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 2012

SUMMARY OF OPERATING RESULTS

The board of Directors (the "Board") of China Resources Power Holdings Company Limited (the "Company" or "CR Power") announces the unaudited financial results of the Company and its subsidiaries (the "Group" or "We") for the six months ended 30 June 2012.

For the six months ended 30 June 2012, the Group recorded a profit attributable to owners of the Company ("net profit") of approximately HK$3,002 million, representing an increase of HK$518 million or 20.8% from a net profit of HK$2,484 million for the six months ended 30 June 2011. Basic earnings per share for the six months ended 30 June 2012 is HK63.20 cents, representing an increase of 19.2% from basic earnings per share of HK53.00 cents for the six months ended 30 June 2011.

The Board resolved to declare an interim dividend of HK6 cents per share for the six months ended 30 June 2012.

	Six months ended 30 June 2012 (*unaudited*)	30 June 2011 (*unaudited*)
Turnover *(HK$'000)*	30,944,552	29,032,879
Profit attributable to owners of the Company *(HK$'000)*	3,001,672	2,484,053
Basic earnings per share *(HK cents)*	63.20	53.00
Interim dividend per share *(HK cents)*	6.00	6.00
	As at 30 June 2012	**As at 31 December 2011**
Total assets *(HK$'000)*	171,120,013	168,365,889
Cash and cash equivalents *(HK$'000)*	6,670,866	4,496,605
Bank and other borrowings and corporate bonds *(HK$'000)*	85,410,319	82,987,231
Equity attributable to owners of the Company *(HK$'000)*	49,064,814	47,472,998
Net debt to shareholders' equity	160.5%	165.3%
EBITDA interest coverage *(times)*	4.13	3.86

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

BUSINESS REVIEW FOR THE FIRST HALF OF 2012

Growth of generation capacity

As at 30 June 2012, we had 35 coal-fired power plants, 1 hydro-electric plant, 1 gas-fired plant and 22 wind farms in commercial operation with a total attributable operational generation capacity of 22,440MW. As a comparison, our attributable operational generation capacity was 21,059MW and 22,230MW, respectively, as at 30 June 2011 and 31 December 2011.

As at 30 June 2012, the attributable operational generation capacity of our coal-fired power plants amounted to 20,782MW, accounting for 92.6% of our total attributable operational generation capacity. Wind, gas-fired and hydro capacity amounted to 1,434MW, 77MW and 147MW, respectively, and together accounting for 7.4% of our total attributable operational generation capacity.

During the first half of 2012, our new attributable operational generation capacity mainly came from wind power. During this period, we commissioned 93MW in Guazhou Wind Farm in Gansu, 49.5MW in Bayinxile Phase II Wind Farm in Inner Mongolia, 24MW in Jianping Phase II Wind Farm in Liaoning, 21.8MW in Pingdu Phase I Wind Farm in Shandong, and 12MW in Jiamusi Wind Farm in Heilongjiang.

The following table sets out the geographical split of the attributable operational generation capacity of our power plants as at 30 June 2012:

	Attributable operational generation capacity	
	MW	%
Eastern China	10,650	47.4
Central China	4,205	18.7
Southern China	3,779	16.8
Northern China	2,499	11.1
Northeastern China	1,109	4.9
Northwestern China	198	0.9
Total	22,440	100.0

Generation volume

Total gross generation volume of our operating power plants amounted to 81,551,829MWh in the first half of 2012, representing a decrease of 0.7% from 82,105,814MWh in the first half of 2011. Total gross generation volume of our 50 consolidated operating power plants amounted to 59,250,262MWh in the first half of 2012, representing an increase of 3.2% from 57,441,553MWh in the first half of 2011.

Total net generation volume of our operating power plants amounted to 76,589,798MWh in the first half of 2012, representing a decrease of 0.5% from 77,008,374MWh in the first half of 2011. Total net generation volume of our 50 consolidated operating power plants amounted to 55,660,505MWh in the first half of 2012, representing an increase of 3.4% from 53,809,882MWh in the first half of 2011.

The slowdown in generation volume and net generation volume growth of our operating power plants was mainly due to the slowdown in the national macroeconomic growth as well as weakened growth of electricity demand particularly from the manufacturing industry.

For the 32 coal-fired power plants which were in commercial operations for the entire first half of 2011 and 2012, gross and net generation volume for the first half of 2012 both decreased by 6.8% respectively, from the first half of 2011. The average full-load equivalent utilization hours for the first half of 2012 of these 32 coal-fired power plants amounted to 2,797 hours, representing a decrease of 6.1% from 2,978 hours for the first half of 2011.

Fuel costs

Due to the slowdown in China's macroeconomic growth and the industrial structure transition, supply and demand in the coal market during the first half of 2012 was easing in general with supply greater than demand. The easing of supply and demand of coal and the decrease in spot coal prices enabled us to control fuel costs.

In the first half of 2012, average standard coal cost for our consolidated operating power plants increased by 1.5% in comparison to the first half of 2011. Average unit fuel cost for our consolidated operating power plants was RMB273.1/MWh, representing an increase of 0.6% in comparison to the first half of 2011. This was mainly due to increased contract coal prices which were set at the beginning of this year, offset by the fall in spot coal prices which declined month over month, a big contrast to the rising trend we witnessed last year. With our continuous implementation of lean management, the operating efficiency of our subsidiaries further enhanced. The coal consumption rate for the first half of 2012 was 320.1g/kWh, representing a decrease of 3.3g/kWh in comparison to the same period last year.

Coal production

During the first half of 2012, the Company's subsidiary coal mines produced a total of 5.571 million tonnes of raw coal, representing a decrease of 16.8% compared with the same period last year. This decrease in coal production volume came largely from Lüliang, Shanxi Province, whose production level was affected by construction works and government regulatory policies. Combined with the production volume of our associate coal mines, the Company produced a total of 8.598 million tonnes of raw coal, representing an increase of 11.0% compared with the same period last year. During the first half of this year, some of the coal mines in Taiyuan, Shanxi Province resumed production. By the end of the first half, the production volume of the Company's coal mines in LüLiang, Shanxi Province have gradually stabilized, which would enable the Company to enhance coal production volume and achieve our full-year target.

On 16 April 2012, Shanxi Kunlun Investment Co., Ltd. (now renamed as China Resources Coal (Group) Co., Ltd.), a wholly-owned subsidiary of CR Power, acquired 50% equity interest of Shan Xi China Resources Coal Company Limited ("Shan Xi China Resources") from an independent third party at a consideration of approximately RMB 449 million (the "Acquisition"). Shan Xi China Resources owns nine coal mines located in Gujiao District of Taiyuan City in Shanxi Province. The coal mines mainly produce coking coal and meager lean coal, with total reserves and recoverable reserves of approximately 131 million tonnes and 49 million tonnes respectively. They are expected to commence operations in 2013 with a designed annual output of approximately 4.65 million tonnes. Prior to the completion of the Acquisition, Shan Xi China Resources was a jointly controlled entity of the Company, with 50% equity interest held by CR Liansheng. After the completion of the Acquisition, Shan Xi China Resources became a subsidiary in which the Company holds an effective interest of 75.5%.

Development of renewable energy

As at 30 June 2012, the attributable operational generation capacity of the Company's wind power projects amounted to 1,434MW, representing an increase of 63.5% and 16.2% in comparison to the end of June 2011 and the end of last year, respectively. The attributable operational generation capacity of our wind farms under construction amounted to 350MW. The average full-load equivalent utilization hours of the 14 wind farms that were in commercial operation for the entire first half of 2012 amounted to 1,258 hours and the average full-load equivalent utilization hours of the 9 wind farms that were in commercial operation for the entire first half of 2011 amounted to 1,313 hours.

Financing environment

During the first half of this year, the overall financing environment in domestic and international markets remained tight as a result of the macro-policies of the Chinese government and the European debt crisis. However, with the slowdown in economic growth, the macro-policies of the Chinese government have changed.

In February and May 2012, the People's Bank of China ("PBOC") lowered the RMB required deposit reserve ratio of financial institutions twice by 0.5 percentage point, respectively.

In June 2012, the PBOC lowered the RMB one-year benchmark lending rate of financial institutions by 0.25 percentage point and made corresponding adjustments of other benchmark lending rates, and also lowered the lower band of lending rates to 0.8 times of benchmark lending rates. In July 2012, these rates were further lowered.

These measures improved the domestic financing environment and helped ease the tight liquidity situation since 2011, and thus contributed to the decrease in finance costs of enterprises.

Environmental expenses

In the first half of 2012, waste discharge fees incurred by each of the subsidiaries were in the range from RMB0.11 million to RMB18.08 million. The total amount of discharge fees incurred by our subsidiaries was RMB130 million, as compared with approximately RMB128 million in the first half of 2011.

PROSPECTS FOR THE SECOND HALF OF 2012

In the first half of 2012, due to the slowdown in China's macroeconomic growth, national power consumption increased by only 5.5% as compared with the first half of 2011, representing a drop in growth rate of 6.7 percentage points as compared with the same period last year. However, we believe that in the second half of 2012, the Chinese government will step up policy fine-tuning and implement relatively loose monetary and fiscal policies to stimulate economic growth. As a result, China's macroeconomic growth is expected to speed up. We anticipate that the power consumption growth in the country in the second half of 2012 will be higher than that in the first half of 2012. One of the primary focuses for CR Power will be to strive for higher utilization hours in the second half of the year.

During the first half of this year, coal prices have fallen month over month. By June and July of this year, the spot prices of coal have dropped sharply as compared with the beginning of the year. We expect CR Power to continue to benefit from this trend in the second half of 2012 and that coal supply will remain loose and coal prices will further decrease, which will benefit our coal-fired power plant operations.

Since 2011, we have been endeavouring to improve the operational efficiency of our power plants through introducing standardized lean management, as a result of which our coal consumption rate has significantly decreased. We will continue to proceed with lean management to reduce energy consumption and unit fuel cost. While creating value for shareholders, we will actively perform our social responsibility of energy saving and emission reduction.

As at the end of June 2012, the attributable generation capacity of our coal-fired power plant under construction amounted to 7,510MW, including a 600MW generation unit in Dengfeng, Henan, 2x1000MW ultra-supercritical generation units in Hezhou, Guangxi ("Hezhou Power Plant"), 2x1000MW ultra-supercritical generation units in Puqi, Hubei ("Hubei Power Plant") and 2x1000MW ultra-supercritical generation units in Cangnan, Zhejiang. We are also actively preparing for the construction of the 2x1000MW ultra-supercritical generation units in Shanwei, Guangdong. It is expected that two units in Hezhou Power Plant and one unit in Hubei Power Plant will be commissioned in the second half of this year.

In the first half of 2012, we obtained the approval from the Chinese government to construct Panjin Power Plant in Liaoning (2×350MW heat and power co-generation units). Based on the development prospects in coal-fired power industry, we will adhere to our investment hurdle rates and select those coal-fired power plant projects that we believe to be highly competitive and capable of creating value for shareholders in the future. In addition, we will also continue to increase our investments in the wind power industry.

We will continuously strive to increase the output of our existing coal mines, and gradually resume the production of our coal mines in Shanxi Province as soon as possible, so as to achieve our full-year production target.

OPERATING RESULTS

The results of operations for the six months ended 30 June 2012, which have been reviewed in accordance with the Hong Kong Standard on Review Engagements 2410 by the auditors and the audit and risk committee of the Company, are as follows:

Interim condensed consolidated statement of income

	Six months ended	
	30 June 2012	**30 June 2011**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Turnover	30,944,552	29,032,879
Operating expenses		
Fuels	(18,847,432)	(17,958,916)
Repairs and maintenance	(542,872)	(438,974)
Depreciation and amortisation	(3,067,375)	(2,727,678)
Employee benefit expenses	(1,598,133)	(1,644,001)
Consumables	(371,218)	(432,153)
Business tax and surcharge	(186,437)	(193,716)
Others	(1,803,766)	(1,864,632)
Total operating expenses	(26,417,233)	(25,260,070)
Other income	687,459	630,077
Other gains and losses	(108,167)	486,368
Profit from operations	5,106,611	4,889,254
Finance costs	(2,007,184)	(1,280,894)
Share of results of associates	797,205	279,986
Share of results of jointly controlled entities	(31,846)	6,470
Profit before income tax	3,864,786	3,894,816
Income tax expense	(350,141)	(667,552)
Profit for the period	3,514,645	3,227,264
Profit for the period attributable to:		
Owners of the Company	3,001,672	2,484,053
Non-controlling interests		
- Perpetual capital securities	213,383	59,916
- Others	299,590	683,295
	512,973	743,211
	3,514,645	3,227,264
Earnings per share		
- basic (HK cents)	63.20	53.00
- diluted (HK cents)	62.77	52.47

Interim condensed consolidated statement of comprehensive income

	Six months ended	
	30 June 2012	**30 June 2011**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period	3,514,645	3,227,264
Other comprehensive income:		
Currency translation difference	(229,437)	998,584
Share of changes in translation reserve of associates and jointly controlled entities	(27,280)	338,516
Fair value changes on cash flow hedges	(48,672)	5,975
Other comprehensive income for the period, net of tax	(305,389)	1,343,075
Total comprehensive income for the period, net of tax	3,209,256	4,570,339
Total comprehensive income for the period attributable to:		
Owners of the Company	2,698,623	3,627,378
Non-controlling interests		
- Perpetual capital securities	213,383	59,916
- Others	297,250	883,045
	510,633	942,961
	3,209,256	4,570,339

Interim condensed consolidated balance sheet

	As at 30 June 2012 *HK$'000* *(unaudited)*	As at 31 December 2011 *HK$'000* *(audited)*
Non-current assets		
Property, plant and equipment	99,169,899	96,418,551
Prepaid lease payments	2,306,490	2,301,477
Mining rights	12,825,587	10,703,707
Interests in associates	18,625,492	18,294,014
Loans to associates	—	2,394,638
Interests in jointly controlled entities	1,328,866	1,694,679
Loans to a jointly controlled entity	—	1,233,500
Goodwill	4,032,507	4,033,453
Available-for-sale investments	1,153,455	1,101,266
Deposit paid for acquisition of property, plant and equipment	1,368,736	2,797,183
Deposit paid for acquisition of mining/exploration rights	1,265,013	1,295,175
Other non-current deposits paid	144,431	120,227
Deferred income tax assets	143,994	171,875
Total non-current assets	142,364,470	142,559,745
Current assets		
Inventories	4,422,160	3,592,567
Trade receivables, other receivables and prepayments	13,758,847	16,123,016
Loans to associates	2,872,024	—
Amounts due from associates	137,039	593,992
Amounts due from a jointly controlled entity	—	122,122
Amounts due from related companies	639,172	570,823
Financial assets at fair value through profit or loss	3,025	3,042
Pledged bank deposits	252,410	303,977
Cash and cash equivalents	6,670,866	4,496,605
Total current assets	28,755,543	25,806,144

	As at 30 June 2012 *HK$'000* *(unaudited)*	As at 31 December 2011 *HK$'000* *(audited)*
Current liabilities		
Trade payables, other payables and accruals	18,589,700	19,305,755
Amounts due to associates	211,201	669,548
Amounts due to related companies	1,571,004	2,036,924
Current income tax liabilities	111,210	398,408
Borrowings	21,542,723	26,418,243
Derivative financial instruments	78,806	147,559
Total current liabilities	42,104,644	48,976,437
Net current liabilities	(13,349,101)	(23,170,293)
Total assets less current liabilities	129,015,369	119,389,452
Non-current liabilities		
Borrowings	63,867,596	56,568,988
Retirement benefit obligations	115,534	231,859
Derivative financial instruments	326,951	210,354
Deferred income tax liabilities	577,733	579,455
Deferred income	301,310	226,631
Total non-current liabilities	65,189,124	57,817,287
Total assets less total liabilities	63,826,245	61,572,165
Capital and reserves		
Share capital	4,752,111	4,745,092
Share premium and reserves	44,312,703	42,727,906
Equity attributable to owners of the Company	49,064,814	47,472,998
Non-controlling interests		
- Perpetual capital securities	5,902,804	5,900,367
- Others	8,858,627	8,198,800
Total non-controlling interests	14,761,431	14,099,167
Total equity	63,826,245	61,572,165

Interim condensed consolidated statement of cash flows

	Six months ended 30 June 2012	Six months ended 30 June 2011
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Cash flows from operating activities — net	8,383,202	2,538,601
Cash flows from investing activities		
Dividend received from associates	89,062	278,208
Dividend received from an investee company	84,786	—
Decrease in pledged bank deposits	51,567	15,145
Net cash outflow on acquisition of interest in an associate	—	(4,412,932)
Net cash outflow on acquisition of a subsidiary	(424,540)	—
Purchase of and deposits paid for acquisition of property, plant and equipment	(4,634,106)	(4,824,376)
Purchase of and deposits paid for acquisition of mining rights and exploration and resources rights	(653,763)	(401,017)
Deposits for acquistion of mining rights and exploration and resources rights and related interests recovered	1,558,209	—
Capital contribution to associates	(232,486)	(33,793)
Capital contribution to jointly controlled entities	(146,373)	(579,373)
Advance to associates	(245,320)	(88,094)
Repayment from jointly controlled entities	—	167,803
Other investing cash inflows	152,157	58,905
Cash flows from investing activities — net	(4,400,807)	(9,819,524)

	Six months ended	
	30 June 2012	**30 June 2011**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Cash flows from financing activities		
Proceeds from bank and other borrowings raised	16,255,885	28,884,979
Proceeds from issuance of medium-term notes	2,453,200	—
Proceeds from issuance of shares	33,287	76,137
Proceeds from issuance of perpetual capital securities	—	5,789,818
Advance from non-controlling interests	—	81,172
Advance from group companies	1,000,000	3,634,881
Capital contribution from non-controlling interests	180,105	—
Repayment of bank and other borrowings	(16,740,037)	(27,550,594)
Repayment of loan due to group companies	(1,465,920)	—
Interest paid	(2,019,972)	(1,301,960)
Repayment of loan due to associates	(458,347)	(387,733)
Dividends paid to owners of the company	(1,131,203)	(1,267,613)
Dividends paid to non-controlling interests of the subsidiaries	(39,688)	(250,812)
Cash flows from financing activities — net	(1,932,690)	7,708,275
Net increase in cash and cash equivalents	2,049,705	427,352
Cash and cash equivalents at beginning of the period	4,496,605	6,801,707
Exchange gain	124,556	75,680
Cash and cash equivalents at end of the period	6,670,866	7,304,739

Overview

For the six months ended 30 June 2012, our net profit increased by 20.8% to HK$3,002 million from HK$2,484 million for the same period last year.

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

- Increase in turnover. Turnover in the first half of 2012 increased by 6.6%, mainly as a result of an increase of 3.4% and 6.2% in net generation volume and average tariff of our subsidiary power plants as compared to the same period last year, respectively, partially offset by a decrease of 16.8% in production volume of our subsidiary coal enterprises and the decline of average coal sales prices.

- Increase in share of results of associates. Profit contribution from our associates amounted to HK$797 million in the first half of 2012, representing an increase of HK$517 million or 185% from the first half of 2011. This was mainly due to (1) the profit contribution from Shanxi Asian American-Daning which resumed production in September last year, and (2) increased profit of our associate power plants;

- Decrease in income tax expense and non-controlling interests. Due to the decline in coal prices and coal output, profit contribution from our subsidiary coal enterprises reduced. This, coupled with income tax credit received by some power plants, has led to the decrease in corresponding income tax expenses by nearly 48% as compared to the same period last year. Meanwhile, the decrease in profit of CR Liansheng, 51%-owned subsidiary of the Company, also resulted in a corresponding reduction of non-controlling interests.

However, these increases were offset by the following:

- Decrease in other gains and losses. As a result of exchange rate fluctuations of RMB against Hong Kong, exchange losses in the first half of 2012 was approximately HK$117 million, as compared with exchange gains of HK$467 million for the same period last year;

- Increase in finance costs. As newly commissioned units increased (including two units in Heze, Unit #1 in Dengfeng Phase II, one unit in Nanjing Thermal Power Plant, one unit in Chemical Industry Park Phase II and a number of wind farms commissioned last year), and the finance costs of newly commissioned units were no longer capitalized and the average lending rates increased, finance costs for the first half of 2012 amounted to HK$2,007 million, representing an increase of HK$726 million or 56.7% from HK$1,281 million for the same period last year.

Basis of preparation of financial statements and principal accounting policies

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

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 and with Hong Kong Accounting Standard 34 "Interim financial reporting" by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Group had net current liabilities as at 30 June 2012. 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, 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.

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 2011.

SEGMENT INFORMATION

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

The following is an analysis of the Group's revenue and results by reportable segments.

For the six months ended 30 June 2012

	Generation of electricity *HK$'000*	**Coal mining** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Segment revenue				
External sales	28,424,168	2,520,384		30,944,552
Inter-segment sales	—	22,181	(22,181)	—
Total	28,424,168	2,542,565	(22,181)	30,944,552
Segment profit	4,278,977	797,718	—	5,076,695
Unallocated corporate expenses				(244,583)
Interest income				273,671
Fair value changes on derivative financial instruments				828
Finance costs				(2,007,184)
Share of results of associates				797,205
Share of results of jointly controlled entities				(31,846)
Profit before income tax				3,864,786

For the six months ended 30 June 2011

	Generation of electricity *HK$'000*	Coal mining *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue				
External sales	25,323,753	3,709,126	—	29,032,879
Inter-segment sales	—	215,731	(215,731)	—
Total	25,323,753	3,924,857	(215,731)	29,032,879
Segment profit*	3,249,876	1,683,930	—	4,933,806
Unallocated corporate expenses				(234,365)
Interest income				178,933
Fair value changes on derivative financial instruments				10,880
Finance costs				(1,280,894)
Share of results of associates				279,986
Share of results of jointly controlled entities				6,470
Profit before income tax				3,894,816

* *Certain comparative figures have been reclassified to conform with current year's presentation.*

Geographical segments

Substantially all of the Group's non-current assets are located in the People's Republic of China ("PRC"), and operations for the period were substantially carried out in the PRC.

Turnover

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

Turnover for the first half of 2012 was HK$30,945 million, representing a 6.6% increase from HK$29,033 million for the first half of 2011. 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 consolidated operating power plants amounted to 55,660,505MWh in the first half of 2012, representing an increase of 3.4% from 53,809,882MWh in the first half of 2011; and year-on-year increase of 6.2% in average tariff of our consolidated power plants.

(2) partly offset by decrease in turnover of the coal mining segment. During the first half of 2012, our consolidated coal mines produced a total of 5.571 million tonnes of coal, as compared to 6.695 million tonnes for the first half of 2011, representing a 16.8% decrease year-on-year; and average sales price decreased by 9.6% year-on-year.

Operating expenses

Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation, staff costs, consumables, business tax and surcharge, and other operating expenses. Other operating expenses include (among others) coal safety production fees, land sliding fees, production maintenance fees, sustainable development funds, environmental restoration fund, coal mine transformation development fund, coal sales costs, utility expenses, discharge fees, professional fees, entertainment expenses, travelling expenses, development expenses, water charges, office rent and other management fees. Operating expenses for the first half of 2012 amounted to HK$26,417 million, representing an increase of HK$1,157 million or 4.6% from HK$25,260 million in the first half of 2011, which was lower than the 6.6% increase in turnover during the same period.

The increase in operating expenses was mainly due to an increase in fuel costs, repair and maintenance as well as depreciation and amortisation.

Fuel costs in the first half of 2012 amounted to approximately HK$18,847 million, representing an increase of HK$888 million or 4.9% from HK$17,959 million in the first half of 2011, which was mainly due to the year-on-year increase in coal-fired generation volume and unit fuel cost of 2.1% and 0.6% respectively for the first half of 2012.

Although spot coal prices fell month over month in the first half of 2012, contract coal prices determined at the beginning of the year increased over the previous year, and coal prices started low and ended high last year. As such, unit fuel cost for our consolidated operating power plants in the first half of 2012 increased by 0.6% compared with the first half of 2011, but decreased by 2.7% compared with the whole year of 2011. Fuel costs accounted for approximately 71.3% of the total operating expenses for the first half of 2012, compared with approximately 71.1% during the first half of 2011.

Repair and maintenance expenses increased from HK$439 million for the first half of 2011 to HK$543 million for the first half of 2012, representing an increase of HK$104 million or 23.7%. The increase in repair and maintenance expenses was mainly due to (1) increased generation capacity; and (2) provision for repair costs by some power plants of the Group on an accrual basis based on annual repair and maintenance plan, as compared with actual cost basis for the same period last year.

Depreciation and amortisation increased from HK$2,728 million for the first half of 2011 to HK$3,067 million for the first half of 2012, representing an increase of HK$339 million or 12.4%. This was mainly due to the fact that our total attributable operational generation capacity increased to 22,440MW as at 30 June 2012 from 21,059MW as at 30 June 2011.

Other operating expenses decreased from HK$1,865 million for the first half of 2011 to HK$1,804 million for the first half of 2012. Other operating expenses for the first half of 2012 mainly included other production costs for our coal operations such as safety production fees, land sliding fees, production maintenance fees, sustainable development funds, environmental restoration fund, coal mine transformation development fund and coal sales costs totaling approximately HK$555 million; other production costs for electricity operations such as discharge fees, utility expenses, water charges and insurance fees totaling approximately HK$520 million; and management fees such as professional fees, entertainment expenses, travelling expenses, office rent and development expenses totaling approximately HK$729 million.

Other income and other gains and losses

Other income amounted to approximately HK$687 million for the first half of 2012, representing an increase of HK$57 million or 9% from HK$630 million for the first half of 2011. Other income mainly included (among others) interest income of HK$274 million, income from sales of scrap materials (for example, ash) of HK$155 million, dividend income from investee companies of approximately HK$85 million, government grant of approximately HK$78 million and coal trade income of approximately HK$26 million.

Other gains and losses recorded losses of HK$108 million for the first half of 2012, which was mainly due to the devaluation of Renminbi against Hong Kong Dollar in the first half, which resulted in exchange losses of HK$117 million. Other gains and losses was approximately HK$486 million for the same period of last year, including exchange gain of approximately HK$467 million recorded for the same period of last year.

Profit from operations

Profit from operations represents profit from the Company and its subsidiaries before deduction of finance costs, income tax expense and non-controlling interests. Profit from operations amounted to HK$5,107 million for the first half of 2012, representing an increase of HK$218 million or 4.4% from HK$4,889 million for the first half of 2011. The increase was mainly due to (1) enhanced earnings from coal-fired power plants; (2) increase in earnings from wind operation driven by increased operational wind generation capacity; which was partly offset by (3) decrease in earnings from coal operation resulted from the reduction of coal production volume and sales price, and (4) exchange loss.

Fair value change 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 and US 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. The ineffective portion recognized in the statement of income that arises from fair value hedges for the first half of 2012 amounted to a gain of HK$828,000 (six months ended 30 June 2011: a gain of HK$10,880,000).

Finance costs

Finance costs amounted to approximately HK$2,007 million for the first half of 2012, representing a 56.7% increase from HK$1,281 million for the first half of 2011. However, compared with the finance costs of approximately HK$3,516 million for the full 2011 year, finance costs for the first half of 2012 accounted for approximately 57.1% of the finance costs of last year.

Total bank and other borrowings and corporate bonds as at 30 June 2012 amounted to HK$85,410 million, representing an increase of HK$7,860 million or 10.1% as compared with HK$77,550 million as at 30 June 2011; or an increase of HK$2,423 million or 2.9% as compared with HK$82,987 million as at 31 December 2011.

The Company's attributable operational capacity increased from 21,059MW as at 30 June 2011 to 22,440MW as at 30 June 2012. New generation units were commissioned, resulting in an increase in finance costs. In addition, the PBOC raised lending rates several times during 2011, average interest rates rose in the comparative period, resulting in increased finance costs in the first half of this year.

	Six months ended	
	30 June 2012	**30 June 2011**
	HK$'000	*HK$'000*
Interest on bank and other borrowings		
— wholly repayable within five years	1,392,868	1,147,031
— not wholly repayable within five years	180,868	185,233
Interest on corporate bonds		
— wholly repayable within five years	112,727	111,835
— not wholly repayable within five years	307,470	—
Other	170,477	—
	2,164,410	1,444,099
Less: Interest capitalised in property, plant and equipment	(157,226)	(163,205)
	2,007,184	1,280,894

Share of results of associates

Share of results of associates in the first half of 2012 amounted to HK$797 million, representing a 185% increase from HK$280 million in the first half of 2011. The increase was mainly due to (1) profit contribution from Shanxi Asian American-Daning which resumed commercial production in September last year, and (2) enhanced profitability of associated coal-fired power plants.

Share of results of jointly controlled entities

Share of results of jointly controlled entities in the first half of 2012 amounted to negative HK$32 million, as compared with HK$6 million in the first half of 2011. Share of results of jointly controlled entities in the first half of 2012 was mainly the share of accumulated losses from Shan Xi China Resources from January to April amounting to HK$28 million and accumulated losses from Tianjin Zhonghai Huarun Marine Company Limited for the first half amounting to HK$3 million.

Income Tax Expense

Income tax expense for the first half of 2012 was HK$350 million, representing a 48% decrease from HK$668 million for the first half of 2011. The decrease in PRC enterprise income tax was mainly due to (1) the reduction of coal price and sales volume, income tax on coal operation decreased; and (2) the decrease in income tax payable by Changshu Power Plant by RMB52 million year-on-year which was mainly due to receipt of tax credit in respect of purchase of domestically manufactured equipment amounting to RMB42 million. Details of the income tax expense for the six months ended 30 June 2011 and 2012 are set out below:

	Six months ended	
	30 June 2012	**30 June 2011**
	HK$'000	*HK$'000*
Current income tax - PRC Enterprise Income Tax	323,982	680,690
Deferred income tax	26,159	(13,138)
	350,141	667,552

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

	Six months ended 30 June 2012 *HK$'000*	30 June 2011 *HK$'000*
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	2,881,184	2,559,553
Amortisation of prepaid lease payments	34,848	27,355
Amortisation of mining rights	151,343	140,770
Total depreciation and amortisation	3,067,375	2,727,678
Employee benefit expenses	1,598,133	1,644,001
Included in other income		
Government grant	78,166	167,416
Interest income	273,671	178,933
Sales of scrap materials	155,400	141,590
Net income from coal distribution	26,220	—
Dividend income	84,786	—
CDM income	2,423	68,833
Others	66,793	73,305
Included in other gains and losses		
Fair value change on derivative financial instruments at fair value through profit or loss	828	10,880
Net exchange gains and losses	(117,284)	466,885
Others	8,289	8,603

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 2012 amounted to approximately HK$3,002 million, representing a 20.8% increase compared to HK$2,484 million in the first half of 2011.

If the exchange gains and losses for both periods were excluded, the Company's net profit for the first half of 2012 would amount to HK$3,119 million, representing a 54.6% increase from HK$2,017 million for the first half of 2011.

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:

	Six months ended	
	30 June 2012	**30 June 2011**
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	3,001,672	2,484,053

	Number of ordinary shares for the six months ended	
	30 June 2012	**30 June 2011**
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,749,110,855	4,687,014,527
Effect of dilutive potential ordinary shares:		
— share options	33,181,744	47,577,459
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,782,292,599	4,734,591,986

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 2012 (2011: interim dividend of HK6 cents per share).

At the Board meeting held on 19 March 2012, the Directors proposed a final dividend of HK$0.24 per share for the year ended 31 December 2011. Such proposal was subsequently approved by shareholders on 8 June 2012. The 2012 final dividend paid was approximately HK$1,140 million (2011: HK$1,278 million).

At the Board meeting held on 20 August 2012, the Directors declared an interim dividend of HK6 cents per share (2011: interim dividend of HK6 cents per share). Based on the latest number of shares in issue at the date of this announcement, the aggregate amount of the dividend is estimated to be HK$285 million.

The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 21 September 2012. The register of members of the Company will be closed from Monday, 17 September 2012 to Friday, 21 September 2012 (both days inclusive), during which no share transfer will be registered. To qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 14 September 2012. The dividend will be payable on or about Friday, 12 October 2012.

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 the 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 approximately HK$13,349 million as at 30 June 2012. 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.

Cash and cash equivalents as at 30 June 2012 denominated in local currency and foreign currencies mainly included HK$1,482 million, RMB4,037 million and US$27 million, respectively.

The bank and other borrowings of the Group as at 31 December 2011 and 30 June 2012 were as follows:

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
Secured bank loans	2,232,386	1,039,999
Unsecured bank loans	64,844,607	65,997,182
Corporate bonds	18,333,326	15,950,050
	85,410,319	82,987,231

The maturity profile of the above loans is as follows:

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
Within 1 year	21,542,723	26,418,243
More than 1 year, but not exceeding 2 years	13,385,334	7,274,267
More than 2 years, but not exceeding 5 years	28,939,833	24,066,113
More than 5 years	21,542,429	25,228,608
	85,410,319	82,987,231
Pledge of assets *(Note)*	5,256,205	4,436,737

Note: Certain bank loans were secured by the Group's land use rights, buildings, power generating plant and equipment with carrying values of HK$55,147,000 (2011: HK$447,107,000), HK$61,180,000 (2011: 134,923,000) and HK$5,139,878,000 (2011: HK$3,854,707,000).

The bank and other borrowings as at 30 June 2012 denominated in local currency and foreign currency amounted to HK$19.72 billion, RMB48.76 billion and US$770 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 2012, loans of HK$11.94 billion which were provided using floating rates were swapped to fixed interest rates at a range from 1.12% to 4.52% per annum.

As at 30 June 2012, the Group's ratio of net debt to shareholders' equity was 160.5%. In the opinion of the Directors, the Group has a relatively healthy capital structure, which can support its future development plan and operations.

For the six months ended 30 June 2012, the Group's primary sources of funding included new bank borrowings, issuance of medium term notes, advance from group companies and net cash inflow from operating activities, which amounted to HK$16.256 billion, HK$2.453 billion, HK$1.0 billion and HK$8.383 billion 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, interest paid and dividend paid, which amounted to HK$16.740 billion, HK$4.634 billion, HK$2.019 billion and HK$1.131 billion 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 2012	**As at 31 December 2011**
	HK$'000	*HK$'000*
0 — 30 days	6,217,553	7,236,940
31 — 60 days	86,650	558,293
Over 60 days	840,649	219,137
	7,144,852	8,014,370

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 2012 *HK$'000*	As at 31 December 2011 *HK$'000*
0 — 30 days	3,363,597	4,110,078
31 — 90 days	930,931	1,330,446
Over 90 days	1,976,855	492,105
	6,271,383	5,932,629

Key financial ratios of the Group

	As at 30 June 2012	As at 31 December 2011
Current ratio (times)	0.68	0.53
Quick ratio (times)	0.58	0.45
Net debt to shareholders' equity (%)	160.5%	165.3%
EBITDA interest coverage (times)	4.13	3.86

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 cash and cash equivalents 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 income tax + 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 2012, the Group had HK$1,481 million and US$27 million cash at bank, and HK$19.72 billion and US$770 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 2012.

Employees

As at 30 June 2012, the Group had approximately 38,067 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 Medium to Long-term Performance Evaluation Incentive Plan in order to attract and retain the best available personnel and to provide additional incentives to 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 2012.

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 (effective until 31 March 2012) during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code ("the New CG Code") (effective from 1 April 2012) contained in Appendix 14 to the Listing Rules except that due to other business engagements three non-executive directors (including two former directors), namely Mr. Du Wenmin, Mr. Shi Shanho and Mr. Zhang Haipeng and two independent non-executive directors, namely Ms. Leung Oi-sie, Elsie and Mr. Chen Ji Min were unable to attend the annual general meeting of the Company held on 8 June 2012 as provided for in code provision of New CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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 AND RISK COMMITTEE

The interim results for the six months ended 30 June 2012 have been reviewed by the Company's audit and risk committee and PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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
ZHOU Junqing
Chairman

Hong Kong, 20 August 2012

As at the date of this announcement, the Board of Directors of the Company comprises four executive directors, namely, Ms. ZHOU Junqing (Chairman), Mr. WANG Yu Jun (President), Mr. ZHANG Shen Wen (Vice Chairman) and Ms. WANG Xiao Bin (Chief Financial Officer and Company Secretary); four non-executive directors, namely Mr. DU Wenmin, Mr. WEI Bin, Mr. HUANG Daoguo and Mr. CHEN Ying; and five independent non-executive directors, namely Mr. Anthony H. ADAMS, Mr. CHEN Ji Min, Mr. MA Chiu-Cheung, Andrew, Ms. LEUNG Oi-sie, Elsie and Dr. CH'IEN Kuo-fung, Raymond.