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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 2014

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”) for the year ended 31 December 2014.

For 2014, the Group recorded a profit attributable to owners of the Company (“Net Profit”) of approximately HK\$9,215 million, representing a decrease of HK\$1,801 million or 16.3% from a Net Profit of approximately HK\$11,016 million for the year ended 31 December 2013. Basic earnings per share for 2014 is HK\$1.94, representing a decrease of 16.6% from basic earnings per share of HK\$2.32 for 2013. Given the relatively relaxed supply-demand balance in the PRC coal market in 2014 where coal supply outpaced demand, coal prices continued to drop. The Group expects no fundamental changes in the oversupply situation in the coal market, and coal prices will remain weak in the short term, and as a result, the Group made a provision for impairment losses on its coal mining assets. For the major reasons of the provision for impairment losses, please refer to “Operating expenses” and “Share of results of associates” under the section headed “Operating results”. In addition, the Group also made provision for impairment losses on certain obsolete power assets. According to the Group’s respective stakes in these coal mines and power assets, the effect of the impairment losses recognized in the Group’s Net Profit amounted to HK\$4,366 million. Excluding those impairment losses mentioned above, Net Profit of the Group for the year was approximately HK\$13,581 million.

The Board resolved to recommend a final dividend of HK\$0.70 per share for 2014. Including the interim dividend of HK\$0.08 per share paid in October 2014, total dividend paid and proposed for 2014 is HK\$0.78 per share.

	For the year ended 31 December	
	2014	2013
Turnover (<i>HK\$'000</i>)	70,680,628	69,581,526
Profit attributable to owners of the Company (<i>HK\$'000</i>)	9,214,858	11,015,526
Basic earnings per share (<i>HK\$</i>)	1.94	2.32
Dividend per share (<i>HK\$</i>)	0.78	0.75

As at 31 December 2014, equity attributable to owners of the Company and total assets of the Group amounted to HK\$70,794 million and HK\$225,648 million, respectively. Cash and cash equivalents of the Group amounted to HK\$8,285 million, with net debt to shareholders' equity ratio standing at approximately 129.1%.

	As at 31 December	
	2014	2013
Equity attributable to owners of the Company (<i>HK\$'000</i>)	70,794,403	64,985,061
Total assets (<i>HK\$'000</i>)	225,648,081	213,864,903
Cash and cash equivalents (<i>HK\$'000</i>)	8,285,135	6,035,046
Bank and other borrowings (<i>HK\$'000</i>)	100,432,860	92,569,457
Net debt to shareholders' equity (%)	129.1	132.2
EBITDA interest coverage (<i>times</i>) ⁽¹⁾	6.5	6.8

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

Note:

- (1) Excluding non-cash incomes and expenses, being impairment losses, changes in the fair value of derivative financial instruments and exchange gains or losses.

BUSINESS REVIEW FOR 2014

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 5.55 trillion kWh in 2014, representing an increase of 3.6%, growth rate dropping by 4.1 percentage points compared with 2013. Coal-fired power generation amounted to 4.2 trillion kWh, representing a decrease of 0.7% compared with 2013. Wind power generation amounted to 0.16 trillion kWh, representing an increase of 12.2% compared with 2013.

Due to the slowdown in macroeconomic growth as well as the economic transition and industrial restructuring in the country, supply and demand in the coal market in 2014 maintained an easing trend in general with supply greater than demand, and coal prices in the domestic market continued to be weak on a downward trend. The easing of supply and demand of coal and the decrease in spot coal prices enabled the Group to further control fuel costs.

In 2014, as a result of the slowdown in electricity consumption and rapid growth in hydropower generation, the average utilisation hours for coal-fired generation units in China decreased by 314 hours or 7.1% year on year to 4,706 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 Group's 33 coal-fired power plants which were operational for the full year of 2014 reached 5,325 hours, exceeding the national average level for coal-fired power plants by 619 hours.

In 2014, the average utilisation hours for wind power generation units in China was 1,905 hours. Wind farms of the Group are mainly located in regions with few issues of curtailment including Eastern, Southern and Central China. The average full-load equivalent utilisation hours of our wind farms which were operational for the full year of 2014 reached 1,989 hours, exceeding the national average level by 84 hours.

Growth of generating capacity

As at 31 December 2014, the Group's total attributable operational generation capacity increased to 31,331MW from 26,921MW as at 31 December 2013.

As at 31 December 2014, attributable operational generation capacity of the Group's coal-fired power plants amounted to 27,420MW, accounting for 87.5% of the Group's total attributable operational generation capacity, representing a decrease of 0.5 percentage point compared to the end of 2013. Wind, gas-fired and hydro capacity amounted to 3,554MW, 77MW and 280MW, respectively, and together accounting for 12.5% of the Group's total attributable operational generation capacity, representing an increase of 0.5 percentage point compared to the end of last year.

In 2014, the Group commissioned nine large-scale coal-fired generation units, including 2x 1,000MW ultra-supercritical generation units of Cangnan Power Plant in Zhejiang, 2x 350MW heat and power co-generation units of Yichang Power Plant in Hubei, 2x 350MW heat and power co-generation units of Panjin Power Plant in Liaoning, 2x 350MW heat and power co-generation units of Tangshan Fengrun Power Plant in Hebei and one 660MW ultra-supercritical heat and power co-generation unit of Jiaozuo Longyuan Power Plant in Henan, resulting in an increase in total attributable operational generation capacity of 3,980MW. Newly added total attributable operational generation capacity in wind-farms was 682MW. In January 2014, the Group divested our 20% stake in Zhangjiagang Shazhou Power Plant, reducing our total attributable operational generation capacity by 252MW.

Generation volume

The total gross generation volume of the Group's consolidated operating power plants and wind farms amounted to 140,068,174MWh in 2014, representing an increase of 5.1% from 133,247,814MWh in 2013.

The total net generation volume of the Group's consolidated operating power plants and wind farms amounted to 132,036,399MWh in 2014, representing an increase of 5.3% from 125,447,662MWh in 2013.

On a same plant basis (using 33 coal-fired power plants which were in commercial operations for the entire year of 2013 and 2014), both gross and net generation volumes decreased by 7.5%. The average full-load equivalent utilisation hours of the 33 coal-fired power plants in 2014 amounted to 5,325 hours, representing a decrease of 7.5% from 5,759 hours in 2013.

On-grid tariff adjustment

The on-grid tariffs of coal-fired power plants throughout the People's Republic of China ("PRC") was cut effective on 1 September 2014 and the rate of adjustment in the region in which the Group's coal-fired power plants operate varied from region to region ranging from RMB4.7/MWh to RMB19.1/MWh, and 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 the Group's consolidated operating power plants in 2014 was RMB186.07/MWh, representing a year-on-year decrease of 12.6%. Average standard coal cost for the Group's consolidated operating power plants in 2014 was RMB596.46/ton, representing a decrease of 10.9% from the previous year.

In 2014, the average net generation standard coal consumption rate of the Group's coal-fired power plants was 311.70g/kWh, representing a decrease of 3.49g/kWh or 1.1% from 315.19g/kWh in 2013.

Environmental expenses

In 2014, the total amount of environmental expenses incurred by the Group was RMB150 million, representing a significant decrease of 25% compared to 2013. The decrease in environmental expenses was mainly due to the reduction of emission due to the completion of desulfurization, denitration and ash removal equipments installation on most of generation units.

Development of renewable energy projects

In 2014, we continued to increase our investment in renewable energy projects, especially in the development and construction of wind farms. At the end of 2014, our attributable operational wind generation capacity reached 3,554MW and wind power capacity under construction was 854MW.

Coal mine operations

In 2014, the consolidated and associated coal mines of the Group produced a total of approximately 11.65 million tonnes of coal (aggregation of each mine's production volume), representing a decrease of 17.9% from 2013, among which, 9.53 million and 2.12 million tonnes were produced by our subsidiary coal mines and associate coal mines, respectively.

PROSPECTS FOR 2015

We do not expect national power consumption to increase substantially in 2015. The China Electricity Council (“CEC”) forecasts that the overall power demand in 2015 is expected to remain moderate, and the supply and demand for electricity in the PRC will continue to be balanced. It is expected that the growth rate of power consumption in 2015 will range from 4.0% to 5.0%.

It is expected that the trend of total output easing and the structural surplus in the coal market will continue in 2015. Coal prices are expected to continue to be weak in the near future and remain at low levels in 2015.

In 2015, we will continue to implement 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 upgrading of ash-removal facilities in our remaining coal-fired units to reduce emission and to actively perform our social obligations in energy conservation and emission reduction.

We will also continue to increase our investments in the clean and renewable energy sectors, with a focus on the construction of wind farms, and commence the construction of solar power stations.

OPERATING RESULTS

Our audited results of operations for the years ended 31 December 2014 and 2013 are as follows:

Consolidated Income Statement For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
Turnover	<u>70,680,628</u>	<u>69,581,526</u>
Operating expenses		
Fuels	(31,044,413)	(33,067,387)
Repairs and maintenance	(1,762,055)	(1,579,675)
Depreciation and amortisation	(8,599,543)	(7,371,469)
Employee benefit expenses	(5,214,157)	(4,784,336)
Consumables	(1,003,571)	(1,070,107)
Impairment charges	(6,094,392)	(1,997,057)
Business tax and surcharge	(799,563)	(659,993)
Others	<u>(3,913,569)</u>	<u>(4,256,991)</u>
Total operating expenses	<u>(58,431,263)</u>	<u>(54,787,015)</u>
Other income	2,057,888	1,848,651
Other gains — net	<u>912,943</u>	<u>861,339</u>
Operating profit	15,220,196	17,504,501
Finance costs	(3,325,487)	(3,328,216)
Share of results of associates	(1,177,765)	1,205,388
Share of results of joint ventures	<u>467,461</u>	<u>755,556</u>
Profit before income tax	11,184,405	16,137,229
Income tax expense	<u>(4,290,788)</u>	<u>(3,551,936)</u>
Profit for the year	<u><u>6,893,617</u></u>	<u><u>12,585,293</u></u>
Profit for the year attributable to:		
Owners of the Company	9,214,858	11,015,526
Non-controlling interests		
— Perpetual capital securities	421,709	421,835
— Others	<u>(2,742,950)</u>	<u>1,147,932</u>
	<u>(2,321,241)</u>	<u>1,569,767</u>
	<u><u>6,893,617</u></u>	<u><u>12,585,293</u></u>
Earnings per share attributable to owners of the Company during the year		
— Basic	<u>HK\$1.94</u>	<u>HK\$2.32</u>
— Diluted	<u>HK\$1.93</u>	<u>HK\$2.31</u>

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year	<u>6,893,617</u>	<u>12,585,293</u>
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(198,087)	2,217,253
Share of other comprehensive income of investments accounted for using the equity method	(23,937)	188,065
Fair value changes on cash flow hedges, net of tax	63,371	150,216
Changes in fair value of available-for-sale investments, net of tax	<u>212,844</u>	<u>—</u>
Total items that may be reclassified subsequently to profit or loss	<u>54,191</u>	<u>2,555,534</u>
Total comprehensive income for the year, net of tax	<u><u>6,947,808</u></u>	<u><u>15,140,827</u></u>
Attributable to:		
Owners of the Company	9,295,451	13,218,931
Non-controlling interests		
— Perpetual capital securities	421,709	421,835
— Others	<u>(2,769,352)</u>	<u>1,500,061</u>
	<u>(2,347,643)</u>	<u>1,921,896</u>
Total comprehensive income for the year	<u><u>6,947,808</u></u>	<u><u>15,140,827</u></u>

Consolidated Balance Sheet
As at 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	146,907,932	131,579,042
Prepaid lease payments	3,218,044	2,747,683
Mining rights	18,138,478	21,381,263
Exploration and resources rights	171,989	172,565
Prepayment for non-current assets	3,579,037	7,066,387
Investments in associates	11,222,297	12,995,773
Loans to an associate	809,229	—
Investments in joint ventures	2,472,578	1,873,202
Goodwill	3,123,668	3,126,941
Deferred income tax assets	739,113	494,493
Available-for-sale investments	1,656,455	1,375,876
Loan to an available-for-sale investee company	181,698	—
Loan to a non-controlling shareholder of a subsidiary	17,113	17,171
Derivative financial instruments	575,898	—
	<u>192,813,529</u>	<u>182,830,396</u>
Current assets		
Inventories	3,308,874	3,481,838
Trade receivables, other receivables and prepayments	19,684,542	18,344,979
Loans to associates	—	839,447
Loan to joint ventures	371,575	369,903
Loan to an available-for-sale investee company	95,233	277,860
Amounts due from associates	106,025	264,727
Amounts due from joint ventures	120,181	778,419
Amounts due from other related companies	85,337	41,329
Financial assets at fair value through profit or loss	5,217	2,956
Pledged and restricted bank deposits	772,433	598,003
Cash and cash equivalents	8,285,135	6,035,046
	<u>32,834,552</u>	<u>31,034,507</u>
Total assets	<u>225,648,081</u>	<u>213,864,903</u>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital: nominal value	—	4,791,457
Other statutory capital reserve	—	17,232,192
	<u> </u>	<u> </u>
Share capital and other statutory capital reserves	22,102,792	22,023,649
Other reserves	14,710,033	12,264,103
Retained earnings	33,981,578	30,697,309
	<u>70,794,403</u>	<u>64,985,061</u>
Non-controlling interests		
— Perpetual capital securities	5,897,106	5,897,006
— Others	9,100,859	13,850,814
	<u>14,997,965</u>	<u>19,747,820</u>
Total equity	<u>85,792,368</u>	<u>84,732,881</u>
LIABILITIES		
Non-current liabilities		
Borrowings	79,535,707	73,438,346
Derivative financial instruments	72,276	173,652
Deferred income tax liabilities	2,635,041	2,569,573
Deferred income	930,275	607,513
Retirement and other long-term employee benefits obligations	626,397	386,797
	<u>83,799,696</u>	<u>77,175,881</u>
Current liabilities		
Trade payables, other payables and accruals	31,960,657	29,956,821
Amounts due to associates	730,760	969,497
Amounts due to joint ventures	1,881	397,203
Amounts due to other related companies	959,233	4,997,201
Current income tax liabilities	1,486,367	1,322,159
Borrowings	20,897,153	14,313,260
Derivative financial instruments	19,966	—
	<u>56,056,017</u>	<u>51,956,141</u>
Total liabilities	<u>139,855,713</u>	<u>129,132,022</u>
Total equity and liabilities	<u>225,648,081</u>	<u>213,864,903</u>
Net current liabilities	<u>(23,221,465)</u>	<u>(20,921,634)</u>
Total assets less current liabilities	<u>169,592,064</u>	<u>161,908,762</u>

Consolidated Statement of Cash Flows
For the year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	11,184,405	16,137,229
Adjustments for:		
Depreciation for property, plant and equipment	8,256,297	6,915,411
Amortisation of mining rights	282,680	389,339
Amortisation of prepaid lease payments	60,566	66,718
Impairment charges on property, plant and equipment	3,096,692	801,220
Impairment charges on prepaid lease payments	16,422	—
Impairment charges on mining rights	2,925,850	27,619
Impairment charges on goodwill	—	949,652
Impairment charges on investments in associates	—	46,723
Impairment charges on inventories	33,413	78,180
Provision for impairment of doubtful accounts	22,015	93,663
Exchange losses/(gains)	113,991	(893,411)
Interest expense	3,273,007	3,328,216
Interest income	(230,629)	(196,198)
Fair value changes on financial assets at fair value through profit or loss	(2,269)	844
Fair value changes on derivative financial instruments	(593,936)	1,524
Share of results of associates	1,177,765	(1,205,388)
Share of results of joint ventures	(467,461)	(755,556)
Dividends received from available-for-sale investments	(235,930)	(199,845)
Net (gains)/losses on disposal of property, plant and equipment	(12,674)	107,768
Net gains on disposal of prepaid lease payments	(101,792)	(8,163)
Net (gains)/losses on disposal of equity investments	(275,868)	20,067
Changes in working capital:		
Decrease in inventories	86,649	22,641
Increase in trade receivables, other receivables and prepayments	(1,094,571)	(2,284,891)
Increase in trade payables, other payables and accruals	3,162,598	2,810,749
Increase in retirement and other long-term employee benefits obligations	247,878	316,140
Income tax paid	(4,425,183)	(3,382,560)
CASH INFLOWS FROM OPERATING ACTIVITIES - NET	<u>26,499,915</u>	<u>23,187,691</u>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from associates	1,618,500	1,141,461
Dividend received from joint ventures	751,678	—
Dividend received from available-for-sale investments	57,134	45,762
Interest received	196,171	465,874
Additions of pledged and restricted bank deposits	(174,430)	(347,069)
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	(24,483,498)	(22,983,598)
Deposit paid for acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	—	(274,728)
Proceeds from disposal of property, plant and equipment	458,633	48,479
Proceeds from disposal of prepaid lease payments	130,944	10,049
Proceeds from disposal of investments	583,654	573,771
Loans to an associate	(1,969,166)	—
Loans repaid by associates	(836,138)	2,678,382
Loan to an available-for-sale investee company	—	(95,552)
Loan to non-controlling shareholders of subsidiaries	—	(31,083)
Loans repaid by other related companies	38,156	—
Capital contribution for available-for-sale investments	—	(31,729)
Capital contribution into associates	(20,431)	(388,582)
Capital contribution into joint ventures	(219,763)	(18,299)
Net cash inflow on acquisition of subsidiaries	—	5,007,498
Government grants related to assets	<u>177,979</u>	<u>126,872</u>
CASH OUTFLOWS FROM INVESTING ACTIVITIES - NET	<u>(22,018,301)</u>	<u>(14,072,492)</u>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	35,160,200	40,459,277
Repayment of bank borrowings	(22,363,420)	(37,112,030)
Coupon payment on perpetual capital securities	(421,609)	(421,885)
Proceeds from issuance of shares for exercised options	53,618	196,573
Proceeds from sale of shares held for share award scheme	27,282	—
Proceeds from disposal of interests in a subsidiary to non-controlling interest	—	244,366
Capital contributions from non-controlling interests	223,517	576,746
Advances from associates	(295,955)	303,376
Loans repaid to an associate	(531,044)	—
(Repayment of advances to)/Advances from joint ventures	(393,994)	396,489
(Repayment of advances to)/Advances from other related companies	(40,897)	69,124
Loan from an intermediate holding company	4,405,860	—
Loans repaid to intermediate holding companies	(8,692,672)	(2,600,511)
Advances from /(repayment to) non-controlling interests of subsidiaries	30,401	(3,377)
Interests paid	(4,423,625)	(4,073,375)
Dividends paid to owners of the Company	(3,566,550)	(2,514,411)
Dividends paid to non-controlling interests of the subsidiaries	<u>(1,970,443)</u>	<u>(3,158,884)</u>
CASH OUTFLOWS FROM FINANCING ACTIVITIES - NET	<u>(2,207,421)</u>	<u>(7,638,522)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,274,193	1,476,677
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,035,046	4,397,289
EXCHANGE (LOSSES)/GAINS	<u>(24,104)</u>	<u>161,080</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>8,285,135</u></u>	<u><u>6,035,046</u></u>

Overview

Net Profit for 2014 amounted to approximately HK\$9,215 million, representing a decrease of approximately 16.3%.

Basis of preparation of financial statements and principal accounting policies

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

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 2014, the Group had net current liabilities of approximately HK\$23,221 million. The Board is 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.

Change in accounting standards and disclosures

(i) *New and amended standards adopted by the Group*

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning 1 January 2014:

- Amendment to HKAS32 “Financial instruments: Presentation” on asset and liability offsetting. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the consolidated financial statements.

- Amendment to HKAS36 “Impairment of assets” on recoverable amount disclosures. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment did not have any material impact on the Group.
- Amendment to HKAS 39 “Financial instruments: Recognition and measurement” on the novation of derivatives. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendment did not have any material impact on the Group.
- IFRIC/HK(IFRIC) 21, “Levies”, sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 “Provisions”. The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.
- Annual improvement 2012 and 2013 which is not material to the Group.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not relevant to the Group.

(ii) *New and amended standards, Company Ordinance not yet adopted by the Group*

The following new and amended standards, Companies Ordinance have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted by the Group:

- Amendment to HKAS 19 regarding defined benefit plans is effective for annual periods beginning on or after 1 July 2014.
- Annual improvement 2012 and 2013 which is effective for annual periods beginning on or after 1 July 2014.
- HKFRS 14 “Regulatory Deferral Accounts” is effective for annual periods beginning on or after 1 January 2016.
- Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operation is effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortization are effective for annual periods beginning on or after 1 January 2016.
- Amendments to HKAS 16 and HKAS 41 on bearer plants are effective for annual periods beginning on or after 1 January 2016.
- Amendments to HKFRS 10 and HKAS 28 on the sale or contribution of assets between an investor and its associate or joint venture are effective for annual periods beginning on or after 1 January 2016.
- Amendment to HKAS 27 allowing the equity method on investments in subsidiaries, joint ventures and associates in investor's separate financial statement is effective for annual periods beginning on or after 1 January 2016.
- Annual improvement 2014 is effective for annual periods beginning on or after 1 July 2016.
- HKFRS15 "Revenue from Contracts with Customers" is effective for annual periods beginning on or after 1 January 2017
- HKFRS 9 "Financial Instruments" is effective for annual periods beginning on or after 1 January 2018.

Management is in the process of making an assessment of the impact of the above new and amended standards. Management is not yet in a position to state what impact they would have, if any, on the Group's results of operations and financial positions.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales of electricity	64,319,193	61,685,099
Of which: Sales of power generation from thermal power plants	59,735,600	58,045,660
Sales of power generation from renewable energy	4,583,593	3,639,439
Heat supply	2,861,134	2,507,712
Sales of coal	<u>3,500,301</u>	<u>5,388,715</u>
	<u><u>70,680,628</u></u>	<u><u>69,581,526</u></u>

Our turnover for 2014 was HK\$70,681 million, representing a 1.6% increase from HK\$69,582 million in 2013. The slight increase in turnover was mainly attributable to the 5.3% increase in total net generation volume of our consolidated operating power plants as new units commenced operation, which was partially offset by: (1) the decrease in both sales volume of our coal mines and average selling price of coal per tonne in 2014; and (2) the further lowering of on-grid tariffs for coal-fired power plants in 2014.

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.

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 2014

	Thermal power HK\$'000	Renewable energy HK\$'000	Coal mining HK\$'000	Eliminations HK\$'000	Total HK\$'000
Segment revenue					
External sales	62,596,734	4,583,593	3,500,301	—	70,680,628
Inter-segment sales	<u>—</u>	<u>—</u>	<u>233,588</u>	<u>(233,588)</u>	<u>—</u>
Total	<u>62,596,734</u>	<u>4,583,593</u>	<u>3,733,889</u>	<u>(233,588)</u>	<u>70,680,628</u>
Segment profit/(loss)	<u>18,708,528</u>	<u>2,467,601</u>	<u>(6,405,084)</u>	<u>—</u>	<u>14,771,045</u>
Unallocated corporate expenses					(773,221)
Interest income					230,629
Fair value change on derivative financial instruments					593,936
Gains on disposal of equity investments					275,868
Finance costs					(3,325,487)
Share of results of associates					(1,177,765)
Share of results of joint ventures					467,461
Dividend income from available-for-sale investments					235,930
Exchange losses					<u>(113,991)</u>
Profit before income tax					<u>11,184,405</u>

For the year ended 31 December 2013

	Thermal power	Renewable energy	Coal mining	Eliminations	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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>14,544,254</u>	<u>2,033,807</u>	<u>334,344</u>	<u>—</u>	<u>16,912,405</u>
Unallocated corporate expenses					(675,767)
Interest income					196,198
Fair value change on derivative financial instruments					(1,524)
Losses on disposal of equity investments					(20,067)
Finance costs					(3,328,216)
Share of results of associates					1,205,388
Share of results of joint ventures					<u>755,556</u>
Dividend income from available-for-sale investments					199,845
Exchange gains					893,411
Profit before income tax					<u>16,137,229</u>

Inter-segment sales are charged at prevailing market rates.

Geographical information

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 2014 amounted to HK\$58,431 million, representing an increase of 6.7% from HK\$54,787 million in 2013.

Fuels for 2014 amounted to approximately HK\$31,044 million, representing a decrease of HK\$2,023 million or 6.1% from HK\$33,067 million for 2013. Although the net generation volume of our consolidated power plants increased by 5.3% over last year, the average unit fuel cost for the consolidated power plants in 2014 decreased by 12.6% on a year-on-year basis, as a result, fuels decreased over last year.

In 2014, repairs and maintenance increased by approximately HK\$182 million or 11.5% to approximately HK\$1,762 million, which was mainly attributable to the increase in installed capacity.

Depreciation and amortisation in 2014 increased by approximately HK\$1,228 million or 16.7% to HK\$8,600 million. This was mainly due to an increase in the Group's attributable operational capacity from 26,921MW as at the end of 2013 to 31,331MW as at the end of 2014 from the commissioning of new coal-fired power plants and wind farms; all of which are consolidated power plants.

Employee benefit expenses increased by approximately 9.0% or HK\$430 million to HK\$5,214 million from approximately HK\$4,784 million in 2013. The increase in employee benefit expenses was due to an increase in the Group's attributable operational capacity.

Business tax and surcharge increased by 21.1% from HK\$660 million in 2013 to approximately HK\$800 million. This was mainly attributed to the business tax for interest income from intra-group loans as well the increase in surcharge paid as we began to pay value-added tax after tax credit for equipment purchases made by certain power plants last year.

Impairment charges increased by 205.2%, from approximately HK\$1,997 million for 2013 to approximately HK\$6,094 million. This was mainly attributed to the impairment provision of approximately HK\$5,807 million made by the Group for its subsidiary coal mines, the remaining HK\$287 million was mainly attributed to the retirement of certain power assets. Impairment provision was mainly due to: (1) the initial investments in mines and the costs of subsequent technical upgrades of mines

was higher than expected as the government continuously raised requirements on safety production and environmental standards of coal mines; (2) because of the increasingly stringent government approvals for various licences of coal mines as a result of the raised requirements for safety and environmental standards, the construction period for the mines was extended and the commissioning time was later than expected; (3) the continuous decrease in coal prices; and (4) temporary or full suspension of certain coal mines as a result of the coal market downturn. According to the Group's respective stakes in these coal mines and power assets, share of total impairment losses recognised on the Group's Net Profit amounted to HK\$3,273 million.

Other operating expenses for 2014 amounted to approximately HK\$3,914 million, representing a decrease of HK\$343 million or 8.1% from HK\$4,257 million for 2013. This is mainly due to a decrease of coal production for the year, as well as relief and exemptions of coal-related levies and charges in Shanxi Province, resulting in a decrease of various administrative expenses.

Other income and other gains - net

In 2014, other income amounted to approximately HK\$2,058 million, representing an increase of 11.3% when compared with approximately HK\$1,849 million in 2013.

The increase in other income was mainly due to the increase in sales revenue from by-products of coal ash and service income from heat connection contracts. Other income for the year comprised mainly revenue from sale of scrap materials of approximately HK\$737 million, interest income of approximately HK\$231 million, government grant and subsidies of approximately HK\$319 million, dividend income of approximately HK\$236 million and service income from heat connection contracts of approximately HK\$218 million.

Other gains were approximately HK\$913 million, including exchange loss on the depreciation of Renminbi ("RMB") against Hong Kong dollars ("HKD") of HK\$114 million, gains on sale of equity investments of HK\$276 million, and gains of HK\$576 million on changes in fair value of call options to acquire additional 16% equity interest in Hezhou Power Plant, a joint venture of the Group, recognised in accordance with the requirements of accounting standards, whereas other gains in 2013 amounted to HK\$861 million, which comprises an exchange gain of HK\$893 million.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expense and non-controlling interests. Operating profit amounted to approximately HK\$15,220 million for 2014, representing a decrease of 13.0%

from HK\$17,505 million for 2013. The decrease was mainly due to (1) increase in provision for impairment losses on coal assets; (2) loss from coal business as sales volume of coal mines and average selling price of coal per tonne decreased; and (3) exchange loss on the depreciation of RMB against HKD compared with exchange gain in 2013, partly offset by an increase in profits arising from the consolidated power plants and wind farms.

Finance costs

Finance costs amounted to approximately HK\$3,325 million in 2014, representing a slight decrease of 0.1% from HK\$3,328 million in 2013. 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\$96,501 million in 2014 from HK\$87,976 million in 2013. Despite the increase in bank and other borrowings, the change in finance costs was immaterial in 2014, due to the fact that the average cost of bank and other borrowings decreased by approximately 0.29 percentage point to approximately 4.55% during the year, from 4.84% in 2013, as well as the increased capitalisation of interest of projects under construction by 41.6%.

	2014 HK\$'000	2013 HK\$'000
Interests on <u>bank borrowings</u> :		
— wholly repayable within five years	2,583,727	2,938,563
— not wholly repayable within five years	878,440	118,296
Interests on corporate bonds:		
— wholly repayable within five years	693,311	498,546
— not wholly repayable within five years	136,785	356,059
Interests on <u>loans from related parties</u> :		
— wholly repayable within five years	15,451	86,000
Others	<u>109,667</u>	<u>101,738</u>
	4,417,381	4,099,202
Less: Interests capitalised in property, plant and equipment	<u>(1,091,894)</u>	<u>(770,986)</u>
	<u><u>3,325,487</u></u>	<u><u>3,328,216</u></u>

Share of results of associates

Share of results of associates in 2014 amounted to a loss of approximately HK\$1,178 million, representing a decrease of HK\$2,383 million, compared to a gain of HK\$1,205 million in 2013. The significant decrease in the share of results of associates was mainly due to the provision for impairment losses on the associate coal mining assets of the Group, as (1) the requirements of the government for coal mine safety production and environmental protection standards were becoming increasingly stringent, resulting in the initial investments and the cost of subsequent technical upgrading of the mines to be higher than expected; (2) due to the raised safety and environmental protection standards, the approval of various licences for mines by the government became more stringent, resulting in a prolonged period for technical upgrades and delayed commissioning; (3) coal prices continued to drop; and (4) construction of certain coal mines were temporarily or fully suspended as a result of the coal market downturn. According to the Group's respective stakes in these associate coal mines, the effect of the impairment losses recognised on the Group's Net Profit amounted to approximately HK\$1,093 million. Other reasons affecting the share of results of associates include the consolidation of Shanxi China Resources Daning Energy Co., Ltd. as a subsidiary while it was an associate prior to March 2013, and decrease in profitability of the associate coal mines of the Group due to the coal market downturn.

Share of results of joint ventures

Share of results of joint ventures in 2014 amounted to approximately HK\$467 million, representing a decrease of approximately HK\$289 million or 38.1% from HK\$756 million in 2013. The decrease was mainly attributable to the drop in profit of our Hezhou Power Plant in Guangxi as its power generation decreased by 26% year-on-year as a result of slowed power consumption growth and the rapid increase in hydropower generation in southwestern China.

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 documented 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 documented 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 2014 amounted to HK\$18.04 million and represented the gain relating to the ineffective portion of cash flow hedge.

In 2010, the Group and an independent third party (the “Partner”) entered into a share subscription agreement (“Share Subscription Agreement”) and pursuant to which they formed a company, namely Resources J Energy Investment Limited (“Resources J”), and Resources J indirectly holds 100% equity interest in Hezhou Power Plant in Guangxi.

Pursuant to a Call Option Agreement entered into between the Group and the Partner dated 19 August 2010, the Partner granted the Group a call option at a consideration of HK\$1 to acquire 16% equity interest (“Call Option Shares”) in Resources J at a pre-determined consideration. The consideration is determined based on the capital contributed by the Partner attributable for the Call Option Shares plus interest accrued at a compound annual interest rate at 5.5%, reduced by the dividend received by the Partner in respect of the Call Option Shares and the interest on dividend received by the Partner in respect of the Call Option Shares. The call option can be exercised on any business day within the period from 17 December 2015 to 1 January 2016 (“Call Option Period”). As of 31 December 2014, the fair value of the call option is assessed to be approximately HK\$ 575,898,000 and has been recognised as gain on fair value change of derivative financial instruments.

Income tax expense

Income tax expense for 2014 amounted to HK\$4,291 million, representing an increase of HK\$739 million or 20.8% from HK\$3,552 million in 2013. In 2014, the increase in PRC enterprise income tax was mainly due to (1) increased income tax expenses as new coal-fired power plants commenced operation; (2) less preferential income tax treatments for coal-fired power plants due to the expiration of tax concessions for certain subsidiary coal-fired power plants; and (3) certain consolidated wind power projects entering preferential income tax stage with 50% concession or levied in full.

Details of the income tax expense for the years ended 31 December 2014 and 2013 are set out below:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current income tax — PRC enterprise income tax	4,553,590	3,622,109
Deferred income tax	<u>(262,802)</u>	<u>(70,173)</u>
	<u>4,290,788</u>	<u>3,551,936</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 the subsidiaries in the PRC.

Operating profit for the year

	2014 HK\$'000	2013 HK\$'000
Operating profit for the year has been arrived at after charging:		
Directors' remuneration		
— Fees	1,506	1,225
— Salaries and bonus	14,458	17,855
— Pension costs	486	496
	16,450	19,576
Wages, salaries and bonus	4,043,758	3,676,834
Pension costs, excluding directors - retirement benefit schemes	727,653	657,544
Employees termination benefits	426,296	430,382
Total staff costs	5,214,157	4,784,336
Amortisation of prepaid lease payments	60,566	66,718
Amortisation of mining rights	282,680	389,339
Auditor's remuneration	10,211	8,267
Cost of inventories recognised as operating expenses	32,081,397	34,215,674
Depreciation of property, plant and equipment	8,256,297	6,915,411
Impairment loss on property, plant and equipment	3,096,692	801,220
Impairment loss on prepaid lease payments	16,422	—
Impairment loss on mining rights	2,925,850	27,619
Impairment loss on goodwill	—	949,652
Impairment loss on investment in associates	—	46,723
Impairment loss on inventories	33,413	78,180
Provision for doubtful accounts	22,015	93,663
Minimum lease payments under operating leases in respect of:		
— land and buildings	90,900	68,498
Fair value changes on financial assets at fair value through profit or loss (included in other gains)	(2,269)	844
Fair value changes on derivative financial instruments (included in other gains)	(593,936)	1,524

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
and after crediting:		
Dividend income from available-for-sale investments	235,930	199,845
Government grant	319,490	356,758
Interest income	230,629	196,198
Sales of scrap materials	736,810	645,222
Service income from heat connection contracts	217,703	160,229
Net exchange (losses)/gains (included in other gains)	(113,991)	893,411
Net gains/(losses) on disposal of equity investment (included in other gains and losses)	275,868	(20,067)
Net gains/(losses) on disposal of property, plant and equipment (included in other gains)	12,674	(107,768)
Net gains on disposal of prepaid lease payments (included in other gains)	<u>101,792</u>	<u>8,163</u>
Expenses capitalised in construction in progress:		
Other staff cost	658,708	691,922
Pension costs	65,340	12,278
Depreciation and amortisation	<u>81,140</u>	<u>59,607</u>

Profit for the year attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company decreased from approximately HK\$11,016 million in 2013 to HK\$9,215 million in 2014, representing a 16.3% decrease 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>9,214,858</u>	<u>11,015,526</u>
	Number of ordinary shares	
	2014	2013
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	4,756,555,834	4,742,484,020
Effect of dilutive potential ordinary shares: — share options	<u>11,814,880</u>	<u>20,840,404</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,768,370,714</u>	<u>4,763,324,424</u>
	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Basic earnings per share	<u>1.94</u>	<u>2.32</u>
Diluted earnings per share	<u>1.93</u>	<u>2.31</u>

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK\$0.70 per share for 2014 (2013: HK\$0.67 per share).

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2014 Interim, paid — HK\$0.08 per share (2013: HK\$0.08 per share)	380,693	379,944
2013 Final, paid — HK\$0.67 per share (2012: HK\$0.45 per share)	<u>3,186,316</u>	<u>2,134,940</u>
	<u>3,567,009</u>	<u>2,514,884</u>

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 8 June 2015 (the “AGM”), the proposed final dividend will be distributed on or about Tuesday, 23 June 2015 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 15 June 2015.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 3 June 2015 to Monday, 8 June 2015 (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 Tuesday, 2 June 2015.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2014, the register of members of the Company will be closed on Monday, 15 June 2015, 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, 12 June 2015.

Capital structure management

The Group and the Company manage 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 remain 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 have reviewed the capital structure on a periodic basis. As part of the 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\$23,221 million as at 31 December 2014. The Directors are of the opinion that, taking into account the presently undrawn banking 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 2014 denominated in HKD, RMB and other foreign currencies amounted to approximately HK\$601 million, RMB5,556 million and US\$83 million.

The bank and other borrowings of the Group as at 31 December 2014 and 2013 were as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Secured bank loans	6,393,299	5,525,013
Unsecured bank loans	76,408,641	64,612,881
Corporate bonds and notes	17,630,920	17,613,712
Loans from related parties	—	4,817,851
	<u>100,432,860</u>	<u>92,569,457</u>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 1 year	20,897,153	19,131,111
Between 1 and 2 years	18,638,320	19,234,939
Between 2 and 5 years	45,690,298	41,369,840
Over 5 years	<u>15,207,089</u>	<u>12,833,567</u>
	<u>100,432,860</u>	<u>92,569,457</u>

The above secured bank and other borrowings
are secured by:

Pledge of assets (<i>note</i>)	<u>5,167,347</u>	<u>4,582,227</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\$43,354,000 (2013: HK\$40,942,000), HK\$1,310,418,000 (2013: HK\$971,465,000) and HK\$3,813,575,000 (2013: HK\$3,569,820,000), respectively.

Bank and other borrowings as at 31 December 2014 denominated in HKD, RMB and other foreign currencies amounted to HK\$33,532 million, RMB47,388 million and US\$879 million, respectively.

As at 31 December 2014, bank and other borrowings of approximately HK\$33,532 million and US\$879 million (2013: HK\$31,210 million and US\$820 million) bore interest at a range from HIBOR plus 0.90% 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 4.40% to 6.88% (2013: 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 HKD bank borrowings by swapping floating interest rates to fixed interest rates. As at 31 December 2014, 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 2014, the Group's ratio of net debt to shareholders' equity was 129.1%, with total debt to total capitalisation ratio of 53.9%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

In 2014, the Group's primary sources of funding included cash inflow from new bank loans, dividend income and net cash inflow from operating activities, which amounted to HK\$35,160 million, HK\$2,427 million and HK\$26,500 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, repayment to an intermediary holding company of the consideration for acquisition in 2013 of 100% equity interest in Elite Wing Limited, dividend and interest payments, which amounted to HK\$22,363 million, HK\$24,483 million, HK\$4,287 million, HK\$5,537 million and HK\$4,424 million, respectively.

Trade and note receivables

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	10,051,035	9,888,095
Note receivables	<u>1,164,204</u>	<u>2,324,761</u>
	11,215,239	12,212,856
Less: provision for impairment of trade receivables	<u>(93,730)</u>	<u>(87,037)</u>
	<u><u>11,121,509</u></u>	<u><u>12,125,819</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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 - 30 days	8,598,987	9,240,964
31 - 60 days	374,018	684,262
Over 60 days	<u>2,242,234</u>	<u>2,287,630</u>
	<u><u>11,215,239</u></u>	<u><u>12,212,856</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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 - 30 days	7,111,508	5,730,765
31 - 90 days	1,795,255	1,829,807
Over 90 days	<u>1,557,285</u>	<u>2,878,940</u>
	<u><u>10,464,048</u></u>	<u><u>10,439,512</u></u>

Key financial ratios of the Group

	2014	2013
Current ratio (times)	0.59	0.60
Quick ratio (times)	0.53	0.53
Net debt to shareholders' equity (%)	129.1	132.2
EBITDA interest coverage (times) ⁽¹⁾	6.5	6.8

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)

Note:

(1) Excluding non-cash income and expenses, being impairment charges, changes in fair value of derivative financial instruments and exchange gains.

Foreign exchange rate risk

The Group collects substantially all of our revenue in RMB and most of the Group's 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 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 the Group's transactions are mainly denominated in RMB which is the functional currency of the respective group entities. Foreign exchange risk mainly arises from certain borrowings of the Group denominated in HKD and USD, particularly depreciation of the RMB against HKD and USD. However, certain entities are located in Hong Kong and their functional currency are HKD or USD, the foreign exchange risk for them mainly arises from balances denominated in RMB.

In addition, given there are different functional currencies within the Group, there are still foreign exchanges risk arises from the transactions and balances within the Group even they are eliminated. The carrying amounts of the foreign currencies denominated monetary assets and monetary liabilities before elimination at the reporting date are as follows:

	Group	
	As at 31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
USD	69,040	63,331
RMB	27,325,377	24,112,281
HKD	<u>601,508</u>	<u>336,754</u>
Liabilities		
USD	7,716,165	8,183,119
RMB	7,450,640	5,301,554
HKD	<u>3,180,000</u>	<u>5,443,689</u>

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

As at 31 December 2014, the Group provided certain guarantees amounting to HK\$1,051,518,000.

In addition, there were certain pending litigations and claims against the Group. After consulting with legal counsel, the Directors are of the view that the likelihood of any material adverse financial impact to the Group is remote. Therefore, no provisions have been made in light of such litigations and claims.

Employees

The Group had 42,575 employees as at 31 December 2014 (2013: 43,990 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.

During the year ended 31 December 2014, the Company had sold 1,706,000 shares through the trustee and distributed through the Plan.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Save as disclosed above under “Medium to long-term Performance Evaluation Incentive Plan”, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2014.

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 to the Listing Rules, except for the deviation of code provision A.2.1 in regards to the separate roles of the Chairman and the President.

The Company announced on 26 August 2014 that Mr. Wang Yu Jun's role as President of the Company was suspended and assumed by the Chairman of the Company, Ms. Zhou Junqing. Mr. Wang Yu Jun resigned as an executive Director and the President of the Company with effect from 22 September 2014. Following his resignation, Ms. Zhou Junqing has continued to assume the role and duties of President of the Company.

The division of responsibilities between the Chairman and the President has been clearly established and set out in writing. For the period from 26 August 2014, both roles have been assumed by Ms. Zhou Junqing until a replacement is identified for the role of the President.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("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 AND RISK COMMITTEE

The financial statements of the Group for the year ended 31 December 2014 are audited by PricewaterhouseCoopers. The audit and risk committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2014.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement 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 2014 will be held on 8 June 2015 in Hong Kong.

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

Hong Kong, 19 March 2015

As at the date of this announcement, the executive directors are Ms. ZHOU Junqing, Mr. ZHANG Shen Wen and Ms. WANG Xiao Bin; the non-executive directors are Mr. DU Wenmin, Mr. WEI Bin, Mr. CHEN Ying and Mr. WANG Yan; and the independent non-executive directors are Mr. MA Chiu-Cheung, Andrew, Ms. Elsie LEUNG Oi-sie, Dr. Raymond Kuo-fung CH'IEN and Mr. Jack SO Chak Kwong.