華潤電力控股有限公司

CHINA RESOURCES POWER HOLDINGS COMPANY LIMITED

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

(Stock Code : 836)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2010

SUMMARY OF OPERATING RESULTS

The board of directors (the "Board") of China Resources Power Holdings Company Limited (the "Company") is pleased to announce the unaudited financial results of the Company and its subsidiaries (the "Group" or "We") for the six months ended 30 June 2010.

For the six months ended 30 June 2010, the Group recorded a profit attributable to owners of the Company ("net profit") of HK$2,459.8 million, representing an increase of HK$191.8 million or 8.5% from a net profit of HK$2,268.0 million for the six months ended 30 June 2009. Basic earnings per share for the six months ended 30 June 2010 is HK52.89 cents, representing an increase of 0.4% from basic earnings per share of HK52.69 cents for the six months ended 30 June 2009.

The Board resolved to declare an interim dividend of HK6 cents per share for the six months ended 30 June 2010.

	For the six months ended 30 June 2010	30 June 2009
Turnover *(HK$'000)*	21,161,937	13,992,295
Profit attributable to owners of the Company *(HK$'000)*	2,459,835	2,268,010
Basic earnings per share *(HK cents)*	52.89	52.69
Interim dividend per share *(HK cents)*	6.00	6.00
	As at 30 June 2010	**As at 31 December 2009**
Equity attributable to owners of the Company *(HK$'000)*	38,992,797	37,593,979
Total assets *(HK$'000)*	131,863,949	118,925,930
Bank balances and cash (HK$'000)	6,639,656	6,261,931
Bank and other borrowings and corporate bonds *(HK$'000)*	67,812,587	56,484,467
Net debt to shareholders' equity *(%)*	156.9	133.6
EBITDA interest coverage *(times)*	4.31	5.01

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

BUSINESS REVIEW FOR THE FIRST HALF OF 2010

Growth of generation capacity

As at 30 June 2010, we had 46 power plants in commercial operation with a total attributable operational generation capacity of 18,894MW. As a comparison, our attributable operational generation capacity was 13,690MW and 17,753MW, respectively, as at 30 June 2009 and 31 December 2009.

As at 30 June 2010, coal-fired generation capacity amounted to 17,937MW, accounting for 94.9% of our total generation capacity. Wind, gas-fired and hydro capacity amounted to 374MW, 436MW and 147MW, respectively, and together accounting for 5.1% of our total generation capacity.

During the first half of 2010, we commissioned two large coal-fired generation units, a 600MW unit in Nanre Power Plant, and our first 1000MW ultra-supercritical unit of Xuzhou Power Plant Phase III. In addition, we commissioned three new wind farms, namely, Shandong Penglai Xujiaji Wind Farm, Bayinxile Wind Farm and Huilaiguanshan Wind Farm, which collectively added a total of 132MW of new wind generation capacity.

The following table sets out the attributable operational generation capacity of our power plants in the context of geographical distribution as at 30 June 2010:

	Attributable operational generation capacity	
	MW	%
Eastern China	7,877	41.7
Southern China	4,004	21.2
Central China	3,695	19.6
Northern China	2,193	11.6
Northeastern China	1,125	5.9
Total	18,894	100.0

Generation volume

Total gross generation volume of our 46 operating power plants amounted to 70,223,751MWh in the first half of 2010, representing an increase of 40.8% from 49,870,688MWh in the first half of 2009. Total gross generation volume of our 37 consolidated operating power plants amounted to 46,410,386MWh in the first half of 2010, representing an increase of 37.9% from 33,665,662MWh in the first half of 2009.

Total net generation volume of our 46 operating power plants amounted to 65,681,662MWh in the first half of 2010, representing an increase of 40.9% from 46,605,132MWh in the first half of 2009. Total net generation volume of our 37 consolidated operating power plants amounted to 43,309,502MWh in the first half of 2010, representing an increase of 37.6% from 31,463,569MWh in the first half of 2009.

The increase in gross and net generation volume was primarily due to the growth of attributable operational generation capacity from 13,690MW as at 30 June 2009 to 18,894MW as at 30 June 2010.

For the 23 coal-fired power plants which were in commercial operation for the entire first half of 2009 and 2010, gross and net generation volume for the first half of 2010 increased by 9.9% and 10.0%, respectively, from the first half of 2009. The average full-load equivalent utilisation hours for the first half of 2010 of these 23 coal-fired power plants amounted to 2,935 hours, representing an increase of 12.3% from 2,613 hours for the first half of 2009.

Fuel costs

Average unit fuel cost for our consolidated operating power plants in the first half of 2010 was RMB243.0/MWh, representing an increase of 19.8% in comparison to the first half of 2009. Average standard coal cost for our consolidated operating power plants in the first half of 2010 increased by 19.1% in comparison to the first half of 2009.

Environmental expenses

For the six months ended 30 June 2010, environmental fees incurred by each of the subsidiaries were in the range from RMB0.1 million to RMB22.9 million. The total amount of environmental fees incurred by our subsidiaries was RMB90.5 million, as compared with RMB74.7 million for the six month period ended 30 June 2009. The increase in environmental expenses is mainly due to the increase in coal-fired generation capacity from 13,033MW as at 30 June 2009 to 17,937MW as at 30 June 2010, mitigated by the fact that two 200MW generation units in Jinzhou Power Plant ceased operations in the beginning of the year.

Development of coal mine operations

During the first half of 2010, our coal mine operations in Shanxi, Jiangsu, Henan and Hunan provinces produced a total of 4.7 million tonnes of coal (each mine counting on a 100% basis). The coal mines we acquired in the second half of 2009 in Lüliang District in Shanxi province gradually resumed commercial productions in the first half of 2010 and produced a total of 2.6 million tonnes of coal (each mine counting on a 100% basis).

In addition, Taiyuan China Resources Coal Co., Ltd ("CR Taiyuan") entered into 10 asset transfer agreements for consolidation and restructuring on 31 May 2010 with Shanxi Jinye Coal Coking Group Co., Ltd ("Jinye Group") in relation to the acquisitions of 10 entities under Jinye Group. These 10 entities include three coal mines, namely, Yuanxiang coal mine, Zhongshe coal mine and Hongyatou coal mine, and seven coal mine-related enterprises (comprising two coke plants, one coal washing plant, one coal gangue power plant, one transportation company, one railway dispatching station, and one chemical plant). The primary product of these three coal mines is coking coal, and their total reserve and recoverable reserve are approximately 457 million tonnes and 255 million tonnes, respectively.

CR Taiyuan has a registered capital of RMB4 billion. Shanxi CR Liansheng Energy Investment Co., Ltd, ("Shanxi CR Liansheng"), CITIC Trust Co., Ltd, and Jinye Group owns 49%, 31% and 20% of the equity interest in CR Taiyuan, respectively. Shanxi CR Liansheng is an indirect subsidiary of the Company. Shenzhen Nanguo Energy Co., Ltd ("Shenzhen Nanguo"), a wholly-owned subsidiary of the Company, has an option to purchase the 31% equity interest held by CITIC Trust Co., Ltd.

Shanxi China Resources Coal Co., Ltd ("Shanxi CR Coal") is in the process of acquiring 18 coal mines located in the Gujiao district, Taiyuan, Shanxi province. Shanxi CR Coal has entered into agreements to acquire 10 of these 18 coal mines. It is anticipated that the acquisition of the remaining 8 coal mines will be completed by the end of 2010. Pursuant to the provisions issued by the Shanxi government, the operations of these 18 coal mines will be consolidated into, and operated as, 10 coal mines. These 18 coal mines produce mainly coking coal and meager lean coal, and their total reserve and recoverable reserve are approximately 143.0 million tonnes and 71.6 million tonnes, respectively. Shanxi CR Coal has a registered capital of RMB0.8 billion. Shanxi CR Liansheng and CITIC Trust Co., Ltd. each owns a 50% equity interest in Shanxi CR Coal. Shenzhen Nanguo has an option to purchase the 50% equity interest held by CITIC Trust Co., Ltd.

PROSPECTS FOR THE SECOND HALF OF 2010

As electricity demand in the second half of 2009 registered very strong year-on-year growth compared to the first half of 2009, we expect that year-on-year power consumption growth in China in the second half of the year will slow down. However, the China Electricity Council still forecasts a full year power consumption growth of 2010 to be approximately 12%.

We expect coal prices to remain relatively stable for most of the second half of 2010 and as coal production volume growth continues to outpace power consumption growth, we expect that coal prices may show signs of decrease in the second half of the year. Depending on the pace of economic development in the PRC and seasonal factors, coal prices may show more fluctuations towards the end of the year.

We commissioned our second 1000MW ultra-supercritical unit in our Xuzhou Power Plant Phase III in early July. We also commissioned a total of two wind farms with 98MW of generation capacity in July. We expect to commission more wind farms in the second half of this year and increase our total wind generation capacity to approximately 1000MW by the end of this year.

We have also obtained approval from the Chinese government for the construction of a number of large scale coal-fired generation units in Hubei, Guangxi and Henan. In our target markets, we will continue to identify and develop new power projects in line with our business strategies, including both large-scale, efficient coal-fired generation units as well as renewable and clean energy projects, with an aim to speed up our investment in the clean and renewable energy sectors in the country.

In addition, we will continue to develop our coal mine projects in the PRC in order to secure our long-term fuel supply at competitive costs. We aim to increase the production volume from our coal mines, especially the production volume of our coal mines in Shanxi province which we acquired in the second half of last year and first half of this year. We continue to identify and secure quality coal reserves in the country and aim to increase the total coal resources which we control in the country.

In August 2010, we completed an issuance of US$500 million five-year corporate bond. We will continue to identify and widen our funding channels with an aim to secure long-term low cost capital to support our business development, stabilize our capital structure and enhance our profitability. We will monitor our capital structure and balance sheet on an on-going basis to ensure that we will always have a stable capital structure to support the Group’s operations and various development plans.

OPERATING RESULTS

The results of operations for the six months ended 30 June 2010, which have been reviewed by the auditors and the audit committee of the Company, are as follows:

Condensed consolidated income statement

	For the six months ended 30 June 2010 HK$'000 (unaudited)	30 June 2009 HK$'000 (unaudited)
Turnover	21,161,937	13,992,295
Operating expenses		
Fuel	(12,348,459)	(7,545,897)
Repair and maintenance	(288,650)	(254,356)
Depreciation and amortisation	(1,958,568)	(1,439,606)
Others	(2,792,173)	(1,723,702)
Total operating expenses	(17,387,850)	(10,963,561)
Other income	253,275	95,787
Profit from operations	4,027,362	3,124,521
Fair value gain on derivative financial instruments	40,294	20,662
Finance costs	(1,252,061)	(749,812)
Share of results of associates	408,096	338,411
Share of results of jointly controlled entities	(8,879)	—
Profit before taxation	3,214,812	2,733,782
Taxation	(334,485)	(148,332)
Profit for the period	2,880,327	2,585,450
Profit for the period attributable to:		
Owners of the Company	2,459,835	2,268,010
Non-controlling interests	420,492	317,440
	2,880,327	2,585,450
Earnings per share		
— basic (HK cents)	52.89	52.69
— diluted (HK cents)	52.03	51.41

Condensed consolidated statement of comprehensive income

	For the six months ended	
	30 June 2010	**30 June 2009**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period	2,880,327	2,585,450
Other comprehensive income and expense:		
Exchange differences from translation	332,526	(50,927)
Share of changes in translation reserve of associates	107,770	(5,754)
Fair value change on cash flow hedges	(84,035)	39,689
Other comprehensive income and expense for the period	356,261	(16,992)
Total comprehensive income for the period	3,236,588	2,568,458
Total comprehensive income for the period attributable to:		
— owners of the Company	2,743,875	2,251,893
— non-controlling interests	492,713	316,565
	3,236,588	2,568,458

Condensed consolidated statement of financial position

	As at 30 June 2010 *HK$'000* *(unaudited)*	As at 31 December 2009 *HK$'000* *(audited)*
Non-current assets		
Property, plant and equipment	74,765,361	71,552,710
Prepaid lease payments	1,644,092	1,486,211
Mining rights	7,864,073	188,213
Exploration and resources rights	249,184	355,468
Interests in associates	12,694,982	9,107,332
Interests in jointly controlled entities	593,485	—
Goodwill	3,796,731	3,756,835
Investments in investee companies	1,070,072	201,053
Deposit paid for acquisition of subsidiaries	—	1,657,899
Deposit paid for acquisition of additional interest in a subsidiary	20,611	134,390
Deposit paid for establishment of an associate	77,942	77,942
Deposit paid for acquisition of property, plant and equipment	1,231,045	1,076,532
Deposit paid for acquisition of mining/exploration rights	4,095,796	10,023,947
Deposit paid for land use rights	201,592	161,305
Pledged bank deposits	—	37,218
Deferred taxation assets	106,747	111,086
	108,411,713	99,928,141
Current assets		
Inventories	2,170,260	1,431,955
Trade receivables, other receivables and prepayments	10,179,339	8,288,090
Amounts due from non-controlling shareholders of subsidiaries	114,840	3,023
Loan to an associate	2,561,966	—
Loan to a jointly controlled entity	1,148,400	—
Amounts due from associates	212,022	931,621
Amounts due from jointly controlled entities	182,757	—
Amounts due from group companies	175,645	164,790
Financial assets at fair value through profit or loss	6,601	5,844
Restricted bank balances	57,305	1,503,229
Pledged bank deposits	3,445	407,306
Bank balances and cash	6,639,656	6,261,931
	23,452,236	18,997,789

	As at 30 June 2010 *HK$'000* *(unaudited)*	As at 31 December 2009 *HK$'000* *(audited)*
Current liabilities		
Trade payables, other payables and accruals	14,010,740	12,763,230
Amounts due to associates	993,373	3,249,297
Amounts due to group companies	765	2,002
Amounts due to non-controlling shareholders of subsidiaries	1,079,182	167,384
Taxation payable	166,385	62,298
Bank and other borrowings - repayable within one year	18,161,835	23,494,165
Derivative financial instruments	—	17,467
	34,412,280	39,755,843
Net current liabilities	(10,960,044)	(20,758,054)
Total assets less current liabilities	97,451,669	79,170,087
Non-current liabilities		
Bank and other borrowings - repayable after one year	45,286,832	32,990,302
Accrued retirement benefit cost	306,587	294,337
Derivative financial instruments	377,291	316,083
Deferred taxation liabilities	471,506	413,983
Corporate bonds	4,363,920	—
	50,806,136	34,014,705
	46,645,533	45,155,382
Capital and reserves		
Share capital	4,702,478	4,683,431
Share premium and reserves	34,290,319	32,910,548
	38,992,797	37,593,979
Non-controlling interests	7,652,736	7,561,403
	46,645,533	45,155,382

Condensed consolidated statement of cash flows

	For the six months ended	
	30 June 2010	**30 June 2009**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Net cash from operating activities	4,944,241	6,596,662
Net cash used in investing activities		
Release of restricted bank balances	1,446,291	—
Decrease (increase) in pledged bank deposits	441,572	(151,521)
Dividend received from associates	21,951	19,073
Purchase and deposit paid for acquisition of property, plant and equipment	(5,136,841)	(5,881,324)
Capital contribution to associates	(2,472,747)	(41,742)
Loan advanced to associates	(1,694,302)	(670,645)
Loan advanced to jointly controlled entities	(1,324,747)	—
Capital contribution to jointly controlled entities	(598,116)	—
Net cash outflow from acquisition of assets through acquisition of subsidiaries	(175,931)	—
Purchase and deposit paid for acquisition of mining rights and exploration and resources rights	(399,444)	(23,503)
Acquisition of a subsidiary	(119,161)	—
Deposit paid for acquisition of subsidiaries	—	(2,340,685)
Other investing cash inflows (outflows)	35,976	(21,399)
	(9,975,499)	(9,111,746)
Net cash from financing activities		
New bank and other borrowings raised	21,187,994	16,037,434
Proceeds from issue of corporate bonds	4,315,812	—
Advances from non-controlling interests	909,679	—
Capital contribution from non-controlling shareholders	85,318	395,740
Repayment of bank and other borrowings	(14,774,010)	(11,593,381)

	For the six months ended	
	30 June 2010	**30 June 2009**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Repayment to associates	(2,748,298)	(567,519)
Dividend paid	(1,503,979)	(339,039)
Interest paid	(1,338,281)	(1,017,316)
Acquisition of additional interests in subsidiaries	(470,326)	—
Dividend paid to non-controlling shareholders of subsidiaries	(401,446)	(106,660)
Repayment to group companies	(1,262)	(96,442)
Other financing cash inflows	80,090	154,166
	5,341,291	2,866,983
Net increase in cash and cash equivalents	310,033	351,899
Cash and cash equivalents at beginning of the period	6,261,931	5,467,088
Effect of foreign exchange rate changes	67,692	(39,925)
Cash and cash equivalents at end of the period	6,639,656	5,779,062
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	6,639,656	5,779,062

Overview

For the six months ended 30 June 2010, our net profit increased by 8.5% to HK$2,459.8 million from HK$2,268.0 million for the same period last year. Our turnover increased by 51.2% from HK$13,992.3 million for the first half of 2009 to HK$21,161.9 million for the first half of 2010.

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

- Significant increase in turnover — Turnover in the first half of 2010 increased by 51.2%, mainly as a result of a 37.6% increase in net generation volume of our 37 consolidated operating power plants and an increase of coal production volume by our consolidated coal mines; and

- Increase in profit contribution from our coal mining division — Profit contribution from our coal mining division in the first half of 2010 amounted to HK$846.3 million (before deducting corporate expenses and other overheads at the holding company level), increased by approximately HK$761.8 million or 901.5% from the first half of 2009.

This is partly offset by the following:

- Significant increase in fuel costs for our coal-fired power plants — Fuel costs for the first half of 2010 amounted to HK$12,348.5 million, increased by 63.6% from HK$7,545.9 million for the first half of 2009. Average unit fuel cost for our consolidated operating power plants in the first half of 2010 was RMB243.0/MWh, showing an increase of 19.8% compared to the first half of 2009. Average standard coal cost for our consolidated operating power plants in the first half of 2010 increased by 19.1% compared to the first half of 2009; and

- Significant increase in finance costs — Total bank and other borrowings and corporate bonds as at 30 June 2010 amounted to HK$67,812.6 million, representing an increase of HK$25,725.4 million or 61.1% in comparison with HK$42,087.2 million as at 30 June 2009. Finance costs charged to the income statement for the first half of 2010 was HK$1,252.1 million, increased by HK$502.3 million or 67.0% as compared with HK$749.8 million for the first half of 2009.

Basis of preparation of the condensed consolidated financial statements

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

The Group had net current liabilities as at 30 June 2010. The directors of the Company (the "Directors") are of the opinion that, taking into account the presently available banking facilities and internally generated net operating cash inflows of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of the condensed consolidated financial statements. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

Principal accounting policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

During the current interim period, the Group has entered into joint venture arrangements and accordingly has adopted the following accounting policy.

Joint ventures

Joint venture arrangements that involve the establishment of a separate entity in which the venturers have joint control over the economic activity of the entity are referred to as jointly controlled entity.

The results and assets and liabilities of jointly controlled entity are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in jointly controlled entity is carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entity, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners

Except as described below, the application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 3 (Revised 2008) "Business combinations"

HKFRS 3 (Revised 2008) "Business combinations" has been applied prospectively from 1 January 2010. Its application has affected the accounting for the acquisition of Hunan Coal Mining Group Tang Dong Coal Ltd. （"Tang Dong Coal"） in the current period.

HKFRS 3 (Revised 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as minority interests). In the current period, in accounting for the acquisition of Tang Dong Coal, the Group has elected to measure the non-controlling interests at fair value of the identifiable assets acquired and the liabilities assumed.

HKAS 27 (Revised 2008) "Consolidated and separate financial statements"

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

In respect of the acquisitions during the period of additional interest in China Resources Power (Tongshan) Co., Ltd, Guangzhou China Resources Thermal Power Co., Ltd, Shanxi CR Liansheng and China Resources (Jiaozuo) Thermal Power Co., Ltd, the impact of the change in policy has been that the difference of HK$51,038,000 between the consideration paid and the decrease in the carrying amount of the non-controlling interests has been recognised directly in equity. In addition, the aggregate cash consideration of HK$470,326,000 paid during the period to the non-controlling shareholders of Guangzhou China Resources Thermal Power Co., Ltd, Shanxi CR Liansheng and China Resources (Jiaozuo) Thermal Power Co., Ltd is presented as cash flow used in financing activities. Had the previous accounting policy been applied, the cash consideration would have been presented as cash flow used in investing activities. The total consideration for the acquisition of the additional interest in the three companies is HK$604,716,000 in which HK$134,390,000 was paid as at 31 December 2009 which was presented as deposits paid for acquisition of additional interest in subsidiaries on the condensed consolidated statement of financial position. The additional interest in China Resources Power (Tongshan) Co., Ltd was acquired when the Group acquired a subsidiary.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

Segment information

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

Segment information about these businesses is presented below.

For the six months ended 30 June 2010

	Sales of electricity *HK$'000*	**Coal mining** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Segment revenue				
External sales	19,185,902	1,976,035	—	21,161,937
Inter-segment sales	—	54,592	(54,592)	—
Total	19,185,902	2,030,627	(54,592)	21,161,937
Segment profit	3,214,862	846,293	—	4,061,155
Unallocated corporate expenses				(164,384)
Interest income				130,591
Fair value gain on derivative financial instruments				40,294
Finance costs				(1,252,061)
Share of results of associates				408,096
Share of results of jointly controlled entities				(8,879)
Profit before taxation				3,214,812

For the six months ended 30 June 2009

	Sales of electricity *HK$'000*	Coal mining *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue				
External sales	13,558,449	433,846	—	13,992,295
Inter-segment sales	—	48,564	(48,564)	—
Total	13,558,449	482,410	(48,564)	13,992,295
Segment profit	3,097,434	84,482	—	3,181,916
Unallocated corporate expenses				(93,945)
Interest income				36,550
Fair value gain on derivative financial instruments				20,662
Finance costs				(749,812)
Share of results of associates				338,411
Profit before taxation				2,733,782

Turnover

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

Turnover for the six months ended 30 June 2010 was HK$21,161.9 million, representing a 51.2% increase from HK$13,992.3 million for the six months ended 30 June 2009. The increase in turnover was mainly due to the following factors:

(1) increase in net generation volume of our consolidated operating power plants. Total net generation volume of our 37 consolidated operating power plants amounted to 43,309,502MWh in the first half of 2010, representing an increase of 37.6% from 31,463,569MWh in the first half of 2009; and

(2) increase in turnover from the coal mining division. During the first half of 2010, our consolidated coal mines (including coal mines located in Shanxi, Jiangsu and Hunan) produced a total of 4.1 million tonnes of coal, as compared to 1.3 million tonnes for the first half of 2009. As a result, turnover from the coal mining division increased from HK$433.8 million (excluding inter-segment sales) to HK$1,976.0 million (excluding inter-segment sales).

Operating expenses

Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation, and other administrative costs such as staff costs, environmental fees, entertainment expenses, and office rent. Operating expenses amounted to HK$17,387.9 million for the six months ended 30 June 2010, representing a 58.6% or HK$6,424.3 million increase from HK$10,963.6 million for the six months ended 30 June 2009.

The increase in operating expenses was mainly due to an increase in fuel costs, other operating expenses and depreciation and amortisation.

Fuel costs for the six months ended 30 June 2010 amounted to HK$12,348.5 million, representing an increase of 63.6% or HK$4,802.6 million from HK$7,545.9 million for the six months ended 30 June 2009.

Average unit fuel cost for our consolidated operating power plants in the first half of 2010 was RMB243.0/MWh, representing an increase of 19.8% in comparison to the first half of 2009. Average standard coal cost for our consolidated operating power plants in the first half of 2010 increased by 19.1% in comparison to the first half of 2009. Fuel costs accounted for approximately 71.0% of the total operating expenses for the first half of 2010, compared with 68.8% for the first half of 2009.

Depreciation and amortisation increased from HK$1,439.6 million for the first half of 2009 to HK$1,958.6 million for the first half of 2010, representing an increase of HK$519.0 million or 36.1%. This is mainly due to the fact that our total attributable operational generation capacity increased to 18,894MW as at 30 June 2010 from 13,690MW as at 30 June 2009.

Other operating expenses increased from 1,723.7 million for the first half of 2009 to HK$2,792.2 million for the first half of 2010. The increase is mainly due to the expansion of our coal mining operations as main production costs (other than repair and maintenance and depreciation and amortisation) for the coal mining operations are included as other operating expenses. The increase is also due to the expansion of our power generation businesses. Together with the expansion of our coal mining operations, our total salaries and wages increased by HK$335.5 million in the first half of 2010.

Other income

Other income amounted to HK$253.3 million for the six months ended 30 June 2010, representing a 164.4% increase from HK$95.8 million for the first half of 2009. Other income for the first half of 2010 mainly comprises interest income on bank balances, income from disposal of fixed assets, exchange gain from translation and government grants. The increase in other income is mainly due to a significant increase in interest income in the first half of 2010.

Profit from operations

Profit from operations represents profit from the Company and its subsidiaries before deduction of finance costs, taxation and non-controlling interests. Profit from operations amounted to HK$4,027.4 million for the six months ended 30 June 2010, representing a 28.9% increase from HK$3,124.5 million for the six months ended 30 June 2009. The increase is mainly due to the increase in profit contribution from the coal mining division as well as increase in our operational generation capacity which resulted in an increase in net generation volume of our consolidated operating power plants, offset by an increase in fuel costs caused by rising coal prices in the country.

Fair value gain on derivative financial instruments

The Group uses interest rate swaps (net quarterly settlement) to minimise its exposure to variability of interest expenses of certain of its floating-rate Hong Kong Dollar bank borrowings by swapping floating interest rates to fixed interest rates. The interest rate swaps and the corresponding bank borrowings have similar matching terms and the Directors considered that the interest rate swaps are highly effective hedging instruments.

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and subsequently re-measured 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 is recognised immediately in profit and loss as other gain or losses. Change in fair value of interest rate swaps for ineffective portion amounting to HK$40.3 million was recognised in profit and loss in the current period.

Finance costs

Finance costs amounted to HK$1,252.1 million for the six months ended 30 June 2010, representing a 67.0% increase from HK$749.8 million for the six months ended 30 June 2009.

Total bank and other borrowings and corporate bonds as at 30 June 2010 amounted to HK$67,812.6 million, representing an increase of HK$25,725.4 million or 61.1% as compared with HK$42,087.2 million as at 30 June 2009.

Average interest rate (including capitalised interest expenses) for the Group increased to 4.80% in the first half of 2010 from 4.54% in the first half of 2009.

	For the six months ended	
	30 June 2010	**30 June 2009**
	HK$'000	*HK$'000*
Interest on bank and other borrowings		
— repayable within five years	1,144,097	555,889
— not repayable within five years	257,376	348,696
Interest on corporate bonds	89,503	—
	1,490,976	904,585
Less: Interest capitalised in property, plant and equipment	(238,915)	(154,773)
	1,252,061	749,812

Share of results of associates

Share of results of associates in the first half of 2010 amounted to HK$408.1 million, representing a 20.6% increase compared to HK$338.4 million in the first half of 2009. The increase is mainly due to an increase in share of results from associate power plants under China Resources Power (Jiangsu) Investment Company Limited, namely Zhenjiang Power Plant, Changzhou Power Plant and Shazhou Power Plant, the acquisition of which was completed in the second half of 2009, offset by a decrease in profitability of Yangzhou Power Plant and loss incurred by CR Taiyuan.

Taxation

Taxation charge for the first half of 2010 was HK$334.5 million, representing a 125.6% increase from HK$148.3 million for the first half of 2009. The increase in PRC enterprise income tax is mainly related to tax paid by Shanxi CR Liansheng and Tianneng. As Shanxi CR Liansheng commenced production and increased production volume and both Shanxi CR Liansheng and Tianneng benefited from rising coal prices in the country, the increase in profitability resulted in higher PRC enterprise income tax payable. Our coal mining operations pay a standard tax rate of 25%. Details of the taxation charge for the six months ended 30 June 2009 and 2010 are set out below:

	For the six months ended	
	30 June 2010	**30 June 2009**
	HK$'000	*HK$'000*
The Company and its subsidiaries		
Current tax - PRC Enterprise Income Tax	315,153	128,713
Deferred taxation	19,332	19,619
	334,485	148,332

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

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

Profit for the period

	For the six months ended	
	30 June 2010	**30 June 2009**
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	1,863,580	1,417,216
Less: Depreciation of property, plant and equipment capitalised in construction in progress	—	(4,072)
	1,863,580	1,413,144
Amortisation of prepaid lease payments	29,955	22,030
Amortisation of mining rights	65,033	4,432
Total depreciation and amortisation	1,958,568	1,439,606
and after crediting:		
Interest income	130,591	36,550

Profit for the period attributable to owners of the Company

As a result of the above, the Group's net profit for the first half of 2010 increased to HK$2,459.8 million, representing an 8.5% increase compared to HK$2,268.0 million for the first half of 2009.

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:

	For the six months ended	
	30 June 2010	**30 June 2009**
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	2,459,835	2,268,010

	Number of ordinary shares	
	1 January 2010 to 30 June 2010	**1 January 2009 to 30 June 2009**
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,650,635,367	4,304,295,133
Effect of dilutive potential ordinary shares:		
— share options	77,263,077	107,411,323
Weighted average number of ordinary shares for the purposes of diluted earnings per share	4,727,898,444	4,411,706,456

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the period from I January 2009 to 30 June 2009 has been adjusted to reflect the rights issue of shares completed in July 2009.

Interim dividend and closure of register of members

The Board resolved to declare an interim dividend of HK6 cents per share for the six months ended 30 June 2010 (2009: HK6 cents per share).

The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company on Friday, 24 September 2010. The register of members of the Company will be closed from Monday, 20 September 2010 to Friday, 24 September 2010 (both days inclusive), during which no share transfer will be registered. To qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 17 September 2010. The dividend will be payable on or about 11 October 2010.

Capital structure management

The Group and the Company manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through optimizing of the debt and equity structure. 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 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 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 of HK$10,960.0 million as at 30 June 2010. The Directors are of the opinion that, taking into account the presently available banking facilities and internally generated net operating cash inflows of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of the condensed consolidated financial statements.

The bank balances and cash as at 30 June 2010 denominated in local currency and foreign currencies amounted to HK$883.4 million, RMB4,889.3 million and US$18.2 million, respectively.

The bank and other borrowings of the Group as at 31 December 2009 and 30 June 2010 were as follows:

	As at 30 June 2010 *HK$'000*	**As at 31 December 2009** *HK$'000*
Secured bank loans	3,383,968	6,159,953
Unsecured bank loans	60,057,303	49,863,124
Other loans	7,396	461,390
	63,448,667	56,484,467

The maturity profile of the above loans is as follows:

	As at 30 June 2010 *HK$'000*	**As at 31 December 2009** *HK$'000*
Within 1 year	18,161,835	23,494,165
More than 1 year, but not exceeding 2 years	26,685,014	9,578,244
More than 2 years, but not exceeding 5 years	9,880,787	17,163,792
More than 5 years	8,721,031	6,248,266
	63,448,667	56,484,467

The bank and other borrowings as at 30 June 2010 denominated in local currency and foreign currency amounted to HK$12,257.8 million, RMB43,235.5 million and US$197.3 million, respectively.

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 30 June 2010, loans of HK$6,619,000,000 which were provided using floating rates were swapped to fixed interest rates at a range from 2.075% to 4.520% per annum.

In January 2010, China Resources Power Investment Co., Ltd., a wholly owned subsidiary of the Comapny, issued RMB3.8 billion ten-year corporate bonds ("Corporate Bonds"). The Corporate Bonds are divided into two tranches: 5+5 years and 7+3 years, with investors' put option and issuer's coupon adjustment option at the end of 5 and 7 years, respectively. The 5+5 tranche is RMB3.3 billion and has a coupon of 4.70% in the first 5 years. The 7+3 tranche is RMB0.5 billion and has a coupon of 4.95% in the first 7 years. Coupons are paid annually with no amortization during the life of the Corporate Bonds.

As at 30 June 2010, the Group's ratio of net debt to shareholders' equity was 156.9%. In the opinion of the Directors, the Group has a reasonable capital structure, which can support its future development plan and operations.

For the six months ended 30 June 2010, the Group's primary sources of funding included loans provided by the PRC domestic commercial banks, net cash inflow from operating activities, proceeds from the issuance of corporate bonds, release of restricted bank balances and advances from non-controlling interests, which amounted to HK$21,188.0 million, HK$4,944.2 million, HK$4,315.8 million, HK$1,446.3 million and HK$909.7 million, respectively. The Group's funds were primarily used in repayment of short-term bank borrowings, purchase and deposit paid for acquisition of property, plant and equipment, repayment to associates, capital contribution to associates, loan advanced to associates, payment of dividend, payment of interest, and loan advanced to jointly controlled entities, which amounted to HK$14,774.0 million, HK$5,136.8 million, HK$2,748.3 million, HK$2,472.7 million, HK$1,694.3 million, HK$1,504.0 million, HK$1,338.3 million and HK$1,324.7 million, respectively.

Trade receivables

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

The following is an ageing analysis based on the invoice date of trade receivables included in trade receivables, other receivables and prepayments at the end of the reporting period:

	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000*
0 — 30 days	5,224,302	5,010,516
31 — 60 days	280,635	90,186
Over 60 days	203,503	86,344
	5,708,440	5,187,046

Trade payables

The following is an ageing analysis based on the invoice date of trade payables included in trade payables, other payables and accruals at the end of the reporting period:

	As at 30 June 2010 *HK$'000*	As at 31 December 2009 *HK$'000*
0 — 30 days	3,009,051	1,674,656
31 — 60 days	468,613	584,550
Over 60 days	459,001	259,613
	3,936,665	2,518,819

Key financial ratios of the Group

	As at 30 June 2010	As at 31 December 2009
Current ratio (times)	0.68	0.48
Quick ratio (times)	0.62	0.44
Net debt to shareholders' equity (%)	156.9	133.6
EBITDA interest coverage (times)	4.31	5.01

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

Foreign exchange rate risk

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

RMB is not a freely convertible currency. Future exchange rates of RMB may vary significantly from the current or historical exchange rates. 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 or 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 30 June 2010, the Group had HK$883.4 million and US$18.2 million cash at bank, and HK$12,257.8 million and US$197.3 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 30 June 2010.

Employees

As at 30 June 2010, the Group had approximately 24,700 employees.

The Group has concluded employment contracts with all of its 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 shares 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 the Scheme (the "Trustee"). Pursuant to the Scheme, Company's shares (the "Shares") may be purchased by the Trustee from the market out of cash contribution 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 Schemes. 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 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 six months ended 30 June 2010, the Trustee did not purchase any Shares from the market.

From the Adoption Date up to 30 June 2010, the Trustee purchased accumulatively 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

The Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the six months ended 30 June 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("CGP Code") contained in Appendix 14 to the Listing Rules, except for the following deviation:

Code provision E.1.2

The code provision E.1.2 of the CGP Code provides that the chairman of the board shall attend annual general meeting of the Company. Due to business commitment, Mr. Song Lin, the then Chairman of the Board, and Mr. Wang Shuai Ting, the then Vice Chairman of the Board, were unable to attend the annual general meeting of the Company held on 8th June, 2010. This constitutes a deviation from the code provision E.1.2 of the CGP Code.

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 interim results for the six months ended 30 June 2010 have been reviewed by Deloitte Touche Tohmatsu and the audit committee of the Company.

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.

By Order of the Board
CHINA RESOURCES POWER HOLDINGS COMPANY LIMITED
Wang Shuai Ting
Chairman

Hong Kong, 23 August 2010

As at the date of this announcement, the Board of Directors of the Company consists of five executive directors, namely Mr. Wang Shuai Ting, Mr. Wang Yu Jun, Ms. Wang Xiao Bin, Mr. Zhang Shen Wen and Mr. Li She Tang, four non-executive directors, namely Mr. Du Wenmin, Mr. Shi Shanbo, Mr. Wei Bin and Dr. Zhang Haipeng, and five independent non-executive directors, namely Mr. Anthony H. Adams, Mr. Chen Ji Min, Mr. Ma Chiu-cheung, Andrew, Ms. Elsie Leung Oi-sie and Dr. Raymond K. F. Ch'ien.