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 2009

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 2009.

For the year ended 31 December 2009, the Group recorded a profit attributable to owners of the Company ("net profit") of HK$5,317.4 million, representing an increase of HK$3,600.0 million or 209.6% from a net profit of HK$1,717.4 million for the year ended 31 December 2008. Basic earnings per share for the year ended 31 December 2009 is HK$1.19, representing an increase of 190.2% from basic earnings per share of HK$0.41 for the year ended 31 December 2008.

The Board resolved to declare a final dividend of HK$0.32 per share for the year ended 31 December 2009. Including the interim dividend of HK$0.06 per share paid on 5 October 2009, total dividend paid and proposed for the year of 2009 is HK$0.38 per share, representing a payout ratio of approximately 31.9%.

	For the year ended 31 December 2009	2008
Turnover *(HK$'000)*	33,213,676	26,771,662
Profit attributable to owners of the Company *(HK$'000)*	5,317,392	1,717,448
Basic earnings per share *(HK$)*	1.19	0.41
Interim dividend per share *(HK$)*	0.06	0.05
Final dividend per share *(HK$)*	0.32	0.08
Total dividend per share *(HK$)*	0.38	0.13

As at 31 December 2009, equity attributable to owners of the Company and total assets of the Group amounted to HK$37.6 billion and HK$118.9 billion, respectively. Bank balances and cash of the Group amounted to HK$6.3 billion, with net debt to shareholders' equity ratio standing at approximately 133.6%.

	As at 31 December 2009	2008
Equity attributable to owners of the Company *(HK$'000)*	37,593,979	27,215,105
Total assets *(HK$'000)*	118,925,930	79,649,846
Bank balances and cash *(HK$'000)*	6,261,931	5,467,088
Bank and other borrowings *(HK$'000)*	56,484,467	37,671,443
Net debt to shareholders' equity *(%)*	133.6	118.3
EBITDA interest coverage *(times)*	5.01	3.62

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

BUSINESS REVIEW FOR 2009

Following an exceptionally challenging year of 2008 when coal price in China reached its historical peak level, 2009 was still an unusual year for the Chinese power industry. In line with the global economic conditions, Chinese economic development and power demand also slowed down. For the first six months of the year, power consumption nationwide recorded a year-on-year negative growth, even though total power consumption gradually recovered month by month as a result of the economic recovery and various stimulus measures for the economy deployed by the Chinese government. Power demand reversed its year-on-year negative growth trend in July of 2009 with power consumption and growth rate strengthened month by month in the second half of the year and a whole year nationwide power consumption growth of approximately 5.96% was recorded.

With the slowing down of the Chinese economic development, coal price in the Chinese domestic market also decreased from its peak level recorded in the summer of 2008. For most of the time in the year, there was also significant improvement in the availability of railway transportation capacity. Chinese power producers and coal suppliers were engaged in lengthy discussions to reach an agreement on contract coal prices. In order to reduce coal costs, Chinese power producers also turned to international markets from time to time to secure quality coal at competitive prices.

In view of the macroeconomic conditions, the Group employed a number of measures to maximize generation volume and control coal costs. We actively participated in various markets in China to obtain excess generation volume, whether by bidding for excess power generation or by replacing small generation units for power generation. We also entered into five-year coal procurement agreements with a number of major coal suppliers in the country in order to secure our contract coal purchase volume for the five year period and secure a pricing mechanism with price ceiling and floor fixed in order to protect the contracted parties.

In 2009, the Group recorded a strong generation capacity growth and a strong year-on-year growth of net generation. With a decrease in coal prices and other costs of operations, our profitability and return on equity improved significantly as compared to 2008.

As at 31 December 2009, our total attributable operational generation capacity increased to 17,753MW from 12,981MW as at 31 December 2008.

The growth in our operational generation capacity is attributable to the commissioning of new power plants as well as completion of acquisitions of power plant assets from our controlling shareholder.

Total net generation volume of our 41 operating power plants amounted to 114,245,966MWh in 2009, representing an increase of 17.1% from 97,579,013MWh in 2008. Total net generation volume of our 32 consolidated operating power plants amounted to 75,248,994MWh in 2009, representing an increase of 16.2% from 64,740,110MWh in 2008.

On a same plant basis (using 22 coal-fired power plants which were in commercial operation for the entire year of 2008 and 2009), gross and net generation volumes increased by 3.4% and 3.6%, respectively. The average full-load equivalent utilisation hours for 2009 of the 22 coal-fired power plants amounted to 5,750 hours, representing an increase of 3.4% from 5,560 hours for 2008.

Average unit fuel cost for our consolidated operating power plants in 2009 was RMB208.1/MWh, a year-on-year decrease of 12.9%. Average standard coal cost for our consolidated operating power plants in 2009 has decreased by 12.3% on a year-on-year basis.

During the year, we actively pursued our strategies of vertical integration and actively participated in the coal mining industry consolidation in Shanxi Province. We set up a subsidiary in Shanxi and acquired a number of existing operational coal mines in Lüliang District in Shanxi Province. We believe that our operations in Lüliang District will serve as a platform which not only enabling us to penetrate our operations in the local coal mining industry, but also enabling us to penetrate into other areas in Shanxi Province. We remain deeply committed to pursuing more coal mine assets and resources acquisitions in order to support our power generation business and enhance our profitability.

PROSPECTS FOR 2010

While continuing to identify and develop new power projects in line with our business strategies and investment disciplines, our main focus in 2010 is to ensure that coal mine assets which we acquired in 2009 will resume commercial operation as soon as possible, ramp up our commercial production volume and achieve all the operational objectives we set for the year. In addition, we will continue to identify and develop coal mine projects in the country in order to increase the total coal resources which we control and secure our long-term fuel supply at low costs.

As for our power generation business, 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 2010. For coal procurement, we have already secured a significant portion of our total coal demand for the year through contract purchases. We will monitor contract fulfillment throughout the year. For our operating power plants, we will continue to deploy a number of measures in order to improve our operational efficiency and profitability.

For the renewable energy sector, we mainly focus on development of wind farms and hydro-electric projects. We have secured a number of sites in the country for the construction of wind farms and will construct a number of new wind farms each year. We also have one hydro project under construction and a number of new hydro projects undertaking feasibility studies or to be approved by the government.

Construction of new power plants and acquisitions and constructions of coal mines will be funded by our operational cash flow, loan facilities provided by Chinese and international commercial banks and the funds from other debt facilities. We will monitor our capital structure and balance sheet on an ongoing basis to ensure that we have a stable capital structure to support the Company's operations and future development plans.

OPERATING RESULTS

The audited results of operations for the years ended 31 December 2008 and 2009 are as follows:

Consolidated Income Statement
For the year ended 31 December 2009

	2009	**2008**
	HK$'000	*HK$'000*
Turnover	33,213,676	26,771,662
Operating expenses		
Fuel	(19,052,308)	(17,482,818)
Repair and maintenance	(579,679)	(304,745)
Depreciation and amortisation	(3,244,254)	(2,813,692)
Others	(3,297,305)	(3,247,453)
Total operating expenses	(26,173,546)	(23,848,708)
Other income	416,248	560,802
Profit from operations	7,456,378	3,483,756
Finance costs	(1,931,726)	(1,711,614)
Share of results of associates	889,912	396,901
Fair value change on derivative financial instruments	(6,508)	(17,531)
Profit before taxation	6,408,056	2,151,512
Taxation	(370,431)	(215,987)
Profit for the year	6,037,625	1,935,525
Profit for the year attributable to:		
Owners of the Company	5,317,392	1,717,448
Minority interests	720,233	218,077
	6,037,625	1,935,525
Earnings per share		
— basic	HK$1.19	HK$0.41
— diluted	HK$1.17	HK$0.39

Consolidated Statement of Financial Position
As at 31 December 2009

	2009	2008
	HK$'000	*HK$'000*
Non-current assets		
Property, plant and equipment	71,552,710	50,318,595
Prepaid lease payments	1,486,211	1,021,098
Mining rights	188,213	197,061
Exploration and resources rights	355,468	239,989
Interests in associates	9,107,332	6,381,116
Goodwill	3,756,835	3,207,440
Investments in investee companies	201,053	128,416
Deposit paid for acquisition of subsidiaries	1,657,899	981,418
Deposit paid for acquisition of additional interest in a subsidiary	134,390	—
Deposit paid for establishment of an associate	77,942	77,942
Deposit paid for acquisition of property, plant and equipment	1,076,532	406,311
Deposit paid for acquisition of mining/exploration rights	10,023,947	2,584,496
Deposit paid for land use rights	161,305	125,118
Pledged bank deposits	37,218	37,201
Deferred taxation assets	111,086	94,777
	99,928,141	65,800,978
Current assets		
Inventories	1,431,955	1,857,595
Trade receivables, other receivables and prepayments	8,288,090	4,796,957
Amounts due from minority shareholders of subsidiaries	3,023	150,379
Amounts due from associates	931,621	1,292,759
Amounts due from group companies	164,790	144,923
Financial assets at fair value through profit or loss	5,844	2,962
Restricted bank balances	1,503,229	91,564
Pledged bank deposits	407,306	44,641
Bank balances and cash	6,261,931	5,467,088
	18,997,789	13,848,868

	2009	2008
	HK$'000	*HK$'000*
Current liabilities		
Trade payables, other payables and accruals	12,763,230	7,976,704
Amounts due to associates	3,249,297	960,264
Amounts due to group companies	2,002	1,607,791
Amounts due to minority shareholders of subsidiaries	167,384	428,534
Taxation payable	62,298	34,099
Bank and other borrowings - repayable within one year	23,494,165	9,484,736
Derivative financial instruments	17,467	—
	39,755,843	20,492,128
Net current liabilities	(20,758,054)	(6,643,260)
Total assets less current liabilities	79,170,087	59,157,718
Non-current liabilities		
Bank and other borrowings - repayable after one year	32,990,302	28,186,707
Accrued retirement benefit cost	294,337	316,594
Derivative financial instruments	316,083	387,265
Deferred taxation liabilities	413,983	106,289
	34,014,705	28,996,855
	45,155,382	30,160,863
Capital and reserves		
Share capital	4,683,431	4,212,797
Share premium and reserves	32,910,548	23,002,308
	37,593,979	27,215,105
Minority interests	7,561,403	2,945,758
	45,155,382	30,160,863

Consolidated Statement of Cash Flows
For the year ended 31 December 2009

	2009 *HK$'000*	2008 *HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	6,408,056	2,151,512
Adjustments for:		
Amortisation of prepaid lease payments	56,100	47,434
Amortisation of mining rights	9,235	9,352
Depreciation for property, plant and equipment	3,178,919	2,756,906
Recognition of share-based payments	53,587	91,337
Interest expense	1,931,726	1,711,614
Interest income	(49,608)	(91,704)
Fair value change on financial assets at fair value through profit and loss	(2,882)	(1,833)
Fair value change on derivative financial instruments	6,508	17,531
Share of results of associates	(889,912)	(396,901)
Net (gain) loss on disposal and write-off of property, plant and equipment	(11,408)	74,188
Operating cash flows before movements in working capital	10,690,321	6,369,436
Decrease (increase) in inventories	556,415	(839,018)
(Increase) decrease in trade receivables, other receivables and prepayments	(1,367,791)	1,090,220
Increase (decrease) in trade payables, other payables and accruals	137,184	(338,852)
PRC Enterprise Income Tax paid	(270,757)	(175,102)
NET CASH FROM OPERATING ACTIVITIES	9,745,372	6,106,684

	2009	2008
	HK$'000	*HK$'000*
INVESTING ACTIVITIES		
Dividends received from associates	313,433	411,238
Interest received	49,608	91,704
Increase in pledged bank deposits	(363,006)	(25,742)
Increase in restricted bank balances	(1,412,923)	(91,564)
Purchase and deposit paid for acquisition of property, plant and equipment and land use rights	(11,503,328)	(11,060,363)
Purchase and deposit paid for acquisition of mining rights and exploration and resources rights	(7,563,833)	(2,681,056)
Loan repaid from (advanced to) a minority shareholder of a subsidiary	147,377	(138,748)
Loan repaid from (advanced to) associates	371,234	(1,114,699)
Capital contribution for investments in associates	(41,742)	(122,847)
Deposit paid for acquisition of subsidiaries	(677,869)	(981,418)
Deposit paid for acquisition of additional interest in a subsidiary	(134,390)	—
Investments in investee companies	(72,637)	—
Acquisition of additional interest in subsidiaries	(172,283)	—
Acquisitions of subsidiaries	(2,560,859)	(999,866)
Proceeds from disposal of property, plant and equipment and insurance claims received on damaged plant and equipment	138,736	184,480
Advances to group companies	(20,005)	(144,828)
Repayment of deferred consideration	—	(155,000)
NET CASH USED IN INVESTING ACTIVITIES	(23,502,487)	(16,828,709)

	2009	2008
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
New bank and other borrowings raised	37,705,145	25,621,214
Capital contribution from minority shareholders	2,851,479	80,602
Proceeds on issue of shares	6,136,360	214,148
Purchase of shares held by share award scheme	(526,160)	(155,340)
(Repayment of advances) advances from associates	(406,781)	960,164
Advances from group companies	524,995	1,307,717
Advances to minority shareholders of subsidiaries	(66,310)	—
Repayment of bank and other loans	(28,095,756)	(16,657,515)
Interest paid	(2,441,254)	(1,843,717)
Dividends paid	(619,505)	(1,044,269)
Dividends paid to minority shareholders of subsidiaries	(465,822)	(526,941)
NET CASH FROM FINANCING ACTIVITIES	14,596,391	7,956,063
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	839,276	(2,765,962)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	5,467,088	7,887,134
EFFECT ON FOREIGN EXCHANGE RATE CHANGE	(44,433)	345,916
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTING BANK BALANCES AND CASH	6,261,931	5,467,088

Overview

Net profit for the year ended 31 December 2009 amounted to HK$5,317.4 million, representing an increase of 209.6% from HK$1,717.4 million for 2008.

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

- Increase in net generation volume — Total net generation volume of our 32 consolidated operating power plants increased by 16.2% from 64,740,110MWh in 2008 to 75,248,994MWh in 2009. This partially is due to an increase in our generation capacity from 12,981MW as at 31 December 2008 to 17,753MW as at 31 December 2009. We have commissioned a number of coal-fired power plants and wind farms during the year and completed the acquisition of a 60% equity interest in China Resources (Jiangsu) Investment Company Limited ("Jiangsu Investment") from our controlling shareholder in August 2009, thereafter Jiangsu Investment becoming a wholly-owned subsidiary of the Company. In addition, on a same plant basis, for the 22 coal-fired power plants which were in commercial operation for the entire year of 2008 and 2009, the net generation volume has increased by 3.6%. The average full-load equivalent utilisation hours for 2009 of the 22 coal-fired power plants amounted to 5,750 hours, increased by 3.4% from 5,560 hours for 2008.

- Decrease in unit fuel cost — Fuel costs for 2009 amounted to HK$19,052.3 million, increased by 9.0% from HK$17,482.8 million for 2008. In the meantime, turnover increased by 24.1% as compared with 2008. Average unit fuel cost for our consolidated operating power plants in 2009 was RMB208.1/MWh, decreased by 12.9% compared to 2008. Average standard coal cost for our consolidated operating power plants in 2009 has decreased by 12.3% on a year-on-year basis;

- Tariff adjustments — Chinese government announced two tariff hikes in July and August 2008, respectively. On average, our consolidated coal-fired power plants received tariff increases of RMB41.41/MWh, inclusive of value-added tax ("VAT"). Such increase was offset to some extent by an average of RMB3.46/MWh tariff reduction announced by the Chinese government in November 2009. Average tariff for our consolidated operating power plants in 2009 increased by 5.4% as compared to 2008; and

- Contribution from 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 almost three months in the first half of 2008. In 2009, both plants carried on normal power generation operations, which contributed to the increase in revenue and net profit of the Group.

Basis of preparation of financial statements and 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. 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.

The Group had net current liabilities as at 31 December 2009. The directors of the Company (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 2009. Hence, the financial statements have been prepared on a going concern basis.

Turnover and segment information

Turnover represents the net amount received and receivable for the sales of electricity, heat generated by thermal power plants and coal, net of sales related taxes, during the year.

	2009	**2008**
	HK$'000	*HK$'000*
Sales of electricity	30,918,198	25,102,876
Heat supply	932,037	323,051
Sales of coal	1,363,441	1,345,735
	33,213,676	26,771,662

Turnover for the year ended 31 December 2009 was HK$33,213.7 million, representing a 24.1% increase from HK$26,771.7 million for the year ended 31 December 2008. The increase in turnover was mainly due to an increase in net generation volume and average tariff in 2009. Total net generation volume of our 32 consolidated operating power plants increased by 16.2% from 64,740,110MWh in 2008 to 75,248,994MWh in 2009. In addition, average tariff for our consolidated operating power plants has increased by 5.4% in 2009. Our consolidated coal-fired power plants received an average of RMB41.41/MWh (inclusive of VAT) increase when Chinese government announced tariff hikes in July and August 2008. Such increase was offset to some extent by an average of RMB3.46/MWh tariff reduction announced by Chinese government for the services areas that we cover in November 2009.

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

Segment revenue and results

The following are the Group's revenue and results analysed by reportable segments.

For the year ended 31 December 2009

	Sales of electricity *HK$'000*	Coal mining *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Revenue				
External sales	31,850,235	1,363,441	—	33,213,676
Inter-segment sales	—	149,246	(149,246)	—
Total	31,850,235	1,512,687	(149,246)	33,213,676
Segment result	7,172,457	436,177	—	7,608,634
Unallocated corporate expenses				(201,864)
Interest income				49,608
Finance costs				(1,931,726)
Share of profit of associates				889,912
Fair value change on derivative financial instruments				(6,508)
Profit before taxation				6,408,056

For the year ended 31 December 2008

	Sales of electricity *HK$'000*	Coal mining *HK$'000*	Eliminations *HK$'000*	Total *HK$'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
Segment result	2,957,949	628,681	—	3,586,630
Unallocated corporate expenses				(194,578)
Interest income				91,704
Finance costs				(1,711,614)
Share of profit of associates				396,901
Fair value change on derivative financial instruments				(17,531)
Profit before taxation				2,151,512

Inter-segment sales are charged at prevailing market rates.

Geographical segments

Substantially all of the Group's non-current assets are located in the PRC, and operations for the year were substantially carried out in the PRC.

Operating expenses

Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation, and other administrative costs such as staff costs, professional fee, office rent, travelling expense, entertainment expense and write-off of pre-operating expenses.

Operating expenses amounted to HK$26,173.5 million for the year ended 31 December 2009, representing a 9.7% increase from HK$23,848.7 million for the year ended 31 December 2008. The increase in operating expenses was mainly due to commencement of commercial operation as well as acquisition of new power plants in 2008 and 2009. The number of consolidated operating power plants has increased from 22 at the year end of 2008 to 32 at the year end of 2009.

Fuel costs for the year ended 31 December 2009 amounted to approximately HK$19,052.3 million, representing an increase of 9.0% from HK$17,482.8 million for the year ended 31 December 2008. This is because the total number of consolidated coal-fired power plants has increased from 18 at the year end of 2008 to 23 at the year end of 2009, despite the decrease of average standard coal cost for our consolidated operating power plants in 2009 by 12.3% year-on-year. Average unit fuel cost for our consolidated operating power plants in 2009 was RMB208.1/MWh, decreased by 12.9% on a year-on-year basis. Fuel costs accounted for approximately 72.8% of the total operating expenses for the year ended 31 December 2009, compared to 73.3% for the year ended 31 December 2008.

Other income

Other income amounted to HK$416.2 million for 2009, representing a 25.8% decrease from HK$560.8 million for 2008. Other income in 2009 mainly comprises sales of scrap materials, government grant, service income from heat connection contracts, and interest income from bank balances. The decrease is mainly due to a decrease of service income from heat connection contracts from HK$174.3 million in 2008 to HK$52.6 million in 2009.

Profit from operations

Profit from operations represents profit from subsidiaries before deduction of finance costs and minority interests. Profit from operations amounted to HK$7,456.4 million for the year ended 31 December 2009, representing a 114.0% increase from HK$3,483.8 million for the year ended 31 December 2008. The increase was mainly due to the increases in net generation volume and average tariff which resulted in a 24.1% increase in revenue and a 12.9% decrease in average unit fuel cost for our consolidated operating power plants in 2009.

Finance costs

Finance costs amounted to HK$1,931.7 million for the year ended 31 December 2009, representing a 12.9% increase from HK$1,711.6 million for the year ended 31 December 2008. The increase in finance costs is mainly due to a 46.3% increase in average bank and other borrowings (calculated using bank and other borrowings outstanding at the beginning and end of the year) from HK$32,171.9 million for 2008 to HK$47,078.0 million for 2009, offset by a decrease in average interest rate for the Group for the year.

	2009	2008
	HK$'000	*HK$'000*
Interest on bank and other borrowings:		
— repayable within five years	1,872,828	780,872
— not repayable within five years	437,769	1,064,882
	2,310,597	1,845,754
Less: Interest on specific loans capitalised in property, plant and equipment	(378,871)	(134,140)
	1,931,726	1,711,614

Share of results of associates

Share of results of associates for the year ended 31 December 2009 amounted to HK$889.9 million, representing a 124.2% increase from HK$396.9 million for the year ended 31 December 2008. The increase mainly reflects an improvement in profitability of our associate power plants in 2009, including Yangzhou No.2 Power Plant, Xuzhou Power Plant and Wenzhou Telluride Phase II, and contribution from associate power plants held by Jiangsu Investment after we completed the acquisition of Jiangsu Investment in August 2009.

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 recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. 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 recognised immediately in profit and loss. Fair value loss on derivative financial instruments for the year ended 31 December 2009 amounted to HK$6.5 million and represented the loss relating to the ineffective portion of cash flow hedge.

Taxation

Taxation charge for the year ended 31 December 2009 was HK$370.4 million, representing a 71.5% increase from HK$216.0 million for the year ended 31 December 2008. PRC Enterprise Income Tax for the year ended 31 December 2009 was HK$296.9 million, representing a 83.0% increase from HK$162.2 million for the year ended 31 December 2008. The increase in PRC Enterprise Income Tax mainly reflected improvement in profitability of Jinzhou Power Plant and Huaxin Power Plant which are required to pay PRC Enterprise Income Tax at the standard rates of 20% and 25%, respectively. The increase is also attributable to the consolidation of Jiangsu Investment after we completed the acquisition in August 2009. Power plants under Jiangsu Investment are required to pay PRC Enterprise Income Tax at the standard rate of 20% or 25%.

Details of the taxation charge for the year ended 31 December 2008 and 2009 are set out below:

	2009	**2008**
	HK$'000	*HK$'000*
The charge comprises:		
The Company and its subsidiaries		
PRC Enterprise Income Tax		
— current	287,196	150,106
— underprovision in prior years	9,660	12,081
	296,856	162,187
Deferred taxation	73,575	53,800
	370,431	215,987

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

Profit for the year

	2009	2008
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration		
— Fees	1,049	894
— Other emoluments	10,519	9,939
— Pension costs	381	204
— Share option benefits expenses	461	1,282
	12,410	12,319
Other staff costs	1,484,558	1,113,913
Pension costs, excluding directors	204,326	197,936
Share option benefits expenses, excluding directors	53,126	90,055
Total staff costs	1,754,420	1,414,223
Amortisation of prepaid lease payments	56,100	47,434
Amortisation of mining rights (included in depreciation and amortisation)	9,235	9,352
Auditor's remuneration	5,312	5,867
Depreciation of property, plant and equipment	3,178,919	2,756,906
Net loss on disposal and written off of property, plant and equipment	—	74,188
Net exchange loss	4,145	—
Minimum lease payments under operating leases in respect of:		
— land and buildings	82,473	64,705
— other assets	8,534	5,729
Pre-operating expenses of subsidiaries (included in other operating expenses)	55,588	116,867

	2009	2008
	HK$'000	*HK$'000*
and after crediting:		
Service income from heat connection contracts	52,572	174,326
Net exchange gain	—	9,754
Interest income	49,608	91,704
Government grant	96,542	49,326
Fair value change on financial assets at fair value through profit or loss	2,882	1,833
Gain on disposal of property, plant and equipment	11,408	—
Sales of scrap materials	155,266	108,620
Expenses capitalised in construction in progress:		
Other staff costs	125,450	142,353
Pension costs	20,807	5,400
Depreciation	5,162	6,867

Profit for the year attributable to owners of the Company

As a result of the above, the Group's net profit has increased to HK$5,317.4 million for the year ended 31 December 2009 from HK$1,717.4 million for 2008, representing a 209.6% increase year on year.

Earnings per share

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

	2009	2008
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	5,317,392	1,717,448

	Number of ordinary shares 2009	2008
Weighted average number of ordinary shares excluding own shares held for share award scheme for the purposes of basic earnings per share	4,454,782,698	4,234,502,451
Effect of dilutive potential ordinary shares:		
— share options	97,822,679	153,518,708
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,552,605,377	4,388,021,159

On 4 June 2009, the Company announced the rights issue of 424,337,196 rights shares in the proportion of one rights shares for every ten rights shares ("Rights Issues"). The Rights Issue was completed on 10 July 2009. The number of shares for the purpose of calculating basic earnings per share for both years has been adjusted to reflect the Rights Issue.

	2009 *HK$*	**2008** *HK$*
Basic earnings per share	1.19	0.41
Diluted earnings per share	1.17	0.39

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK$0.32 per share for the year ended 31 December 2009 (2008: HK$0.08 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 Tuesday, 8 June 2010. The register of members of the Company will be closed from Wednesday, 2 June 2010 to Tuesday, 8 June 2010 (both days inclusive), during which no share transfer will be registered. To qualify for the proposed 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 Tuesday, 1 June 2010. The dividend will be payable on or about 21 June 2010.

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 corporate bonds, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The Directors review the capital structure on a regular 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 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, borrowings, and charge of assets

The Group had net current liabilities as at 31 December 2009. 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 2009.

The bank balances and cash as at 31 December 2009 denominated in local currency and foreign currencies amounted to HK$818.6 million, RMB4,649.3 million and US$21.0 million.

The bank and other borrowings of the Group as at 31 December 2008 and 2009 were as follows:

	2009	**2008**
	HK$'000	*HK$'000*
Secured bank loans	6,159,953	3,933,775
Unsecured bank loans	49,863,124	28,203,663
Other loans	461,390	5,534,005
	56,484,467	37,671,443

The maturity profile of the above loans is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 1 year	23,494,165	9,484,736
More than 1 year, but not exceeding 2 years	9,578,244	3,753,912
More than 2 years, but not exceeding 5 years	17,163,792	12,063,789
More than 5 years	6,248,266	12,369,006
	56,484,467	37,671,443

The above secured bank and other loans are secured by:

Pledge of assets (note)	10,367,797	5,472,162

Note: Certain bank loans were secured by the Group's land use rights, buildings, power generating plant and equipment, and note receivables with carrying values of HK$32,628,000 (2008: HK$93,400,000), HK$915,983,000 (2008: HK$740,950,000), HK$9,130,402,000 (2008: HK$4,637,812,000) and HK$288,784,000 (2008: nil), respectively.

The bank and other borrowings as at 31 December 2009 denominated in local currency and foreign currencies amounted to HK$7,189.0 million, RMB40,648.6 million and US$403.6 million, respectively.

As at 31 December 2009, bank borrowings of HK$10,287,019,000 (2008:HK$9,037,019,0000) bore interest at a range from HIBOR plus 0.30% to HIBOR plus 1.20% per annum and the remaining bank borrowings carried fixed interest rates at a range from 1.79% to 7.60% (2008: 3.09% to 7.83%) per annum.

As at 31 December 2009, other loans of HK$113,574,000 and HK$340,722,000 were provided by Anhui Province Wenergy Company Limited (安徽省皖能股份有限公司) ("Wenergy"), a minority shareholder of Fuyang China Resources Power Company Limited, and Anhui Province Energy Group Co., Ltd. (安徽省能源集團有限公司), the holding company of Wenergy, respectively, which bear interest at 4.5131% and 4.5135% per annum, respectively and are repayable in 2010. For the year ended 31 December 2009, total interest incurred is HK$11,168,000.

The Group uses interest rate swaps with net quarterly settlement to minimise its exposure to interest expenses of certain Hong Kong Dollar bank borrowings by swapping floating interest rates to fixed interest rates. As at 31 December 2009, 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.

As at 31 December 2009, the Group's ratio of net debt to shareholders' equity was 133.6%. 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 2009, the Group's primary sources of funding included bank borrowings, net cash inflow from operating activities, proceeds from issue of shares and capital contribution from minority shareholders, which amounted to HK$37,705.1 million, HK$9,745.4 million, HK$6,136.4 million and HK$2,851.5 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, and payment of interest, which amounted to HK$28,095.8 million, HK$11,503.3 million, HK$7,563.8 million, HK$3,545.4 million and HK$2,441.3 million, respectively.

Trade receivables

Trade receivables are generally due within 60 days from the date of billing.

The following is an aging analysis of trade and notes receivables included in trade receivables, other receivables and prepayments at the end of the reporting period:

	2009	**2008**
	HK$'000	*HK$'000*
0 - 30 days	5,010,516	3,102,624
31 -60 days	90,186	402,209
Over 60 days	86,344	29,635
	5,187,046	3,534,468

Trade payables

The following is an aging analysis of trade payables included in trade payables, other payables and accruals at the end of the reporting period:

	2009	**2008**
	HK$'000	*HK$'000*
0 - 30 days	1,674,656	1,518,018
31 - 90 days	584,550	232,788
Over 90 days	259,613	245,439
	2,518,819	1,996,245

Key financial ratios of the Group

	2009	2008
Current ratio *(times)*	0.48	0.68
Quick ratio *(times)*	0.44	0.59
Net debt to shareholders' equity *(%)*	133.6	118.3
EBITDA interest coverage *(times)*	5.01	3.62

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 owners 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, 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 2009, the Group had HK$818.6 million and US$21.0 million cash at bank, and HK$7,189.0 million and US$403.6 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 2009.

Contingent liabilities of the Company are set out below:

	2009	2008
	HK$'000	*HK$'000*
Guarantees given to banks for credit facilities granted to subsidiaries (to the extent of facilities utilised)	—	19,641

Employees

The Group had approximately 23,600 employees as at 31 December 2009.

The Company and its subsidiaries have concluded 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 motivate the employees, 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, Company's shares ("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 Scheme does not constitute a share option scheme pursuant to chapter 17 of the Listing Rules and is a discretionary scheme of the Company. 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 the issued share capital of the Company as at the Adoption Date (i.e. 4,150,021,178 Shares). 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.

For the year ended 31 December 2009, the Trustee purchased a total of 30,650,000 Shares, representing 0.74% of the issued share capital of the Company as at the Adoption Date, from the market at a consideration of approximately HK$526,160,000 (including transaction cost).

From the Adoption Date up to 31 December 2009, the Trustee purchased a total of 41,230,000 Shares, representing 0.99% of the issued share capital of the Company as at the Adoption Date, from the market at an aggregate consideration of approximately HK$681,500,000 (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 for selected employees.

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 2009.

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 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 of the Company for the year ended 31 December 2009.

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 2009 will be held on Tuesday, 8 June 2010 in Hong Kong.

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

Hong Kong, 22 March 2010

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.