496	—
Deposit paid for land use rights	125,118	—
Pledged bank deposits	37,201	37,433
Deferred taxation assets	94,777	98,061
	65,800,978	49,532,295
Current assets		
Inventories	1,857,595	957,510
Trade receivables, other receivables and prepayments	4,796,957	5,140,101
Amounts due from minority shareholders of subsidiaries	150,379	10,890
Amounts due from associates	1,292,759	270,346
Amounts due from group companies	144,923	95
Financial assets at fair value through profit or loss	2,962	1,057
Restricted bank balances	91,564	—
Pledged bank deposits	44,641	15,090
Bank balances and cash	5,467,088	7,887,134
	13,848,868	14,282,223

	2008	2007
	HK$'000	*HK$'000*
Current liabilities		
Trade payables, other payables and accruals	8,293,298	8,375,842
Consideration payable for acquisition of subsidiaries	—	484,740
Amounts due to associates	960,264	100
Amounts due to group companies	1,607,791	284,769
Amounts due to minority shareholders of subsidiaries	428,534	734,712
Taxation payable	34,099	39,225
Bank and other borrowings - repayable within one year	9,484,736	8,076,194
	20,808,722	17,995,582
Net current liabilities	(6,959,854)	(3,713,359)
Total assets less current liabilities	58,841,124	45,818,936
Non-current liabilities		
Bank and other borrowing - repayable after one year	28,186,707	18,596,138
Derivative financial instruments	387,265	102,180
Deferred taxation liabilities	106,289	63,061
	28,680,261	18,761,379
	30,160,863	27,057,557
Capital and reserves		
Share capital	4,212,797	4,140,317
Share premium and reserves	23,002,308	20,673,135
	27,215,105	24,813,452
Minority interests	2,945,758	2,244,105
	30,160,863	27,057,557

Consolidated Cash Flow Statement
For the year ended 31 December 2008

	2008	2007
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	2,151,512	3,875,926
Adjustments for:		
Amortisation of prepaid lease payments	47,434	25,262
Amortisation of mining rights	9,352	—
Depreciation for property, plant and equipment	2,756,906	1,681,233
Recognition of share-based payments	91,337	155,685
Interest expense	1,711,614	1,029,315
Interest income	(91,704)	(101,012)
Fair value change on financial assets at fair value through profit and loss	(1,833)	—
Fair value change on derivative financial instruments	17,531	—
Discount on acquisition of a subsidiary	—	(30,817)
Share of results of associates	(396,901)	(575,002)
Loss (gain) on disposal of property, plant and equipment	74,188	(148)
Operating cash flows before movements in working capital	6,369,436	6,060,442
Increase in inventories	(839,018)	(240,966)
Decrease (increase) in trade receivables, other receivables and prepayments	1,090,220	(1,107,073)
Increase in amounts due from group companies	—	(22)
(Decrease) increase in trade payables, other payables and accruals	(338,852)	855,438
Increase in amount due to an associate	—	100
PRC Enterprise Income Tax paid	(175,102)	(14,384)
NET CASH FROM OPERATING ACTIVITIES	6,106,684	5,553,535

	2008 *HK$'000*	2007 *HK$'000*
INVESTING ACTIVITIES		
Dividends received from associates	411,238	1,044,299
Interest received	91,704	99,776
Increase in pledged bank deposits	(25,742)	(13,520)
Increase in restricted bank balances	(91,564)	—
Purchase and deposit paid for acquisition of property, plant and equipment and land use rights	(11,060,363)	(6,895,325)
Purchase and deposit paid for acquisition of mining rights and exploration and resources rights	(2,681,056)	—
Loan advanced to a minority shareholder of a subsidiary	(138,748)	(8,639)
Loan advanced to associates	(1,114,699)	(341,318)
Capital contribution for investments in associates	(122,847)	(592,198)
Acquisition of an associate	—	(1,879,242)
Deposit paid for acquisition of subsidiaries	(981,418)	—
Loan repayment from a minority shareholder of a subsidiary	—	864
Investments in investee companies	—	(20,230)
Acquisition of additional interest in a subsidiary	—	(577,105)
Acquisitions of subsidiaries	(999,866)	(1,836,086)
Proceeds from disposal of property, plant and equipment	184,480	2,028
Advances to group companies	(144,828)	—
Repayment of deferred consideration	(155,000)	—
NET CASH USED IN INVESTING ACTIVITIES	(16,828,709)	(11,016,696)
FINANCING ACTIVITIES		
New bank and other borrowings raised	25,621,214	17,741,040
Capital contribution from minority shareholders	80,602	362,898
Proceeds on issue of shares	214,148	5,079,186
Purchase of shares held by share award scheme	(155,340)	—
Advances from associates	960,164	—
Advances from group companies	1,307,717	—
Repayment of advances from minority shareholders of subsidiaries	—	(32,314)
Repayment of bank loans	(16,657,515)	(10,497,550)
Interest paid	(1,843,717)	(1,124,255)
Dividends paid	(1,044,269)	(734,463)
Dividends paid to minority shareholders of subsidiaries	(526,941)	(373,798)
Expenses paid in connection with issue of shares	—	(42,898)
NET CASH FROM FINANCING ACTIVITIES	7,956,063	10,377,846
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,765,962)	4,914,685
CASH AND CASH EQUIVALENTS AT 1 JANUARY	7,887,134	2,747,242
EFFECT ON FOREIGN EXCHANGE RATE CHANGE	345,916	225,207
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTING BANK BALANCES AND CASH	5,467,088	7,887,134

Overview

Net profit for the year ended 31 December 2008 amounted to HK$1,717.4 million, representing a decrease of 46.7% from HK$3,220.6 million for 2007.

The decrease in net profit is mainly attributable to the following factors:

- significant increase in fuel costs — total fuel costs for 2008 amounted to HK$17,482.8 million, representing an increase of 88.0% from HK$9,301.5 million for 2007. In the meantime, turnover increased by 59.1% as compared with 2007. Average unit fuel cost for our consolidated operating power plants in 2008 was RMB238.8/MWh, representing an increase of 39.8% year on year. Average standard coal cost for our consolidated operating power plants in 2008 increased by 37.7%;

- significant increase in finance costs and balance of borrowings — From March 2007 to December 2007, the People's Bank of China ("PBOC") announced six interest rate hikes for loans provided by PRC commercial banks, while from September 2008 to December 2008, PBOC announced five interest rate reductions. Total bank and other borrowings as at 31 December 2008 amounted to HK$37,671.4 million, representing an increase of HK$10,999.1 million or 41.2% as compared with HK$26,672.3 million as at 31 December 2007. Total borrowings incurred by the Company at holding company level increased by HK$4,302.0 million in 2008 and were injected into the PRC for the construction of power plants and coal mine projects. However, interest expenses totaling HK$294.4 million were charged to the income statement. In addition, as power plants commenced commercial operations, interest expenses incurred in the current period on loans obtained during the construction period are charged as expenses, instead of being capitalized as part of construction costs. As a result, finance costs charged to income statement for 2008 was HK$1,711.6 million, increased by HK$682.3 million or 66.3% as compared with HK$1,029.3 million for 2007. Average interest rate for the Group increased to 5.74% in 2008 from 5.50% in 2007; and

- transmission lines damages and suspension of operation suffered by Liyujiang Phase II and Liyujiang B Power Plant — Due to the extreme weather conditions in certain parts of China in early 2008, the dual transmission lines for power transmission to Guangdong Province of Liyujiang Phase II and Liyujiang B Power Plant were seriously damaged by the formation of thick ice blocks which led to the collapse of transmission towers. The net losses on transmission lines amounted to HK$88.1 million and were charged as expenses in 2008. In addition, the operations of Liyujiang Phase II and Liyujiang B Power Plant were suspended for two and half months in the first half of 2008.

Principal accounting policies

The financial statements have been prepared on 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 by the Hong Kong Companies Ordinance.

In the current year, the Group has applied a number of new amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2008. The adoption of the new HKFRSs has no material effect 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.

Turnover and segment information

Turnover represents the net amount received and receivable for sale of electricity, heat generated by thermal power plants and sales of coal, net of value-added tax, during the year.

	2008	**2007**
	HK$'000	*HK$'000*
Sales of electricity	25,102,876	16,764,615
Heat supply	323,051	65,873
Sales of coal	1,345,735	—
	26,771,662	16,830,488

Turnover for the year ended 31 December 2008 was HK$26,771.7 million, representing a 59.1% increase from HK$16,830.5 million for the year ended 31 December 2007. The increase in turnover was mainly due to the acquisition of Jinzhou Power Plant, Huaxin Power Plant and Tianneng Group and commencement of commercial operation of Liyujiang B Power Plant and Cangzhou Power Plant in the second half of 2007 and the acquisition of Shenhai Thermal Power Plant in the first half of 2008.

Business segments

The Group is currently engaged in two operating divisions - sales of electricity (inclusive of supply of heat that generated by thermal power plant) and coal mining.

Segment information about these businesses is presented below.

2008

	Sales of electricity	**Coal mining**	**Eliminations**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
External sales	25,425,927	1,345,735	—	26,771,662
Inter-segment sales	—	675,424	(675,424)	—
Total	25,425,927	2,021,159	(675,424)	26,771,662

Inter-segment sales are charged at prevailing market rates.

Result				
Segment result	2,957,949	628,681	—	3,586,630
Unallocated corporate expenses				(204,332)
Other income				101,458
Share of profit of associates				396,901
Finance costs				(1,711,614)
Fair value change on derivative financial instruments				(17,531)
Profit before taxation				2,151,512
Taxation				(215,987)
Profit for the year				1,935,525

Balance sheet

	Sales of electricity	Coal mining	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Segment assets	62,304,541	5,160,873	67,465,414
Interests in associates	5,384,021	997,095	6,381,116
Unallocated corporate assets	—	—	5,803,316
Consolidated total assets	67,688,562	6,157,968	79,649,846
Liabilities			
Segment liabilities	(9,241,486)	(1,731,950)	(10,973,436)
Unallocated corporate liabilities	—	—	(38,515,547)
Consolidated total liabilities	(9,241,486)	(1,731,950)	(49,488,983)

Other information

	Sales of electricity	Coal mining	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital additions	10,240,085	329,334	6,613	10,576,032
Depreciation and amortisation	2,718,092	94,399	1,201	2,813,692

2007

	Sales of electricity HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Revenue				
External sales	16,830,488	—	—	16,830,488
Inter-segment sales	—	—	—	—
Total	16,830,488	—	—	16,830,488

Inter-segment sales are charged at prevailing market rates.

Result				
Segment result	4,383,124	—	—	4,383,124
Unallocated corporate expenses				(217,246)
Other income				133,544
Share of profit of associates				575,002
Finance costs				(1,029,315)
Discount on acquisition of a subsidiary				30,817
Profit before taxation				3,875,926
Taxation				(69,523)
Profit for the year				3,806,403

Balance sheet

	Sales of electricity HK$'000	Coal mining HK$'000	Consolidated HK$'000
Assets			
Segment assets	47,044,720	2,854,221	49,898,941
Interests in associates	5,089,789	757,633	5,847,422
Unallocated corporate assets	—	—	8,068,155
Consolidated total assets	52,134,509	3,611,854	63,814,518
Liabilities			
Segment liabilities	(7,677,784)	(1,887,665)	(9,565,449)
Unallocated corporate liabilities	—	—	(27,191,512)
Consolidated total liabilities	(7,677,784)	(1,887,665)	(36,756,961)

Other information

	Sales of electricity HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Capital additions	7,270,741	—	—	7,270,741
Depreciation and amortisation	1,705,570	—	925	1,706,495

Geographical segments

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

Operating expenses

Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation, and other administrative costs such as staff costs, environmental fee, entertainment expense, office rent, travelling expense and professional fee.

Operating expenses amounted to HK$23,848.7 million for the year ended 31 December 2008, representing an 86.7% increase from HK$12,774.3 million for the year ended 31 December 2007. The increase in operating expenses was mainly due to commencement of commercial operation and acquisition of new subsidiary power plants in 2007 and 2008 and significant increase in fuel costs.

Fuel costs for the year ended 31 December 2008 amounted to approximately HK$17,482.8 million, representing an increase of 88.0% from HK$9,301.5 million for the year ended 31 December 2007. The significant increase in fuel costs was due to the significant increase in coal prices as well as consolidation of the fuel costs of new subsidiary power plants which were acquired or had commenced commercial operations during 2007 and 2008. Fuel costs accounted for approximately 73.3% of the total operating expenses for the year ended 31 December 2008, compared to 72.8% for the year ended 31 December 2007.

Other income

Other income amounted to HK$560.8 million for 2008, representing a 130.6% increase from HK$243.2 million for 2007. Other income in 2008 mainly comprises net service income from heat connection contracts, income from sales of scrap materials and interest income from bank balances.

Profit from operations

Profit from operations represents profit from subsidiaries before deduction of finance costs and minority interests. Profit from operations amounted to HK$3,483.8 million for the year ended 31 December 2008, representing a 19.0% decrease from HK$4,299.4 million for the year ended 31 December 2007. The decrease was mainly due to the significant increase in fuel costs.

Finance costs

Finance costs amounted to HK$1,711.6 million for the year ended 31 December 2008, representing a 66.3% increase from HK$1,029.3 million for the year ended 31 December 2007. The significant increase in finance costs is mainly due to the commencement of commercial operation and acquisition of new subsidiary power plants in 2007 and 2008. The increase is also attributable to increases in lending rates for commercial loans provided by PRC commercial banks as the PBOC announced six interest rate hikes in 2007. Interest expenses incurred at the subsidiary companies level during the construction of the power plants are capitalised and included as part of the construction costs of power plants. Interest expenses incurred at the holding company level of HK$294.4 million on loans which were provided to the subsidiaries for the construction of power plants and coal mine assets are charged to the income statement.

	2008 *HK$'000*	**2007** *HK$'000*
Interest on bank and other borrowings:		
- repayable within five years	780,872	363,247
- not repayable within five years	1,064,882	826,649
	1,845,754	1,189,896
Less: Interest on specific loans capitalised in property, plant and equipment	(134,140)	(160,581)
	1,711,614	1,029,315

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, Hengfeng Power Plant, Yangzhou No. 2 Power Plant, Hengfeng Phase II, Wenzhou Telluride Phase II and Henan Yonghua Energy, a joint venture which invests in coal mines in Henan Province, of which 49% is held by Shouyangshan Power Plant.

Share of results of associates for the year ended 31 December 2008 amounted to HK$396.9 million, representing a 31.0% decrease or a decrease of HK$178.1 million from HK$575.0 million for the year ended 31 December 2007. The decrease is mainly due to decrease in net profit of associates as a result of significant increase in fuel costs.

Fair value change on derivative financial instruments

The Group uses derivative financial instruments (primarily interest rate swap) to hedge its exposure against changes in interest rate on bank borrowings. At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Derivatives are initially recognized at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair values at each balance sheet date. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion and changes in fair value of some swaps that do not qualify for hedge accounting are recognized immediately in profit and loss as other gain or losses. Fair value loss on derivative financial instruments for the year ended 31 December 2008 amounted to HK$17.5 million and represented the loss relating to the ineffective portion of cash flow hedge.

Taxation

Taxation charge for the year ended 31 December 2008 was HK$216.0 million, representing a 210.8% increase from HK$69.5 million for the year ended 31 December 2007. The increase in PRC Enterprise Income Tax mainly related to tax paid by Tianneng Group, Jinzhou Power Plant, Huaxin Power Plant and Shenhai Thermal Power Plant which were acquired by the Group in the second half of 2007 or the first half of 2008. In 2008, Tianneng Group and Huaxin Power Plant paid PRC Enterprise Income Tax at the standard rate of 25%, while Jinzhou Power Plant and Shenhai Thermal Power Plant paid PRC Enterprise Income Tax at the rate of 18%.

Details of the taxation charge for the year ended 31 December 2007 and 2008 are set out below:

	2008	**2007**
	HK$'000	*HK$'000*
The charge comprises:		
The Company and its subsidiaries		
PRC Enterprise Income Tax		
- current	150,106	32,870
- underprovision in prior years	12,081	—
	162,187	32,870
Deferred taxation		
- current year	53,800	9,460
- attributable to a change in tax rate	—	27,193
	53,800	36,653
	215,987	69,523

No provision for Hong Kong Profits Tax has been made as the Group had no taxable profit in Hong Kong for both years.

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

Profit for the year

	2008 *HK$'000*	2007 *HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration		
- Fees	894	690
- Other emoluments	9,939	10,522
- Pension costs	204	199
- Share option benefits expenses	1,282	2,646
	12,319	14,057
Other staff costs	1,113,913	359,553
Pension costs, excluding directors	197,936	49,454
Share option benefits expenses, excluding directors	90,055	153,039
Total staff costs	1,414,223	576,103
Less: Staff costs included in pre-operating expenses of subsidiaries	(9,398)	(7,038)
	1,404,825	569,065
Amortisation of prepaid lease payments	47,434	25,262
Amortisation of mining rights	9,352	—
Auditor's remuneration	5,867	4,734
Depreciation of property, plant and equipment	2,756,906	1,681,233
Loss on disposal and written off of property, plant and equipment	74,188	—
Minimum lease payments under operating leases in respect of:		
- land and buildings	64,705	56,869
- other assets	5,729	654
Pre-operating expenses of subsidiaries (included in other operating expenses)	116,867	29,154
and after crediting:		
Net exchange gain	9,754	27,099
Interest income	91,704	101,012
Fair value change on financial assets at fair value through profit and loss	1,833	—
Gain on disposal of property, plant and equipment	—	148
Expenses capitalised in construction in progress:		
Other staff costs	142,353	17,075
Pension costs	5,400	223
Depreciation	6,867	1,278

Profit for the year attributable to equity holders of the Company

As a result of the above, the Group's net profit decreased from HK$3,220.6 million for 2007 to HK$1,717.4 million for the year ended 31 December 2008, representing a 46.7% decrease 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:

	2008 *HK$'000*	2007 *HK$'000*
Profit attributable to equity holders of the Company	1,717,448	3,220,597

	Number of ordinary shares 2008	 2007
Weighted average number of ordinary shares excluding own shares for the purposes of basic earnings per share	4,158,563,522	3,924,997,504
Effect of dilutive potential ordinary shares:		
- share options	150,765,599	202,857,131
- 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	4,309,329,121	4,134,626,739

	2008 *HK cents*	2007 *HK cents*
Basic earnings per share	41.30	82.05
Diluted earnings per share	39.85	77.89

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK8 cents per share for the year ended 31 December 2008 (2007: HK20 cents per share).

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 Monday, 8 June 2009. The register of members of the Company will be closed from Tuesday, 2 June 2009 to Monday, 8 June 2009 (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 Monday, 1 June 2009. The dividend will be payable on or about 22 June 2009.

Capital structure management

The Group and the Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes long-term bank borrowings, short-term bank borrowings and loan from our ultimate holding company, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated profits.

The directors of the Company (the "Directors") review the capital structure on a periodic basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations from the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the repayment of existing debts.

Liquidity and financial resources and borrowings

The Group had net current liabilities as at 31 December 2008 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 for at least the next 12 months commencing from 31 December 2008.

The bank balances and cash as at 31 December 2008 denominated in local currency and foreign currencies amounted to HK$411.9 million, RMB4,171.9 million and US$40.8 million.

The bank and other borrowings of the Group as at 31 December 2007 and 2008 were as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Secured bank loans	3,933,775	5,281,536
Unsecured bank loans	28,203,663	16,201,990
Other loans	5,534,005	5,188,806
	37,671,443	26,672,332

The maturity profile of the above loans is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Within 1 year	9,484,736	8,076,194
More than 1 year, but not exceeding 2 years	3,753,912	899,198
More than 2 years, but not exceeding 5 years	12,063,789	7,262,804
More than 5 years	12,369,006	10,434,136
	37,671,443	26,672,332

The bank and other borrowings as at 31 December 2008 denominated in local currency and foreign currencies amounted to HK$6,948.7 million, RMB25,177.1 million and US$273.6 million, respectively.

As at 31 December 2008, included in bank borrowings amounts of HK$9,037,019,000 which bear interest at a range from HIBOR plus 0.30% to HIBOR plus 1.20% per annum and the remaining bank borrowings carried interest rates at a range from 3.09% to 7.83% per annum.

In order to cap borrowings at fixed rates, the Group uses floating-to-fixed interest rate swaps to manage the cash flow interest rate risk exposure associated with the borrowings provided by international commercial banks. As at 31 December 2008, loans of HK$4,935,000,000 which were provided using floating rates were swapped to fixed interest rates at a range from 3.36% to 4.52% per annum.

Included in other loans are loans of HK$3,282,837,000 (2007: HK$3,177,020,000) and HK$2,144,490,000 (2007: HK$2,006,143,000) lent by our ultimate holding company, China Resources National Corporation ("CRNC") through banks in the PRC ("On-lent Loans"). The On-lent Loans bear interests at 5.09% and 4.05% per annum, respectively, and are repayable in 2015 and 2021, respectively.

As at 31 December 2008, the ratio of net debt to shareholders' equity stood at 118.3%. In the opinion of the Directors, the Group has a healthy capital structure, which can support its future development plan and operations.

For the year ended 31 December 2008, the Group's primary sources of funding included bank borrowings raised and net cash inflow from operating activities, which amounted to HK$25,621.2 million and HK$6,106.7 million, respectively. The Group's funds were primarily used in repayment of short-term bank loans, purchase of property, plant and equipment and land use rights, purchase of mining rights and exploration and resources rights, acquisition of or deposit paid for acquisition of subsidiaries, payment of interest, and payment of dividend to shareholders, which amounted to HK$16,657.5 million, HK$11,060.4 million, HK$2,681.1 million, HK$1,981.3 million, HK$1,843.7 million, and HK$1,044.3 million, respectively.

Key financial ratios of the Group

	2008	**2007**
Current ratio *(times)*	0.67	0.79
Quick ratio *(times)*	0.58	0.74
Net debt to shareholders' equity *(%)*	118.3	75.7
EBITDA interest coverage *(times)*	3.62	5.56

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 and cash at the end of the year) / balance of equity attributable to equity holders of the Company 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. Dividends receivable from the Company's subsidiaries and associates can be collected in either RMB, US Dollar ("USD") or Hong Kong Dollar ("HKD").

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes and supply and demand of RMB. The appreciation or devaluation of RMB against HKD and USD may have positive or negative impact on the results of operations of the Group.

As the functional currency of the Company and the Group is RMB and most of our revenue and expenditures are denominated in RMB, the Group does not use derivative financial instruments to hedge its exposure against changes in exchange rates of RMB against HKD and USD.

As at 31 December 2008, the Group had HK$411.9 million and US$40.8 million cash at bank, and HK$6,948.7 million and US$273.6 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 2008.

Contingent liabilities of the Company are set out below:

	2008	**2007**
	HK$'000	*HK$'000*
Guarantees given to banks for credit facilities granted to subsidiaries (to the extent of facilities utilized)	19,641	762,973

Charge of assets

As at 31 December 2008, 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$37,201,000 (2007: HK$37,433,000) to a bank as securities for the bank loans granted to Zhejiang Wenzhou of approximately HK$78,100,000 (2007: HK$247,666,000).

The bank deposits carried an annual average floating interest rate of 4.5%. The pledged bank deposits will be released upon the repayment of relevant bank borrowings. The fair values of bank deposits as at 31 December 2008 approximated to the corresponding carrying amounts.

As at 31 December 2008, bank loans were secured by the Group's land use rights, buildings with a carrying value of HK$82,600,801 (2007: HK$94,757,000) and HK$506,268,666 (2007: HK$1,148,681,000) respectively. In addition, bank loans were secured by the Group's power generating plant and equipment with a carrying value of HK$2,480,697,210 (2007: HK$3,754,996,000).

Employees

As at 31 December 2008, the Group employed approximately 23,400 employees.

The Company and its subsidiaries have employment contracts with all of its respective employees. The compensation of employees mainly includes salaries and performance-based bonuses. The Company has also implemented share option schemes and restricted share award scheme in order to attract and retain the best available personnel and to provide additional incentives to employees.

Restricted share award scheme

As an incentive to retain and encourage the employees for the continual operation and development of the Group, on 25 April 2008 (the "Adoption Date"), the Board resolved to adopt the Restricted Share Award Scheme (the "Scheme") and the Company appointed BOCI-Prudential Trustee Limited as trustee to this Scheme (the "Trustee"). Pursuant to the Scheme, existing shares of the Company ("Shares") may be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the selected employees until such Shares are vested with the selected employees in accordance with the provisions of the Scheme. The Board will implement the Scheme in accordance with the terms of the Scheme, including the provision of necessary funds to the Trustee for purchase of Shares up to 2% of issued share capital of the Company as at the Adoption Date. The Scheme shall be effective from the Adoption Date and shall continue in full force and effect for a term of 10 years unless terminated at the discretion of the Board at an earlier date.

Up to 31 December 2008, the Trustee purchased 10,580,000 Shares, representing 0.25% of the issued share capital of the Company as at the Adoption Date, from the market at an aggregate consideration of approximately HK$155,340,000 (including transaction costs). As at the date of this announcement, the purchased Shares have been held in trust by the Trustee on behalf of the Company.

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

Save as disclosed above under the section headed "Restricted share award scheme", the Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the year ended 31 December 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS ("Model Code")

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 to 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 of the Company for the year ended 31 December 2008.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2008 will be held on Monday, 8 June 2009 in Hong Kong.

By Order of the Board
China Resources Power Holdings Company Limited
Song Lin
Chairman

Hong Kong, 1 April 2009

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.