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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

SUMMARY OF OPERATING RESULTS

The board of directors (the "Board") of China Resources Power Holdings Company Limited (the "Company") announces the audited financial results of the Company and its subsidiaries (the "Group" or "We") for the year ended 31 December 2012 (Year 2012).

For Year 2012, the Group recorded a profit attributable to owners of the Company ("net profit") of approximately HK$7,479 million, representing an increase of HK$ 3,028 million or 68.0% from a net profit of approximately HK$4,451 million for the year ended 31 December 2011 (Year 2011). Basic earnings per share for Year 2012 is HK$1.59, representing an increase of 67.4% from basic earnings per share of HK$0.95 for Year 2011.

The underlying net profit (excluding foreign exchange gains or losses) in Year 2012 increased by approximately 129.1% year-on-year.

The Board resolved to declare a final dividend of HK$0.45 per share for Year 2012. Including the interim dividend of HK$0.06 per share paid on 12 October 2012, total dividend paid and proposed for Year 2012 is HK$0.51 per share, representing a payout ratio of approximately 32.1%.

	For the year ended 31 December	
	2012	**2011**
Turnover *(HK$'000)*	62,435,520	60,708,674
Profit attributable to owners of the Company *(HK$'000)*	7,478,916	4,450,576
Basic earnings per share *(HK$)*	1.59	0.95
Interim dividend per share *(HK$)*	0.06	0.06
Final dividend per share *(HK$)*	0.45	0.24
Total dividend per share *(HK$)*	0.51	0.30

As at 31 December 2012, equity attributable to owners of the Company and total assets of the Group amounted to HK$54,043 million and HK$177,790 million, respectively. Cash and cash equivalents of the Group amounted to HK$4,397 million, with net debt to shareholders' equity ratio standing at approximately 140.4%.

	As at 31 December	
	2012	**2011**
Equity attributable to owners of the Company *(HK$'000)*	54,042,983	47,472,998
Total assets *(HK$'000)*	177,789,718	168,365,889
Cash and cash equivalents *(HK$'000)*	4,397,289	4,496,605
Bank and other borrowings *(HK$'000)*	80,267,035	82,987,231
Net debt to shareholders' equity *(%)*	140.4	165.3
EBITDA interest coverage *(times)*	4.5	3.9

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

BUSINESS REVIEW FOR 2012

We are engaged in the development, construction and operation of power plants, including large-scale efficient coal-fired generation units and various clean and renewable energy projects as well as development, construction and operation of coal mines.

In 2012, as a result of the slowdown in China's economic growth we witnessed only a mild increase in national electricity consumption. The first three quarters of the year were relatively weak while in the fourth quarter the economy showed signs of recovery. Supply and demand for electricity had been generally balanced nationwide since May 2012, and in some regions there was over supply of electricity capacity. According to the statistics of the China Electricity Council (CEC), China's power consumption in 2012 recorded approximately 4.96 trillion kWh, representing an increase of 5.5%, decelerating by 6.5 percentage points compared with 2011.

China's total power generation reached 4.98 trillion kWh in 2012, representing an increase of 5.2%, decelerating by 6.8 percentage points compared with 2011. Coal-fired power generation amounted to 3.9 trillion kWh, representing an increase of 0.3%, decelerating by 13.9 percentage points compared with 2011. Wind power generation amounted to 0.1 trillion kWh, representing an increase of 12.6% compared with 2011.

Benefiting from the tariff hikes announced by the Chinese government in 2011, our subsidiary coal-fired power plants recorded an increase of 4.9% in average tariffs (exclusive of VAT) in 2012 compared to 2011.

The demand and supply situation in the coal market was relatively easy in 2012. Domestic coal production capacity continued to expand, and the amount of coal imported into China grew significantly to 234 million tonnes during the year, increasing by 28.7% year on year. On the other hand coal prices fell sharply because of the weak domestic demand for coal. The price of the Qinhuangdao 5,500 kcal Shanxi Premier Blend was RMB805/tonne at the end of 2011 and fell to RMB620/tonne at the end of 2012, representing a decrease of RMB185/tonne or 23.0%. As a result of the decrease in coal prices, the Group's coal business experienced a decrease in earnings. However, due to the sharp increase in earnings of our coal-fired and wind power business, the Group still recorded a significant increase in its overall earnings.

According to the statistics of CEC, as at the end of 2012, the total generation capacity in China increased to approximately 1,144.9GW, representing an increase of approximately 7.8% or 80.2GW compared with the end of 2011. The total new capacity added for coal-fired, hydro, grid-connected wind power projects and grid-connected solar power projects amounted to approximately 50.7GW, 15.5GW, 12.8GW and 1.2GW, respectively. New coal-fired generation capacity added during the year only represented 63.2% of the total new capacity additions, representing a decrease of 8 percentage points from 2011.

In 2012, the average utilisation hours for coal-fired generation units in China decreased by 340 hours or 6.4% year on year to 4,965 hours. Most power plants of the Group are large-scale efficient generation units mainly located in regions with relatively strong demand for electricity which give us certain competitive advantages. The average full-load equivalent utilisation hours of our 32 coal-fired power plants which were operational for the full year of 2012 reached 5,680 hours, exceeding the national average level by 715 hours.

In 2012, the average utilisation hours for wind power generation units in China were 1,893 hours. Wind farms of the Group are mainly located in coastal regions of Eastern China and Southern China. The average full-load equivalent utilisation hours of our wind farms which were operational for the full year of 2012 reached 2,096 hours, exceeding the national average level by 203 hours.

Growth of generating capacity

As at 31 December 2012, our total attributable operational generation capacity increased to 25,271MW from 22,230MW as at 31 December 2011.

As at 31 December 2012, coal-fired attributable operational generation capacity amounted to 23,292MW, accounting for 92.2% of our total attributable operational generation capacity, representing a decrease of 1.2 percentage points compared to the end of last year. Wind, gas-fired and hydro capacity amounted to 1,622MW, 77MW and 280MW, respectively, and together accounting for 7.8% of our total attributable operational generation capacity, representing an increase of 1.2 percentage points compared to the end of last year which is mainly attributable to the commissioning of wind capacity and of our Yazuihe Hydro-electric Power Project.

In 2012, we commissioned four large-scale coal-fired generation units, including the second 600MW supercritical generation unit in Dengfeng Power Plant Phase II in Henan, a 1,000MW ultra-supercritical generation unit in Puqi Power Plant in Hubei and 2 x 1,000MW ultra-supercritical generation units in Hezhou Power Plant in Guangxi. In addition, Cangzhou Power Plant increased its capacity from 2 x 325MW to 2 x 330MW, together representing a 2,520MW increase in attributable operational generation capacity. In addition, we commissioned a number of wind farms in Inner Mongolia, Shandong, Heilongjiang, Gansu and Liaoning, which collectively added a total of 388MW of new attributable operational wind generation capacity. The Yazuihe Hydro-electric Project in Sichuan was also commissioned during the year, adding 133MW of new attributable operational generation capacity.

Generation volume

The total gross generation volume of our 55 consolidated operating power plants and wind farms amounted to 123,690,705MWh in 2012, representing an increase of 3.4% from 119,656,029MWh in 2011.

The total net generation volume of our 55 consolidated operating power plants and wind farms amounted to 116,273,170MWh in 2012, representing an increase of 3.7% from 112,080,283MWh in 2011.

On a same plant basis (using 32 coal-fired power plants which were in commercial operations for the entire year of 2011 and 2012), gross and net generation volumes decreased by 7.1% and 7.0%, respectively. The average full-load equivalent utilisation hours for 2012 of the 32 coal-fired power plants amounted to 5,680 hours, representing a decrease of 6.3% from 6,065 hours for 2011.

Fuel costs

Average unit fuel cost for our consolidated operating power plants in 2012 was RMB254.37/MWh representing a year-on-year decrease of 9.3%. Average standard coal cost for our consolidated operating power plants in 2012 decreased by 7.9% on a year-on-year basis.

In 2012, the average net generation standard coal consumption rate of our coal-fired power plants was 320.16g/kWh, representing a decrease of 5.83g/kWh or 1.8% from 325.99g/kWh in the previous year.

Environmental expenses

In 2012, environmental fees incurred by each of the subsidiaries were in the range of RMB11,000 to RMB28 million. The total amount of environmental fees incurred by our subsidiaries was RMB234 million, as compared with RMB227 million for 2011. The increase in environmental expenses was mainly due to the increase in the Company’s production capacity.

Development of renewable energy projects

In 2012, we continued to increase our investment in renewable energy projects, especially in the development and construction of wind farms. At the end of 2012, our attributable operational wind generation capacity reached 1,622MW and wind power capacity under construction was 180MW.

At the end of 2012, we obtained preliminary approvals from the government for the construction of wind power projects with a capacity of 3,800MW. At the same time, we have signed wind power investment and development agreements with 24 provinces and autonomous regions in China, with contracted reserves of wind power capacity of 45,000MW.

Coal mine operations

In 2012, our coal mine operations in Shanxi, Jiangsu, Henan and Hunan provinces produced a total of approximately 16.84 million tonnes of coal (aggregation of each mine production volume on a 100% basis), representing an increase of 1.8% from 2011, among which, 10.22 million and 6.62 million tonnes were produced by our subsidiary coal mines and associate coal mines respectively.

PROSPECTS FOR 2013

According to CEC forecasts, domestic investment and consumption is expected to maintain rapid growth and China's economy is estimated to grow at an annual GDP growth rate of 7.6% to 8.3% in 2013. These forecasts take into account the macro regulations and control measures, commencement of key construction projects under the "Twelfth Five-Year Plan" and the implementation of consumption stimulus policies. Due to factors such as industrial restructuring and the persistent control measures on the property market, the growth rate of power consumption in high energy consumption industries is not expected to rise significantly. Tertiary industry and household power consumption will continue to maintain high growth momentum and the growth pace of national demand for electricity will increase compared to 2012. It is expected that China's total electricity consumption in 2013 will increase to between 5.3 to 5.4 trillion kWh, representing an increase of 7.0% to 9.0% compared to 2012. It is also expected that newly installed generation capacity in 2013 will be no more than 80GW and the growth rate of generation capacity will further slow down.

On 25 December 2012, the General Office of the State Council issued the "Guidelines on Further Reforming Thermal Coal Marketization" (《關於深化電煤市場化改革的指導意見》), which states that the key contracts system and the double-track pricing system for thermal coal shall be cancelled with effect from 1 January 2013 and expressly requires that the coal-electricity tariff linkage mechanism be further developed. In the event that thermal coal prices fluctuate by 5% or beyond, corresponding adjustments will be made to on-grid tariffs on an annual basis and the proportion of power producers' exposure to coal price movements will be changed from 30% to 10%. Due to the further increase in coal supply resulting from the gradual increase in coal production capacity, the coal demand and supply situation will continue to remain easy in 2013. The thermal coal marketization reform will not have a material impact on coal prices in 2013, but will facilitate the electricity tariff marketization reform in the medium to long run.

In 2012, we constantly improved the operational efficiency of our power plants by reducing the net generation standard coal consumption rate. In 2013, we will continue to improve our operational efficiency and adopt standardized lean management throughout all our operational power plants to further enhance operational efficiency.

In light of the regulatory environment in China's coal-fired power generation sector, we screen our investment projects very stringently and select coal-fired power plant projects that we consider to be highly competitive and can create future value for our shareholders, such as highly efficient 1,000MW ultra-supercritical generation units with good logistics conditions in the coastal regions, and 300MW heat and power co-generation units in areas with high demand for heating. Furthermore, we also continue to increase our investments in the clean and renewable energy sectors, with a focus on the construction of wind farms.

We will continue to further increase the production output of our existing coal mines, especially in Shanxi Province. We aim to complete the construction, technological upgrade and acceptance inspections of most consolidated coal mines and obtain the licences required for coal production and operation issued by the government in 2013. With an increase in coal production, we will endeavour to develop stable and reliable sales channels as well as develop and establish the logistics system of our coal sales.

We have been broadening our financing channels with an aim to secure long-term low cost capital to support our business development. It is also critical for us to continue to monitor our capital structure and balance sheet on an on-going basis to ensure a stable capital structure to support the Group's operations and various development plans. In May 2012, we issued RMB2.0 billion medium term notes in China, with a term of 7 years and a coupon rate of 5.05%.

OPERATING RESULTS

The audited results of operations for the years ended 31 December 2012 and 2011 are as follows:

Consolidated Income Statement
For the year ended 31 December 2012

	2012	**2011**
	HK$'000	*HK$'000*
Turnover	62,435,520	60,708,674
Operating expenses		
Fuels	(35,589,027)	(38,382,666)
Repairs and maintenance	(1,145,345)	(1,015,042)
Depreciation and amortisation	(6,183,139)	(5,502,030)
Employee benefit expenses	(3,762,080)	(3,247,286)
Consumables	(928,894)	(1,008,657)
Business tax and surcharge	(499,995)	(424,735)
Others	(4,028,319)	(4,066,615)
Total operating expenses	(52,136,799)	(53,647,031)
Other income	1,306,198	1,248,732
Other gains — net	400,938	1,230,015
Operating profit	12,005,857	9,540,390
Finance costs	(3,835,796)	(3,515,563)
Share of results of associates	1,643,372	740,378
Share of results of joint ventures	90,328	96,944
Profit before income tax	9,903,761	6,862,149
Income tax expense	(1,179,214)	(1,242,763)
Profit for the year	8,724,547	5,619,386
Profit for the year attributable to:		
Owners of the Company	7,478,916	4,450,576
Non-controlling interests		
— Perpetual capital securities	418,344	269,275
— Others	827,287	899,535
	8,724,547	5,619,386
Earnings per share attributable to owners of the Company during the year		
— Basic	HK$1.59	HK$0.95
— Diluted	HK$1.58	HK$0.94

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	8,724,547	5,619,386
Other comprehensive income:		
Currency translation difference	226,225	1,724,851
Share of changes in translation reserve of associates and joint ventures	224,418	763,786
Fair value changes on cash flow hedges, net of tax	(2,485)	(29,103)
Other comprehensive income for the year, net of tax	448,158	2,459,534
Total comprehensive income for the year, net of tax	9,172,705	8,078,920
Attributable to:		
Owners of the Company	7,888,405	6,711,817
Non-controlling interests		
— Perpetual capital securities	418,344	269,275
— Others	865,956	1,097,828
	1,284,300	1,367,103
Total comprehensive income for the year, net of tax	9,172,705	8,078,920

Consolidated Balance Sheet
As at 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	103,660,633	96,418,551
Prepaid lease payments	2,372,579	2,301,477
Mining rights	14,051,781	10,703,707
Prepayment for non-current assets	4,447,854	4,212,585
Investments in associates	19,060,119	18,294,014
Investments in joint ventures	1,728,980	1,694,679
Goodwill	3,914,280	4,033,453
Deferred income tax assets	264,296	171,875
Available-for-sale investments	1,319,116	1,101,266
Loans to associates	—	2,394,638
Loan to a joint venture	—	1,233,500
Loan to an available-for-sale investee company	176,772	—
	150,996,410	142,559,745
Current assets		
Inventories	3,258,710	3,592,567
Trade receivables, other receivables and prepayments	14,758,931	16,123,016
Loans to associates	3,454,804	—
Amounts due from associates	592,171	593,992
Amounts due from joint ventures	—	122,122
Amounts due from other related companies	77,730	570,823
Financial assets at fair value through profit or loss	3,687	3,042
Pledged bank deposits	249,986	303,977
Cash and cash equivalents	4,397,289	4,496,605
	26,793,308	25,806,144
Total assets	177,789,718	168,365,889

	2012	2011
	HK$'000	*HK$'000*
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	4,762,863	4,745,092
Share premium and reserves	49,280,120	42,727,906
	54,042,983	47,472,998
Non-controlling interests		
— Perpetual capital securities	5,897,056	5,900,367
— Others	8,955,962	8,198,800
	14,853,018	14,099,167
Total equity	68,896,001	61,572,165
LIABILITIES		
Non-current liabilities		
Borrowings	59,876,386	56,568,988
Derivative financial instruments	320,851	210,354
Deferred income tax liabilities	573,881	579,455
Deferred income	487,547	226,631
Retirement benefit obligations	136,481	231,859
	61,395,146	57,817,287
Current liabilities		
Trade payables, other payables and accruals	23,022,262	19,305,755
Amounts due to associates	600,557	669,548
Amounts due to other related companies	2,977,131	2,036,924
Current income tax liabilities	506,479	398,408
Borrowings	20,390,649	26,418,243
Derivative financial instruments	1,493	147,559
	47,498,571	48,976,437
Total liabilities	108,893,717	106,793,724
Total equity and liabilities	177,789,718	168,365,889
Net current liabilities	(20,705,263)	(23,170,293)
Total assets less current liabilities	130,291,147	119,389,452

Consolidated Statement of Cash Flows
For the year ended 31 December 2012

	2012	2011
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	9,903,761	6,862,149
Adjustments for:		
Depreciation for property, plant and equipment	5,789,430	5,146,478
Amortisation of mining rights	312,433	285,980
Amortisation of prepaid lease payments	81,276	69,572
Recognition of share-based payments	1,477	153,734
Impairment loss on property, plant and equipment	324,226	—
Impairment loss on goodwill	274,000	—
Impairment loss on investment in associates	46,723	—
Impairment loss on available-for-sale investments	—	53,350
Provision for doubtful accounts	34,762	6,037
Interest expense	3,835,796	3,515,563
Interest income	(230,072)	(271,465)
Fair value change on financial assets at fair value through profit or loss	(645)	502
Fair value change on derivative financial instruments	(38,054)	4,925
Share of results of associates	(1,643,372)	(740,378)
Share of results of joint ventures	(90,328)	(96,944)
Dividends received from available-for-sale investments	(158,256)	(51,956)
Net loss (gain) on disposal of property, plant and equipment	(97,076)	53,345
Net gain on disposal of equity investments	(35,698)	—
Gain from liquidated damages	(174,547)	—
Changes in working capital:		
Decrease/(Increase) in inventories	333,857	(1,469,559)
Decrease/(Increase) in trade receivables, other receivables and prepayments	1,258,032	(3,325,474)
Increase in trade payables, other payables and accruals	535,916	3,391,406
Decrease in retirement benefit obligations	(95,378)	(36,342)
Income tax paid	(1,203,230)	(975,887)
CASH FLOWS FROM OPERATING ACTIVITIES - NET	18,965,033	12,575,036

	2012	2011
	HK$'000	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	1,011,099	1,006,871
Dividend received from available-for-sale investments	182,379	51,956
Interest received	232,425	388,942
Withdrawal in pledged bank deposits	53,991	45,754
Deposits for acquisition of mining rights and exploration and resources rights and related interests recovered	1,558,209	—
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	(10,374,241)	(12,199,050)
Deposit paid for acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	(295,883)	(2,829,839)
Proceeds from disposal of property, plant and equipment	24,923	239,994
Loan repaid from a non-controlling shareholder of a subsidiary	77,929	16,205
Loan repaid from a joint venture	—	133,837
Advance to associates	(812,137)	(41,018)
Advance to an investee company	(176,772)	(57,975)
Capital contribution for investments in associates	(270,265)	(350,980)
Capital contribution to joint ventures	(266,841)	(634,663)
Capital contribution for available-for-sale investments	(245,340)	—
Net cash outflow on acquisition of a subsidiary	(424,540)	—
Net cash outflow on acquisition of interest in an associate	(518,819)	(4,673,608)
Government grant related to assets	260,916	—
CASH FLOWS FROM INVESTING ACTIVITIES - NET	(9,982,967)	(18,903,574)

	2012	2011
	HK$'000	*HK$'000*
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings raised	33,574,785	34,944,441
Proceeds from issuance of corporate bonds	2,453,200	4,934,000
Net proceeds from issuance of perpetual capital securities	—	5,789,305
Proceeds on issuance of shares	107,929	116,595
Capital contribution from non-controlling interests	243,762	156,668
Repayment of bank and other borrowings	(39,599,742)	(36,403,474)
Coupon paid on perpetual capital securities	(421,655)	(204,658)
Purchase of shares held by medium to long-term performance evaluation incentive plan	(13,455)	(77,610)
Repayment of advances from associates	(68,991)	(366,723)
Repayment from/(advance to) other related companies	41,776	(404,923)
Loans advance from an intermediate holding company	2,600,000	3,700,700
Loans repaid to an intermediate holding company	(1,238,337)	(2,488,363)
Advance from (repayment to) non-controlling interests of subsidiaries	(154,874)	708,172
Interest paid	(4,346,029)	(3,950,587)
Dividends paid	(1,414,371)	(1,549,311)
Dividends paid to non-controlling interests of the subsidiaries	(882,867)	(1,184,643)
CASH FLOWS FROM FINANCING ACTIVITIES - NET	(9,118,869)	3,719,589
NET DECREASE IN CASH AND CASH EQUIVALENTS	(136,803)	(2,608,949)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,496,605	6,801,707
EXCHANGE GAIN	37,487	303,847
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4,397,289	4,496,605

Overview

Net profit for Year 2012 amounted to approximately HK$7,479 million, representing an increase of approximately 68.0% from approximately HK$4,451 million in 2011.

Given the continuous decrease in coal prices since mid-2012, the average unit fuel cost of our consolidated operating coal-fired power plants decreased by 9.3% year on year, which, together with the 4.9% increase in average tariff of our consolidated coal-fired power plants, drove our profit from operations to rise by 25.8% on a year-on-year basis to HK$12,006 million. Combined with the higher profit contribution from associates, net profit attributable to owners of the Company in 2012 increased by 68.0% compared to 2011.

Basis of preparation of financial statements and principal accounting policies

The consolidated financial statements have been prepared under the historical cost convention, as modified for available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair values.

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

At 31 December 2012, the Group had net current liabilities of approximately HK$20,705 million. The directors of the Company (the "Directors") are of the opinion that, taking into account the current operation and business plan of the Group as well as the banking facilities undrawn by the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as they fall due for the following twelve months from the balance sheet date. Therefore, these consolidated financial statements have been prepared on a going concern basis.

SEGMENT INFORMATION

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

	2012	2011
	HK$'000	*HK$'000*
Sales of electricity	55,547,575	50,705,427
Heat supply	2,344,618	2,018,296
Sales of coal	4,543,327	7,984,951
	62,435,520	60,708,674

Our turnover for the Year 2012 was HK$62,436 million, representing a 2.8% increase from HK$60,709 million in 2011. The increase in turnover was mainly due to (1) the 3.7% increase in total net generation volume of our 55 consolidated operating power plants and wind farms to 116,273,170 MWh from 112,080,283 MWh in 2011; and (2) the year-on-year increase in average tariff. The average tariff (exclusive of VAT) of our subsidiary coal-fired power plants during the year was RMB389.62/MWh, an increase of 4.9% from the year before. This was partially offset by (1) a decrease in the average sales price of coal per tonne; the average sales price of coal per tonne (exclusive of VAT) of subsidiary coal mines during the year was RMB405.5/tonne, a decrease of 20.3% from 2011; and (2) a decrease in total coal production volume of our subsidiary coal mines; our subsidiary coal mines produced a total of 10,220,000 tonnes of coal in 2012, a decrease of approximately 22.2% year-on-year from 2011.

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

Segment revenue and results

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

For the year ended 31 December 2012

	Generation of electricity *HK$'000*	**Coal mining** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Segment Revenue				
External sales	57,892,193	4,543,327	—	62,435,520
Inter-segment sales	—	62,272	(62,272)	—
Total	57,892,193	4,605,599	(62,272)	62,435,520
Segment profit	11,448,784	775,104	—	12,223,888
Unallocated corporate expenses				(486,157)
Interest income				230,072
Fair value change on derivative financial instruments				38,054
Finance costs				(3,835,796)
Share of results of associates				1,643,372
Share of results of joint ventures				90,328
Profit before income tax				9,903,761

For the year ended 31 December 2011

	Generation of electricity HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue				
External sales	52,723,723	7,984,951	—	60,708,674
Inter-segment sales	—	447,793	(447,793)	—
Total	52,723,723	8,432,744	(447,793)	60,708,674
Segment profit	6,109,516	3,621,895	—	9,731,411
Unallocated corporate expenses				(457,561)
Interest income				271,465
Fair value change on derivative financial instruments				(4,925)
Finance costs				(3,515,563)
Share of results of associates				740,378
Share of results of joint ventures				96,944
Profit before income tax				6,862,149

Inter-segment sales are charged at prevailing market rates.

Geographical segments

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

Operating expenses

Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation, employee benefit expenses, consumables, business tax and surcharge, and other operating expenses. Other operating expenses include (among others) sustainable development funds, safety fees, discharge fees, professional fees, office rent, travelling expenses, entertainment expenses and write-off of pre-operating expenses. Operating expenses in 2012 amounted to HK$52,137 million, a decrease of 2.8% from HK$53,647 million in 2011. The decrease was primarily attributable to the decrease in fuel costs as a result of the decrease in coal prices in the year.

Fuel costs in 2012 amounted to approximately HK$35,589 million, representing a decrease of HK$2,794 million or 7.3% from HK$38,383 million in 2011. Although the net generation volume of our consolidated power plants increased by 3.7% over last year, the average unit fuel cost for our consolidated power plants in 2012 decreased by 9.3% on a year-on-year basis, and as a result, fuel costs decreased over last year.

The total depreciation and amortisation expenses in 2012 increased by approximately HK$681 million or 12.4% to a total of approximately HK$6,183 million. This is mainly due to an increase in the total number of operating coal-fired power plants and wind farms during the year with our attributable operational capacity increasing from 22,230MW as at the end of 2011 to 25,271MW as at the end of 2012.

In 2012, repairs and maintenance costs increased by approximately HK$130 million or 12.8% to approximately HK$1,145 million. This was mainly due to the fact that the number of coal-fired generation units which underwent repair and maintenance increased during the year as compared to Year 2011 as the installed capacity increased. However, consumables decreased from approximately HK$1,009 million in 2011 to HK$929 million, down 7.9%, which is due to the decrease of production volume in coal mines and the decrease in the usage of materials accordingly.

Employee benefit expenses increased by approximately 15.9% or HK$515 million from approximately HK$3,247 million in 2011. This was due to an increase in the number of employees as a result of the expansion of the operations. As at the end of 2012, the Group had approximately 38,118 full-time employees, an increase from approximately 36,400 employees as at the end of 2011.

Business tax and surcharges increased by approximately 17.7% from HK$425 million in 2011 to approximately HK$500 million. This was attributed to (1) an increase of over 10% in the turnover of the Group from power generation and supply of heat and steam business during the year and (2) increased internal loan interest income through centralized management of internal funds during the year.

Other operating expenses for Year 2012 amounted to approximately HK$4,028 million, decreased by HK$39 million or 0.9% from HK$4,067 million in 2011. This is mainly due to the decrease of the production volume of coal in 2012, which results in a decrease in the related expenses, including sustainable development fund, safety fees and other fees, and charges and funds levied by the Chinese government.

Other income and other gains - net

During 2012, Other income amounted to approximately HK$1,306 million, representing an increase of 4.6% when compared with approximately HK$1,249 million in 2011, other gains - net were approximately HK$401 million, compared with other gains in 2011 of approximately HK$1,230 million.

Other income mainly included by-products of coal ash of approximately HK$345 million, interest income of approximately HK$230 million, government grant and subsidies of approximately HK$342 million, and dividend income of approximately HK$158 million.

Other gains - net represented mainly gains from compensation for breach of contract of HK$ 175 million, net gains from disposal of property, plants and equipment of HK$97 million, revenue from insurance claims of HK$24 million, and investment gains from disposal of equity of HK$37 million.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expense and non-controlling interests. Profit from operations amounted to approximately HK$12,006 million in 2012, representing a 25.8% increase from HK$9,540 million in 2011. The increase in profit from operations was mainly due to (1) the increase in both the power generation volume and average tariff of our power plants and (2) the decrease in unit fuel cost of our consolidated coal-fired power plants, but partially offset by (1) the decrease in both the production volume and price of coal of our consolidated coal mine operations and (2) the decrease in other gains - net.

Finance costs

Finance costs amounted to approximately HK$3,836 million in 2012, representing a 9.1% increase from HK$3,516 million in 2011. The increase in finance costs is due to a 3.4% increase in average bank and other borrowings (calculated using bank and other borrowings outstanding at the beginning and end of the year) from HK$78,949 million for 2011 to HK$81,627 million for 2012.

	2012 *HK$'000*	**2011** *HK$'000*
Interest on bank and other borrowings:		
— wholly repayable within five years	3,395,615	3,248,543
— not wholly repayable within five years	163,591	255,378
Interest on corporate bonds:		
— wholly repayable within five years	227,271	227,315
— not wholly repayable within five years	578,373	259,615
Others	61,496	120,025
	4,426,346	4,110,876
Less: Interest capitalised in property, plant and equipment	(590,550)	(595,313)
	3,835,796	3,515,563

Share of results of associates

Share of results of associates in 2012 amounted to approximately HK$1,643 million, an increase of 122% from HK$740 million in 2011. The increase was mainly due to (1) the full year contribution of Asian American-Daning whose coal production for this year was 4,725,000 tonnes, a year-on-year increase of approximately 214%, following the resumption of its production in September 2011 and (2) the improved performance of our associate power plants as a result of lower coal prices and higher tariffs.

Share of results of joint ventures

Share of results of joint ventures in 2012 amounted to approximately HK$90.3 million (2011: HK$96.9 million), mainly due to increase from contribution from Guangxi Hezhou Power plant but offset by (1) loss of Tianjin Zhonghai Huarun Marine as a result of reduction in freight rate and (2) loss of Shanxi China Resources before it became a subsidiary.

Fair value change on derivative financial instruments

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion and changes in fair value of some swaps that do not qualify for hedge accounting are recognised immediately in profit and loss. Fair value gain on derivative financial instruments in 2012 amounted to HK$38.1 million and represented the gain relating to the ineffective portion of cash flow hedge.

Income tax expense

Income tax expense in 2012 was approximately HK$1,179 million, a decrease of 5.1% from approximately HK$1,243 million in 2011. The higher PRC enterprise income tax in 2011 was due to the relatively high profit of our consolidated coal mine operations which paid tax at the standard tax rate. As the profit of the coal segment decreased, the enterprise income tax decreased in 2012. In addition, although the profit of our consolidated power plants increased, certain of our power plants still enjoy preferential taxation treatments. The above reasons resulted in a decrease in income tax expense for this year.

Details of the Income tax expense for the years ended 31 December 2012 and 2011 are set out below:

	2012	**2011**
	HK$'000	*HK$'000*
Current income tax — PRC enterprise income tax	1,183,628	1,216,396
Deferred income tax	(4,414)	26,367
	1,179,214	1,242,763

No provision for Hong Kong income tax has been made as the Group had no taxable profit in Hong Kong or incurred tax losses for both years.

The 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 year

	2012	2011
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration		
— Fees	1,280	1,280
— Salaries and bonus	22,405	12,937
— Pension costs	739	478
— Share-based compensations	24	33,037
	24,448	47,732
Wages, salaries and bonus	3,144,957	2,569,729
Pension costs, excluding directors - retirement benefit schemes	591,222	509,128
Share-based compensations, excluding directors	1,453	120,697
Total staff costs	3,762,080	3,247,286
Amortisation of prepaid lease payments	81,276	69,572
Amortisation of mining rights (included in depreciation and amortisation)	312,433	285,980
Auditor's remuneration	6,898	7,200
Cost of inventories recognised as operating expenses	36,517,921	39,391,323
Depreciation of property, plant and equipment	5,789,430	5,146,478
Impairment loss on property, plant and equipment	324,226	—
Impairment loss on goodwill	274,000	—
Impairment loss on investment in associates	46,723	
Impairment loss on available-for-sale investments	—	53,350
Minimum lease payments under operating leases in respect of:		
— land and buildings	57,695	72,341
— other assets	—	6,214
Fair value change on financial assets at fair value through profit or loss (included in other gains - net)	(645)	502
Fair value change on derivative financial instruments (included in other gains and losses)	(38,054)	4,925

	2012	2011
	HK$'000	*HK$'000*
and after crediting:		
CDM income	26,540	100,235
Dividend income from available-for-sale investee company	158,256	51,956
Government grant	341,741	425,195
Interest income	230,072	271,465
Sales of scrap materials	345,271	198,354
Service income from heat connection contracts	153,692	15,860
Gains from liquidated damages	174,547	—
Net exchange gains/(losses) (included in other gains - net)	(4,344)	1,183,620
Net gains/(losses) on disposal of property, plant and equipment (included in other gains - net)	97,076	(53,345)
Expenses capitalised in construction in progress:		
Other staff cost	503,046	113,248
Pension costs	8,316	25,062
Depreciation and amortisation	33,701	11,537

Profit for the year attributable to owners of the Company

As a result of the above, the profit attributable to owners of the Company has increased from approximately HK$4,451 million in 2011 to HK$7,479 million in 2012, representing a 68.0% increase year-on-year.

Earnings per share

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

	2012	2011
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	7,478,916	4,450,576

	Number of ordinary shares	
	2012	**2011**
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	4,715,737,893	4,695,272,325
Effect of dilutive potential ordinary shares:		
— share options	29,432,773	42,626,981
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,745,170,666	4,737,899,306

	2012	**2011**
	HK$	*HK$*
Basic earnings per share	1.59	0.95
Diluted earnings per share	1.58	0.94

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK$0.45 per share for the year of 2012 (2011: HK$0.24 per share).

	2012	**2011**
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2012 Interim, paid — HK$0.06 per share (2011: HK$0.06 per share)	285,446	284,458
2011 Final, paid — HK$0.24 per share (2010: HK$0.27 per share)	1,140,325	1,278,745
	1,425,771	1,563,203

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 7 June 2013 (the "AGM"), the proposed final dividend will be distributed on or about Wednesday, 26 June 2013 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 17 June 2013.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 3 June 2013 to Friday, 7 June 2013 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend and vote at the AGM, 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, 31 May 2013.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2012, the register of members of the Company will be closed on Monday, 17 June 2013, during which no share transfer will be registered. To qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 14 June 2013.

Capital structure management

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

The capital structure of the Group consists of net debts, which includes long-term bank borrowings, short-term bank borrowings and corporate bonds and other loans, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained 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, borrowings, and charge of assets

The Group had net current liabilities as at 31 December 2012. The Directors are of the opinion that, taking into account the presently undrawn borrowing facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements for at least the next twelve months commencing from the date of the financial statements.

The cash and cash equivalents as at 31 December 2012 denominated in local currency and foreign currencies amounted to approximately HK$299 million, RMB3,187 million and US$21 million.

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

	2012	**2011**
	HK$'000	*HK$'000*
Secured bank loans	5,548,401	1,039,999
Unsecured bank loans	56,290,178	65,997,182
Corporate bonds and notes	18,428,456	15,950,050
	80,267,035	82,987,231

The maturity profile of the above bank and other borrowings is as follows:

	2012	**2011**
	HK$'000	*HK$'000*
Within 1 year	20,390,649	26,418,243
Between 1 and 2 years	6,183,528	7,274,267
Between 2 and 5 years	34,143,493	24,066,113
Over 5 years	19,549,365	25,228,608
	80,267,035	82,987,231
The above secured bank and other borrowings are secured by:		
Pledge of assets (note)	5,986,147	4,436,737

Note: Certain bank loans were secured by the Group's prepaid lease payments, buildings, and power generating plant and equipment with carrying values of HK$30,475,000 (2011: HK$447,107,000), HK$10,773,000 (2011: HK$134,923,000) and HK$5,944,899,000 (2011: HK$3,854,707,000) respectively.

The bank and other borrowings as at 31 December 2012 denominated in local currency and foreign currencies amounted to HK$19,226 million, RMB44,331 million and US$820 million, respectively.

As at 31 December 2012, bank and other borrowings of approximately HK$19,226 million and US$820 million (2011: HK$17,645 million and US$191 million) bore interest at a range from HIBOR plus 0.8% to HIBOR plus 2.6% per annum and LIBOR plus 0.59% to LIBOR plus 2.4% per annum, respectively. The remaining bank and other borrowings carried interest rates at a range from 3.6% to 7.2% (2011: 1.34% to 7.4%) per annum.

The Group uses interest rate swaps with net quarterly settlement to minimise its exposure to interest expenses of certain Hong Kong Dollar bank borrowings by swapping floating interest rates to fixed interest rates. As at 31 December 2012, loans of HK$8,202 million which were provided using floating rates were swapped to fixed interest rates at a range from 1.12% to 3.36% per annum.

As at 31 December 2012, the Group's ratio of net debt to shareholders' equity was 140.4%, with total debt to total capitalisation ratio of 53.8%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plan and operations.

In 2012, the Group's primary sources of funding included new bank loans, issuance of medium-term notes, advances from an intermediate holding company and net cash inflows from operating activities, which amounted to HK$33,574 million, HK$2,453 million, HK$2,600 million and HK$18,965 million, respectively. The Group's funds were primarily used in repayment of bank loans, acquisition of property, plant and equipment and land use rights, and interest paid, which amounted to HK$39,600 million, HK$10,374 million and HK$4,346 million, respectively.

Trade receivables

	2012	2011
	HK$'000	*HK$'000*
Account receivables	9,162,384	8,029,065
Note receivables	887,710	988,163
	10,050,094	9,017,228
Less: provision for impairment of trade receivables	(47,117)	(14,695)
	10,002,977	9,002,533

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

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

	2012	2011
	HK$'000	*HK$'000*
0 - 30 days	7,933,241	7,492,863
31 -60 days	505,681	560,258
Over 60 days	1,611,172	964,107
	10,050,094	9,017,228

Trade payables

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

	2012	2011
	HK$'000	*HK$'000*
0 - 30 days	5,539,284	4,110,078
31 - 90 days	1,476,954	1,330,446
Over 90 days	1,937,454	492,105
	8,953,692	5,932,629

Key financial ratios of the Group

	2012	2011
Current ratio (times)	0.56	0.53
Quick ratio (times)	0.50	0.45
Net debt to shareholders' equity (%)	140.4	165.3
EBITDA interest coverage (times)	4.5	3.9

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

Foreign exchange rate risk

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

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

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

As at 31 December 2012, the Group had approximately HK$299 million and US$21 million cash at bank and HK$19,226 million and US$820 million bank and other borrowings on its balance sheet, the remaining assets and liabilities of the Group were mainly denominated in RMB.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2012 (2011: Nil).

Employees

The Group had approximately 38,118 employees as at 31 December 2012 (2011: 36,400 employees).

The Company and its subsidiaries have concluded employment contracts with all of its respective employees. The compensation of employees mainly includes salaries and performance-based bonuses.

Medium to Long-term Performance Evaluation Incentive Plan

The Company has adopted the Medium to Long-term Performance Evaluation Incentive Plan (the "Plan"). The Plan aims to link the performance of employees and the management and the overall operating results and the accomplishment of strategic objectives of the Company to the income of employees and the management through medium and long term performance appraisals. The Plan was effective from 25 April 2008 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.

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 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied, throughout the financial year, with the code provisions set out in the Code on Corporate Governance Practices (until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) contained in Appendix 14 of the Listing Rules.

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

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code.

AUDITORS AND AUDIT COMMITTEE

The financial statements of the Company for the year ended 31 December 2012 are audited by PricewaterhouseCoopers. The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2012.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLIC FLOAT

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year of 2012 will be held on 7 June 2013 in Hong Kong.

By Order of the Board
China Resources Power Holdings Company Limited
Zhou Junqing
Chairman

Hong Kong, 18 March 2013

As at the date of this announcement, the executive directors of the Board of the Company are Ms. ZHOU Junqing, Mr. WANG Yu Jun, Mr. ZHANG Shen Wen and Ms. WANG Xiao Bin; the non-executive directors are Mr. DU Wenmin, Mr. WEI Bin, Mr. HUANG Daoguo and Mr. CHEN Ying; and the independent non-executive directors are 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.