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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 2013

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 2013 (“Year 2013”).

For Year 2013, the Group recorded a profit attributable to owners of the Company (“net profit”) of approximately HK\$11,016 million, representing an increase of HK\$3,537 million or 47.3% from a net profit of approximately HK\$7,479 million for the year ended 31 December 2012 (“Year 2012”). Basic earnings per share for Year 2013 is HK\$2.32, representing an increase of 46.5% from basic earnings per share of HK\$1.59 for Year 2012.

The Board resolved to declare a final dividend of HK\$0.67 per share for Year 2013. Including the interim dividend of HK\$0.08 per share paid in October 2013, total dividend paid and proposed for Year 2013 is HK\$0.75 per share, representing a payout ratio of approximately 32.3%.

	For the year ended 31 December	
	2013	2012
Turnover (<i>HK\$'000</i>)	69,581,526	62,435,520
Profit attributable to owners of the Company (<i>HK\$'000</i>)	11,015,526	7,478,916
Basic earnings per share (<i>HK\$</i>)	2.32	1.59
Interim dividend per share (<i>HK\$</i>)	0.08	0.06
Final dividend per share (<i>HK\$</i>)	<u>0.67</u>	<u>0.45</u>
Total dividend per share (<i>HK\$</i>)	<u>0.75</u>	<u>0.51</u>

As at 31 December 2013, equity attributable to owners of the Company and total assets of the Group amounted to HK\$64,985 million and HK\$213,865 million, respectively. Cash and cash equivalents of the Group amounted to HK\$6,035 million, with net debt to shareholders' equity ratio standing at approximately 132.2%.

	As at 31 December	
	2013	2012
Equity attributable to owners of the Company (<i>HK\$'000</i>)	64,985,061	54,042,983
Total assets (<i>HK\$'000</i>)	213,864,903	177,789,718
Cash and cash equivalents (<i>HK\$'000</i>)	6,035,046	4,397,289
Bank and other borrowings (<i>HK\$'000</i>)	92,569,457	83,381,954
Net debt to shareholders' equity (%)	132.2	145.7
EBITDA interest coverage (<i>times</i>)	6.5	4.5

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

BUSINESS REVIEW FOR 2013

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.

China's total power generation reached 5.35 trillion kWh in 2013, representing an increase of 7.5%, accelerating by 2.3 percentage points compared with 2012. Coal-fired power generation amounted to 4.2 trillion kWh, representing an increase of 7.1%, accelerating by 6.8 percentage points compared with 2012. Wind power generation amounted to 0.14 trillion kWh, representing an increase of 36.4% compared with 2012.

The demand and supply in the coal market was relatively easy in 2013. China's coal production volume increased slightly and coal net imports continued to grow. In 2013, China's net imports amounted to approximately 320 million tonnes, 40 million tonnes higher than that in 2012. At the start of 2013, coal prices experienced a slow decline at first, and accelerated as summer approached. In the fourth quarter, coal prices rebounded due to factors such as overhaul of Datong-Qinhuangdao Railway line and coal storage in winter. On average, as a result of a sharp decrease during the first ten months, coal prices still recorded a significant decline in 2013.

According to the statistics of China Electricity Council ("CEC"), as at the end of 2013, the total generation capacity in China increased to approximately 1,247.4GW, representing an increase of approximately 9.3% or 94GW compared with the end of 2012. The total new capacity added for coal-fired, hydro, grid-connected wind power projects and grid-connected solar power projects amounted to approximately 36.5GW, 29.9GW, 14.1GW and 11.3GW, respectively. New coal-fired generation capacity added during the year only represented 38.8% of the total new capacity additions, representing a decrease of 24.4 percentage points from 2012.

In 2013, as a result of the slight improvement in electricity consumption and low water flow of hydro-electric plants in the second half of the year, the average utilisation hours for coal-fired generation units in China increased by 30 hours or 0.6% year on year to 5,012 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 the 32 coal-fired power plants which were operational for the full year of 2013 reached 5,747 hours, exceeding the national average level by 735 hours.

In 2013, the average utilisation hours for wind power generation units in China was 2,080 hours. Wind farms of the Group are mainly located in regions with few issues of curtailment including Eastern, Southern and Northern China. The average full-load equivalent utilisation hours of our wind farms which were operational for the full year of 2013 reached 2,248 hours, exceeding the national average level by 168 hours.

Growth of generating capacity

As at 31 December 2013, our total attributable operational generation capacity increased to 26,921MW from 25,271MW as at 31 December 2012.

As at 31 December 2013, coal-fired attributable operational generation capacity amounted to 23,692MW, accounting for 88.0% of our total attributable operational generation capacity, representing a decrease of 4.2 percentage points compared to the end of last year. Wind, gas-fired and hydro capacity amounted to 2,872MW, 77MW and 280MW, respectively, and together accounting for 12.0% of our total attributable operational generation capacity, representing an increase of 4.2 percentage points compared to the end of last year which is mainly attributable to the increase of operational wind power generation capacity.

In 2013, a 1,000MW ultra-supercritical coal-fired generation unit in Puqi, Hubei was commissioned and three 200MW coal-fired generation units in Jinzhou, Liaoning were shut down. In addition, we commissioned a group of wind power projects and acquired a number of wind farms from our parent company during the first half of the year in Shandong, Inner Mongolia, Shanxi, Hubei, Guangdong, Heilongjiang, Jiangsu and Liaoning, which collectively added a total of 1,250MW of new attributable operational wind generation capacity.

Generation volume

The total gross generation volume of our 79 consolidated operating power plants and wind farms amounted to 133,247,814MWh in 2013, representing an increase of 9.8% from 121,350,109MWh in 2012.

The total net generation volume of our 79 consolidated operating power plants and wind farms amounted to 125,447,662MWh in 2013, representing an increase of 10.0% from 114,006,115MWh in 2012.

On a same plant basis (using 32 coal-fired power plants which were in commercial operations for the entire year of 2012 and 2013), both gross and net generation volumes increased by 0.4%. The average full-load equivalent utilisation hours for 2013 of the 32 coal-fired power plants amounted to 5,747 hours, representing an increase of 0.4% from 5,725 hours in 2012.

On-grid Tariff Adjustment

The National Development and Reform Commission of China (“NDRC”) issued a notice to cut the on-grid tariffs of the coal-fired power plants throughout the PRC effective 25 September 2013 and the rate of adjustment ranging from RMB 9/MWh to RMB 25/MWh varies from region to region, which affected the profitability of the Group’s coal-fired power plants to a certain extent. However, coal-fired power plants continued to benefit from abundant supply of coal and decrease in coal price.

Fuel costs

Average unit fuel cost for our consolidated operating power plants in 2013 was RMB212.78/MWh, representing a year-on-year decrease of 16.3%. Average standard coal cost for our consolidated operating power plants in 2013 decreased by 15.1% on a year-on-year basis.

In 2013, the average net generation standard coal consumption rate of our coal-fired power plants was 315.19g/kWh, representing a decrease of 4.97g/kWh or 1.6% from 320.16g/kWh in the previous year.

Environmental expenses

In 2013, environmental fees incurred by each of the subsidiaries were in the range of RMB30,000 to RMB25 million. The total amount of environmental fees incurred by our subsidiaries was RMB200 million, as compared with RMB234 million for 2012. The decrease in environmental expenses was mainly due to shutdown of three 200MW coal-fired generation units in Jinzhou, Liaoning by the Company during the year, and the reduction of oxynitride emission due to the completion of denitration installation on some generation units.

Development of renewable energy projects

In 2013, we continued to increase our investment in renewable energy projects, especially in the development and construction of wind farms. We acquired 32 wind power projects incubated by our parent company at a total consideration of HK\$4,286.8 million in the first half of the year. At the end of 2013, our attributable operational wind generation capacity reached 2,872MW and wind power capacity under construction was 827MW.

Coal mine operations

In 2013, our coal mine operations in Shanxi, Jiangsu, Henan and Hunan provinces produced a total of approximately 14.62 million tonnes of coal (aggregation of each mine production volume on a 100% basis), representing a decrease of 13.2% from 2012, among which, 12.43 million and 2.19 million tonnes were produced by our subsidiary coal mines and associate coal mines, respectively.

PROSPECTS FOR 2014

In 2014, in accordance with reforms promulgated by the “Third Plenary Session”, such as new-type urbanization, establishment of Free Trade Zones and further implementation of market mechanisms, in order to satisfy various demands of structural adjustment, growth promotion and employment preserving, it is expected that the Chinese government will aim to sustain a stable growth in annual GDP.

Currently, the adjustment to industrial structure is mainly to solve the problem of excess capacity and transfer high energy consumption industries to the western and central regions. It is expected that the growth rate of power consumption in high energy consumption industries will not rise significantly. Tertiary industry and household power consumption will continue to maintain high growth momentum, however, industrial power consumption will remain a dominant part.

The CEC forecasts that the overall power demand in 2014 is expected to remain moderate, and the supply and demand for electricity in the PRC will continue to be balanced. It is expected that China’s total electricity consumption in 2014 will increase to between 5.67 to 5.72 trillion kWh, representing an increase of approximately 6.5% to 7.5% compared to 2013.

It is expected that the trend of total output easing and the structural surplus in the coal market will not make fundamental changes in 2014. In spite of the carry-over effect of coal prices during the fourth quarter of 2013, it is expected that it will be difficult for coal prices to rebound substantially in 2014 and we believe it will continue to remain at low levels similar to that in 2013.

In 2014, we will continue to implement standardized lean management throughout our operational power plants, with which, we aim to improve our operational efficiency and management level, as well as improve and optimize various production and operation indicators constantly through organic growth. Meanwhile, we will continue to accelerate the installation of denitration and ash-removal facilities in our coal-fired power plants to seek environmental tariff subsidies and to actively perform on our social obligations in energy conservation and emission reduction.

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. Furthermore, we will also continue to increase our investments in the clean and renewable energy sectors, with a focus on the construction of wind farms.

In 2014, we will continue to complete the construction, technological upgrade and acceptance inspections of some of the consolidated coal mines to obtain the licences required for coal mine production and operation issued by the government. At the same time, we will continue to endeavour to develop stable and reliable sales channels as well as establish the logistics system of our coal sales.

We have been broadening and maintaining low-cost financing channels. 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.

OPERATING RESULTS

The audited results of operations for the years ended 31 December 2013 and 2012 are as follows:

Consolidated Income Statement For the year ended 31 December 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Turnover	<u>69,581,526</u>	<u>62,435,520</u>
Operating expenses		
Fuels	(33,067,387)	(35,589,027)
Repairs and maintenance	(1,579,675)	(1,145,345)
Depreciation and amortisation	(7,371,469)	(6,183,139)
Employee benefit expenses	(4,784,336)	(3,762,080)
Consumables	(1,070,107)	(928,894)
Impairment charges	(1,997,057)	(679,711)
Business tax and surcharge	(659,993)	(499,995)
Others	<u>(4,256,991)</u>	<u>(3,348,608)</u>
Total operating expenses	<u>(54,787,015)</u>	<u>(52,136,799)</u>
Other income	1,848,651	1,306,198
Other gains — net	<u>861,339</u>	<u>400,938</u>
Operating profit	17,504,501	12,005,857
Finance costs	(3,328,216)	(3,835,796)
Share of results of associates	1,205,388	1,643,372
Share of results of joint ventures	<u>755,556</u>	<u>90,328</u>
Profit before income tax	16,137,229	9,903,761
Income tax expense	<u>(3,551,936)</u>	<u>(1,179,214)</u>
Profit for the year	<u><u>12,585,293</u></u>	<u><u>8,724,547</u></u>
Profit attributable to:		
Owners of the Company	11,015,526	7,478,916
Non-controlling interests		
— Perpetual capital securities	421,835	418,344
— Others	<u>1,147,932</u>	<u>827,287</u>
	<u><u>12,585,293</u></u>	<u><u>8,724,547</u></u>
Earnings per share attributable to owners of the Company during the year		
— Basic	<u><u>HK\$2.32</u></u>	<u><u>HK\$1.59</u></u>
— Diluted	<u><u>HK\$2.31</u></u>	<u><u>HK\$1.58</u></u>

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit for the year	<u>12,585,293</u>	<u>8,724,547</u>
Other comprehensive income:		
Currency translation differences	2,217,253	226,225
Share of other comprehensive income of investments accounted for using the equity method	188,065	224,418
Cash flow hedges	<u>150,216</u>	<u>(2,485)</u>
Other comprehensive income for the year, net of tax	<u>2,555,534</u>	<u>448,158</u>
Total comprehensive income for the year	<u><u>15,140,827</u></u>	<u><u>9,172,705</u></u>
Attributable to:		
Owners of the Company	13,218,931	7,888,405
Non-controlling interests		
— Perpetual capital securities	421,835	418,344
— Others	<u>1,500,061</u>	<u>865,956</u>
	<u>1,921,896</u>	<u>1,284,300</u>
Total comprehensive income for the year	<u><u>15,140,827</u></u>	<u><u>9,172,705</u></u>

Consolidated Balance Sheet
As at 31 December 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	131,579,042	103,660,633
Prepaid lease payments	2,747,683	2,372,579
Mining rights	21,381,263	14,051,781
Exploration and resources rights	172,565	—
Prepayment for non-current assets	7,066,387	4,447,854
Investments in associates	12,995,773	19,060,119
Investments in joint ventures	1,873,202	1,728,980
Goodwill	3,126,941	3,914,280
Deferred income tax assets	494,493	264,296
Available-for-sale investments	1,375,876	1,319,116
Loan to an available-for-sale investee company	—	176,772
Loan to a non-controlling shareholder of a subsidiary	<u>17,171</u>	<u>—</u>
	<u>182,830,396</u>	<u>150,996,410</u>
Current assets		
Inventories	3,481,838	3,258,710
Trade receivables, other receivables and prepayments	18,344,979	14,758,931
Loans to associates	839,447	3,454,804
Loan to joint ventures	369,903	—
Loan to an available-for-sale investee company	277,860	—
Amounts due from associates	264,727	592,171
Amounts due from joint ventures	778,419	—
Amounts due from other related companies	41,329	77,730
Financial assets at fair value through profit or loss	2,956	3,687
Pledged bank deposits	598,003	249,986
Cash and cash equivalents	<u>6,035,046</u>	<u>4,397,289</u>
	<u>31,034,507</u>	<u>26,793,308</u>
Total assets	<u><u>213,864,903</u></u>	<u><u>177,789,718</u></u>

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	4,791,457	4,762,863
Share premium and reserves	<u>60,193,604</u>	<u>49,280,120</u>
	<u>64,985,061</u>	<u>54,042,983</u>
Non-controlling interests		
— Perpetual capital securities	5,897,006	5,897,056
— Others	<u>13,850,814</u>	<u>8,955,962</u>
	<u>19,747,820</u>	<u>14,853,018</u>
Total equity	<u><u>84,732,881</u></u>	<u><u>68,896,001</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	73,438,346	59,876,386
Derivative financial instruments	173,652	320,851
Deferred income tax liabilities	2,569,573	573,881
Deferred income	607,513	487,547
Retirement and other long-term employee benefits obligations	<u>386,797</u>	<u>136,481</u>
	<u>77,175,881</u>	<u>61,395,146</u>
Current liabilities		
Trade payables, other payables and accruals	29,956,821	23,022,262
Amounts due to associates	969,497	600,557
Amounts due to joint ventures	397,203	—
Amounts due to other related companies	4,997,201	2,977,131
Current income tax liabilities	1,322,159	506,479
Borrowings	14,313,260	20,390,649
Derivative financial instruments	<u>—</u>	<u>1,493</u>
	<u>51,956,141</u>	<u>47,498,571</u>
Total liabilities	<u>129,132,022</u>	<u>108,893,717</u>
Total equity and liabilities	<u><u>213,864,903</u></u>	<u><u>177,789,718</u></u>
Net current liabilities	<u>(20,921,634)</u>	<u>(20,705,263)</u>
Total assets less current liabilities	<u><u>161,908,762</u></u>	<u><u>130,291,147</u></u>

Consolidated Statement of Cash Flows
For the year ended 31 December 2013

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	16,137,229	9,903,761
Adjustments for:		
Depreciation for property, plant and equipment	6,915,411	5,789,430
Amortisation of mining rights	389,339	312,433
Amortisation of prepaid lease payments	66,718	81,276
Recognition of share-based payments	—	1,477
Impairment charges on property, plant and equipment	801,220	324,226
Impairment charges on mining rights	27,619	—
Impairment charges on goodwill	949,652	274,000
Impairment charges on investments in associates	46,723	46,723
Impairment charges on inventories	78,180	—
Provision for doubtful accounts	93,663	34,762
Exchange gains	(893,411)	—
Interest expense	3,328,216	3,835,796
Interest income	(196,198)	(230,072)
Fair value changes on financial assets at fair value through profit or loss	844	(645)
Fair value changes on derivative financial instruments	1,524	(38,054)
Share of results of associates	(1,205,388)	(1,643,372)
Share of results of joint ventures	(755,556)	(90,328)
Dividends received from available-for-sale investments	(199,845)	(158,256)
Net losses/(gains) on disposal of property, plant and equipment	107,768	(97,076)
Net gains on disposal of prepaid lease payments	(8,163)	—
Net losses/(gains) on disposal of equity investments	20,067	(35,698)
Damages received from termination of a contract	—	(174,547)
Changes in working capital:		
Decrease in inventories	22,641	333,857
(Increase)/decrease in trade receivables, other receivables and prepayments	(2,284,891)	1,258,032
Increase in trade payables, other payables and accruals	2,810,749	535,916
Increase/(decrease) in retirement and other long-term employee benefits obligations	316,140	(95,378)
Income tax paid	<u>(3,382,560)</u>	<u>(1,203,230)</u>
CASH FLOWS FROM OPERATING ACTIVITIES - NET	<u>23,187,691</u>	<u>18,965,033</u>

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from associates	1,141,461	1,011,099
Dividend received from available-for-sale investments	45,762	182,379
Interest received	465,874	232,425
(Additions)/withdrawal of pledged bank deposits	(347,069)	53,991
Recovery of deposits for acquisition of mining rights and exploration and resources rights and related interests	—	1,558,209
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	(22,983,598)	(10,374,241)
Deposit paid for acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	(274,728)	(295,883)
Proceeds from disposal of property, plant and equipment	48,479	24,923
Proceeds from disposal of prepaid lease payments	10,049	—
Proceeds from disposal of investments	573,771	—
Loan repaid from a non-controlling shareholder of a subsidiary	(13,912)	77,929
Loans repaid by associates/(loans to associates)	2,678,382	(812,137)
Loan to an available-for-sale investee company	(95,552)	(176,772)
Loan to a non-controlling shareholder of a subsidiary	(17,171)	—
Capital contribution for available-for-sale investments	(31,729)	(245,340)
Capital contribution into associates	(388,582)	(270,265)
Capital contribution into joint ventures	(18,299)	(266,841)
Net cash inflow/(outflow) on acquisition of subsidiaries	5,007,498	(424,540)
Net cash outflow on acquisition of interest in an associate	—	(518,819)
Government grants related to assets	<u>126,872</u>	<u>260,916</u>
CASH FLOWS FROM INVESTING ACTIVITIES - NET	<u>(14,072,492)</u>	<u>(9,982,967)</u>

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings raised	40,459,277	33,574,785
Proceeds from issuance of corporate bonds	—	2,453,200
Repayment of bank borrowings	(37,112,030)	(39,599,742)
Coupon payment on perpetual capital securities	(421,885)	(421,655)
Proceeds from issuance of shares for exercised options	196,573	107,929
Proceeds from disposal of interests in a subsidiary to non-controlling interest	244,366	—
Capital contributions from non-controlling interests	576,746	243,762
Purchase of shares held by a medium to long-term performance evaluation incentive plan	—	(13,455)
Advances from/(repayment of advances to) associates	303,376	(68,991)
Advances from joint ventures	396,489	—
Advances from other related companies	69,124	41,776
Loan from an intermediate holding company	—	2,600,000
Loan repaid to an intermediate holding company	(2,600,511)	(1,238,337)
Repayment to non-controlling interests of subsidiaries	(3,377)	(154,874)
Interests paid	(4,073,375)	(4,346,029)
Dividends paid to owners of the Company	(2,514,411)	(1,414,371)
Dividends paid to non-controlling interests of the subsidiaries	<u>(3,158,884)</u>	<u>(882,867)</u>
CASH FLOWS FROM FINANCING ACTIVITIES - NET	<u>(7,638,522)</u>	<u>(9,118,869)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,476,677	(136,803)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,397,289	4,496,605
EXCHANGE GAINS	<u>161,080</u>	<u>37,487</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>6,035,046</u></u>	<u><u>4,397,289</u></u>

Overview

Net profit for Year 2013 amounted to approximately HK\$11,016 million, representing an increase of approximately 47.3% from approximately HK\$7,479 million in Year 2012.

In 2013, increase of 10% in net generation volume of our subsidiary power plants and decrease of 16.3% in average unit fuel cost for our consolidated operating coal-fired power plants respectively, in comparison with 2012, drove our profit from operations to rise by 45.8% on a year-on-year basis to HK\$17,505 million. Combined with increases in other income/foreign exchange gains, the decrease in finance costs and the higher profit contribution from joint ventures, net profit during the year increased by 47.3% compared to Year 2012.

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.

As at 31 December 2013, the Group had net current liabilities of approximately HK\$20,922 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.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Sales of electricity	61,685,099	55,547,575
Of which: Sales of power generation from coal-fired power plants	58,045,660	53,064,679
Sales of power generation from renewable energy	3,639,439	2,482,896
Heat supply	2,507,712	2,344,618
Sales of coal	<u>5,388,715</u>	<u>4,543,327</u>
	<u><u>69,581,526</u></u>	<u><u>62,435,520</u></u>

Our turnover for the Year 2013 was HK\$69,582 million, representing a 11.5% increase from HK\$62,436 million in Year 2012. The increase in turnover was mainly due to a 10.0% increase year-on-year in net generation volume of our consolidated operating power plants, and CR Daning being consolidated into the Group as a subsidiary in March 2013, but partially offset by a 12% decrease in sales volume of our same subsidiary coal mines and decrease in average sales price of coal per tonne by approximately 22.7% as compared to the same period last year.

The Group is currently engaged in three business areas - thermal power (inclusive of coal-fired and gas fired power plants), renewable energy (inclusive of wind farms and hydro-electric projects) and coal mining. With the development of renewable energy business and the acquisition of certain subsidiaries engaging in this business in 2013, management determined to disclose renewable energy as a separate reportable segment due to its importance from 2013, instead of including it in the segment of “Generation of electricity and heat” in prior years.

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 2013

	Coal-fired power HK\$'000	Renewable energy HK\$'000	Coal mining HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue					
External sales	60,553,372	3,639,439	5,388,715	—	69,581,526
Inter-segment sales	<u>—</u>	<u>—</u>	<u>70,251</u>	<u>(70,251)</u>	<u>—</u>
Total	<u>60,553,372</u>	<u>3,639,439</u>	<u>5,458,966</u>	<u>(70,251)</u>	<u>69,581,526</u>
Segment profit	<u>15,573,237</u>	<u>2,058,495</u>	<u>353,862</u>	<u>—</u>	<u>17,985,594</u>
Unallocated corporate expenses					(675,767)
Interest income					196,198
Fair value change on derivative financial instruments					(1,524)
Finance costs					(3,328,216)
Share of results of associates					1,205,388
Share of results of joint ventures					755,556
Profit before income tax					<u>16,137,229</u>

FOR THE YEAR ENDED 31 DECEMBER 2012

	Coal-fired power <i>HK\$'000</i>	Renewable energy <i>HK\$'000</i>	Coal mining <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
External sales	55,409,297	2,482,896	4,543,327	—	62,435,520
Inter-segment sales	<u>—</u>	<u>—</u>	<u>62,272</u>	<u>(62,272)</u>	<u>—</u>
Total	<u>55,409,297</u>	<u>2,482,896</u>	<u>4,605,599</u>	<u>(62,272)</u>	<u>62,435,520</u>
Segment profit	<u>9,999,045</u>	<u>1,449,739</u>	<u>775,104</u>	<u>—</u>	<u>12,223,888</u>
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					<u>9,903,761</u>

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 fuels, repairs and maintenance, depreciation and amortisation, employee benefit expenses, consumables, business tax and surcharge, impairment charges, 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 Year 2013 amounted to HK\$54,787 million, an increase of 5.1% from HK\$52,137 million in Year 2012.

The increase in operating expenses was primarily attributable to the increases in depreciation and amortisation, repairs and maintenance, employee benefit expenses, consumables, business tax and surcharge, impairment charges and other operating expenses, however, fuels decreased as a result of the decrease in coal prices in the year.

Fuels in Year 2013 amounted to approximately HK\$33,067 million, representing a decrease of HK\$2,522 million or 7.1% from HK\$35,589 million in Year 2012. Although the net generation volume of our consolidated power plants increased by 10.0% over last year, the average unit fuel cost for our consolidated coal-fired power plants in 2012 decreased by 16.3% on a year-on-year basis, as a result, fuels decreased over last year.

Depreciation and amortisation in 2013 increased by approximately HK\$1,188 million or 19.2% to a total of approximately HK\$7,371 million. This is mainly due to (1) 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 25,271MW as at the end of 2012 to 26,921MW as at the end of 2013; and (2) CR Daning was consolidated into the Group as a subsidiary since March 2013.

In 2013, repairs and maintenance costs increased by approximately HK\$434 million or 37.9% to approximately HK\$1,580 million. This was mainly due to the increase in the number of coal-fired generation units which underwent repairs and maintenance during the year as compared to 2012 as the installed capacity increased.

Employee benefit expenses increased by approximately 27.2% or HK\$1,022 million to HK\$4,784 million from approximately HK\$3,762 million in 2012. This was due to an increase in the number of employees as a result of the expansion of operations. As at the end of 2013, the Group had approximately 43,990 full-time employees, representing an increase from approximately 38,118 employees as at the end of 2012. In addition, as CR Daning became a subsidiary of the Company in March 2013, its employee benefit expenses have been included.

Business tax and surcharge increased by approximately 32.0% from HK\$500 million in 2012 to approximately HK\$660 million. This was mainly attributed to the consolidation of CR Daning and an increase in the net value-added tax due to the decrease in unit fuel cost, resulting in an increase in surcharge.

Impairment charges increased by 193.8%, from approximately HK\$680 million for Year 2012 to approximately HK\$1,997 million, mainly due to (1) the impairment provision made by the Company for some assets of certain mines and coal-fired generation units of the Company in view of government policies for shutting down inefficient capacity, technology phasing out and natural wear and tear and (2) the Company made impairment provision for goodwill after analyzing the market in which certain coal-fired generation units of the Group operate.

Other operating expenses for Year 2013 amounted to approximately HK\$4,257 million, increased by HK\$908 million or 27.1% from HK\$3,349 million in 2012, including other operating expenses arising from the consolidation of CR Daning of approximately HK\$510 million.

Other income and other gains - net

During 2013, other income amounted to approximately HK\$1,849 million, representing an increase of 41.5% when compared with approximately HK\$1,306 million in 2012.

The increase in other income is mainly due to the increase in sales revenue from by-products of coal ash to approximately HK\$645 million in 2013, representing an increase of HK\$300 million or 86.9% from the previous year, interest income of approximately HK\$196 million, government grant and subsidies of approximately HK\$357 million, dividend income of approximately HK\$200 million and service income from heat connection contracts of approximately HK\$160 million.

Other gains were approximately HK\$861 million, compared with other gains in 2012 of approximately HK\$401 million. The increase in other gains was mainly due to the exchange gains of HK\$893 million in the year, compared with exchange losses of approximately HK\$4 million in 2012.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expense and non-controlling interests. Operating profit amounted to HK\$17,505 million for Year 2013, representing an increase of 45.8% from HK\$12,006 million for Year 2012. The increase was mainly due to (1) increased profit of power plants as a result of the decrease in unit fuel cost; (2) profit contribution from newly commissioned large-scale coal-fired generation units; (3) consolidation of CR Daning in the financial statements since it became a subsidiary in March 2013; (4) increase in earnings from wind power operations driven by

increased operational wind power generation capacity; and (5) increase in exchange gains, after partially offset by decrease in earnings from coal operations resulted from the reduction of sales volume of our same subsidiary coal mines and fall in sales price of coal.

Finance costs

Finance costs amounted to approximately HK\$3,328 million in Year 2013, representing a decrease of 13.2% from HK\$3,836 million in Year 2012, mainly because the average cost of bank and other borrowings was approximately 4.84% during the year, representing a decrease of approximately 0.42 percentage point compared to 5.26% in 2012. While the average amount of bank and other borrowings (being the average of the sum of total interest-bearing liabilities at the beginning and the end of the year) increased to HK\$87,976 million in 2013 from HK\$84,059 million in 2012, total finance costs decreased.

	2013 HK\$'000	2012 HK\$'000
Interests on <u>bank borrowings</u> :		
— wholly repayable within five years	2,938,563	3,360,416
— not wholly repayable within five years	118,296	163,591
Interests on corporate bonds:		
— wholly repayable within five years	498,546	227,271
— not wholly repayable within five years	356,059	578,373
Interests on <u>loans from related parties</u> :		
— wholly repayable within five years	86,000	35,199
Others	<u>101,738</u>	<u>61,496</u>
	4,099,202	4,426,346
Less: Interests capitalised in property, plant and equipment	<u>(770,986)</u>	<u>(590,550)</u>
	<u><u>3,328,216</u></u>	<u><u>3,835,796</u></u>

Share of results of associates

Share of results of associates in Year 2013 amounted to approximately HK\$1,205 million, representing a decrease of HK\$438 million or 26.7% from HK\$1,643 million in Year 2012. The decrease was mainly due to CR Daning being consolidated as a subsidiary since March 2013, while it was accounted for as an associate before that, resulting in a decrease in share of results of associates. However, the profitability of associate coal-fired power plants improved in 2013.

Share of results of joint ventures

Share of results of joint ventures in Year 2013 amounted to approximately HK\$756 million (Year 2012: HK\$90.33 million). This was mainly attributable to the profit contributed by Hezhou Power Plant, Guangxi, which commenced commercial operation during the second half of 2012.

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 Year 2013 amounted to HK\$1.5 million and represented the gain relating to the ineffective portion of cash flow hedge.

Income tax expense

Income tax expense for Year 2013 amounted to HK\$3,552 million, representing an increase of HK\$2,373 million or 201.2% from HK\$1,179 million in 2012. In 2013, the increase in PRC enterprise income tax was mainly due to (1) increased profit of our consolidated power plants; (2) increased tax rates due to the expiration of tax concessions for certain subsidiary coal-fired power plants; (3) certain consolidated wind power projects entering preferential income tax stage with 50% concession or levied in full; and (4) increase in income tax expense resulting from the consolidation of CR Daning after it became a subsidiary.

Details of the Income tax expense for the years ended 31 December 2013 and 2012 are set out below:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current income tax — PRC enterprise income tax	3,622,109	1,183,628
Deferred income tax	<u>(70,173)</u>	<u>(4,414)</u>
	<u><u>3,551,936</u></u>	<u><u>1,179,214</u></u>

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

	2013 HK\$'000	2012 HK\$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration		
— Fees	1,225	1,280
— Salaries and bonus	17,855	22,405
— Pension costs	496	739
— Share-based compensations	<u>—</u>	<u>24</u>
	19,576	24,448
Wages, salaries and bonus	3,676,834	3,144,957
Pension costs, excluding directors - retirement benefit schemes	729,678	591,222
Employees termination benefits	358,248	—
Share-based compensations, excluding directors	<u>—</u>	<u>1,453</u>
Total staff costs	4,784,336	3,762,080
Amortisation of prepaid lease payments	66,718	81,276
Amortisation of mining rights	389,339	312,433
Auditor's remuneration	8,267	6,898
Cost of inventories recognised as operating expenses	34,215,674	36,517,921
Depreciation of property, plant and equipment	6,915,411	5,789,430
Impairment loss on property, plant and equipment	801,220	324,226
Impairment loss on mining rights	27,619	—
Impairment loss on goodwill	949,652	274,000
Impairment loss on investment in associates	46,723	46,723
Impairment loss on inventories	78,180	—
Provision for doubtful accounts	93,663	34,762
Minimum lease payments under operating leases in respect of:		
— land and buildings	68,498	57,695
Fair value changes on financial assets at fair value through profit or loss (included in other gains)	844	(645)
Fair value changes on derivative financial instruments (included in other gains)	<u>1,524</u>	<u>(38,054)</u>

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
and after crediting:		
CERs income	4,041	26,540
Dividend income from available-for-sale investments	199,845	158,256
Government grant	356,758	341,741
Interest income	196,198	230,072
Sales of scrap materials	645,222	345,271
Service income from heat connection contracts	160,229	153,692
Damages received from termination of contract	—	174,547
Net exchange gains/(losses) (included in other gains)	893,411	(4,344)
Net (losses)/gains on disposal of property, plant and equipment (included in other gains)	(107,768)	97,076
Net gains on disposal of prepaid lease payments	<u>8,163</u>	<u>—</u>
Expenses capitalised in construction in progress:		
Other staff cost	691,922	503,046
Pension costs	12,278	8,316
Depreciation and amortisation	<u>59,607</u>	<u>33,701</u>

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\$7,479 million in 2012 to HK\$11,016 million in Year 2013, representing a 47.3% 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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>11,015,526</u>	<u>7,478,916</u>

	Number of ordinary shares	
	2013	2012
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	4,742,484,020	4,715,737,893
Effect of dilutive potential ordinary shares: — share options	<u>20,840,404</u>	<u>29,432,773</u>

Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,763,324,424</u>	<u>4,745,170,666</u>
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	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Basic earnings per share	<u>2.32</u>	<u>1.59</u>
Diluted earnings per share	<u>2.31</u>	<u>1.58</u>

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK\$0.67 per share for Year 2013 (2012: HK\$0.45 per share).

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2013 Interim, paid — HK\$0.08 per share (2012: HK\$0.06 per share)	379,944	285,446
2012 Final, paid — HK\$0.45 per share (2011: HK\$0.24 per share)	<u>2,134,940</u>	<u>1,140,325</u>
	<u>2,514,884</u>	<u>1,425,771</u>

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 10 June 2014 (the “AGM”), the proposed final dividend will be distributed on or about Friday, 27 June 2014 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 18 June 2014.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 5 June 2014 to Tuesday, 10 June 2014 (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 Wednesday, 4 June 2014.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2013, the register of members of the Company will be closed on Wednesday, 18 June 2014, during which no share transfer will be registered. To qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 17 June 2014.

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 and other borrowings, corporate bonds and loans from related parties, 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 of approximately HK\$20,922 million as at 31 December 2013. 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 2013 denominated in HKD, RMB and other foreign currencies amounted to approximately HK\$596 million, RMB4,110 million and US\$27 million.

The bank and other borrowings of the Group as at 31 December 2013 and 2012 were as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Secured bank loans	5,525,013	5,548,401
Unsecured bank loans	64,612,881	56,290,178
Corporate bonds and notes	17,613,712	18,428,456
Loans from related parties	<u>4,817,851</u>	<u>3,114,919</u>
	<u>92,569,457</u>	<u>83,381,954</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within 1 year	19,131,111	23,505,568
Between 1 and 2 years	19,234,939	6,183,528
Between 2 and 5 years	41,369,840	34,143,493
Over 5 years	<u>12,833,567</u>	<u>19,549,365</u>
	<u>92,569,457</u>	<u>83,381,954</u>

The above secured bank and other borrowings
are secured by:

Pledge of assets (<i>note</i>)	<u>4,582,227</u>	<u>5,986,147</u>
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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\$40,942,000 (2012: HK\$30,475,000), HK\$971,465,000 (2012: HK\$10,773,000) and HK\$3,569,820,000 (2012: HK\$5,944,899,000) respectively.

The bank and other borrowings as at 31 December 2013 denominated in HKD, RMB and other foreign currencies amounted to HK\$31,214 million, RMB43,198 million and US\$824 million, respectively.

As at 31 December 2013, bank and other borrowings of approximately HK\$31,214 million and US\$824 million (2012: HK\$21,830 million and US\$820 million) bore interest at a range from HIBOR plus 0.87% to HIBOR plus 2.3% per annum and LIBOR plus 1.34% to LIBOR plus 2% per annum, respectively. The remaining bank and other borrowings and loans from related parties carried interest rates at a range from 2.85% to 6.55% (2012: 2.85% to 7.2%) 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 2013, loans of HK\$8,002 million which were provided using floating rates were swapped to fixed interest rates at a range from 1.12% to 2.33% per annum.

As at 31 December 2013, the Group's ratio of net debt to shareholders' equity was 132.2%, with total debt to total capitalisation ratio of 52.2%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plan and operations.

In Year 2013, the Group's primary sources of funding included cash inflow from new bank loans, loans repaid from associates, cash from both the consolidation of CR Daning and the acquisition of Elite Wing Limited and net cash inflow from operating activities, which amounted to HK\$40,459 million, HK\$2,678 million, HK\$5,007 million and HK\$23,188 million, respectively. The Group's funds were primarily used for the repayment of short-term bank borrowings, acquisition of and deposits paid for property, plant and equipment and prepaid lease payments, dividend and interest payments, which amounted to HK\$37,112 million, HK\$23,258 million, HK\$5,673 million and HK\$4,073 million, respectively.

Trade receivables

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Account receivables	9,888,095	9,162,384
Note receivables	<u>2,324,761</u>	<u>887,710</u>
	12,212,856	10,050,094
Less: provision for impairment of trade receivables	<u>(87,037)</u>	<u>(47,117)</u>
	<u><u>12,125,819</u></u>	<u><u>10,002,977</u></u>

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

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 - 30 days	9,240,964	7,933,241
31 - 60 days	684,262	505,681
Over 60 days	<u>2,287,630</u>	<u>1,611,172</u>
	<u><u>12,212,856</u></u>	<u><u>10,050,094</u></u>

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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 - 30 days	5,730,765	5,539,284
31 - 90 days	1,829,807	1,476,954
Over 90 days	<u>2,878,940</u>	<u>1,937,454</u>
	<u><u>10,439,512</u></u>	<u><u>8,953,692</u></u>

Key financial ratios of the Group

	2013	2012
Current ratio (times)	0.60	0.56
Quick ratio (times)	0.53	0.50
Net debt to shareholders' equity (%)	132.2	145.7
EBITDA interest coverage (times)	6.5	4.5

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 borrowings at the end of the year + balance of borrowings from related parties at the end of the year - balance of cash and cash equivalents at the end of the year - balance of pledged 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 our operations 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.

The majority of the Group's operations are in the PRC and transactions are mainly denominated in RMB which is the functional currency of the respective group entities. Foreign exchange risk mainly arises from certain borrowings denominated in HKD and USD, particularly depreciation of the RMB against HKD and USD. The Group does not use derivative financial instruments to hedge its exposure against changes in exchange rates of the RMB against HKD and USD.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2013 (2012: Nil).

Employees

The Group had approximately 43,990 employees as at 31 December 2013 (2012: 38,118 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 Year 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied, throughout the financial year, with the code provisions set out in the Corporate Governance Code 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 Group for the year ended 31 December 2013 are audited by PricewaterhouseCoopers. The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2013.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 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 Year 2013 will be held on 10 June 2014 in Hong Kong.

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

Hong Kong, 17 March 2014

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.