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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 2015**

### **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 2015.

For 2015, the Group recorded an operating profit of approximately HK\$20,008 million, representing an increase of HK\$4,788 million or 31.5% compared to the year ended 31 December 2014. Profit attributable to owners of the Company (“Net Profit”) amounted to approximately HK\$10,025 million, representing an increase of HK\$810 million or 8.8% from a Net Profit of approximately HK\$9,215 million for 2014. Basic earnings per share for 2015 is HK\$2.10, representing an increase of 8.2% from basic earnings per share of HK\$1.94 for 2014.

Coal price continued to drop in the Chinese domestic market in 2015. Given there is excessive production capacity in the Chinese domestic coal market where coal supply exceeds demand, the Chinese Government specifically requires to accelerate structural reforms to solve the excess capacity in the coal industry. The Group has accelerated the close down and disposal of certain coal mining assets and therefore made a provision for impairment losses on its coal mining assets. In addition, the Group has also made a provision for impairment losses on certain obsolete power assets. For the main reasons of the provisions for impairment losses, please refer to “Operating expenses” and “Share of results of associates” under the section headed “Operating results”. Based on the Group’s respective stakes in these coal mines and power assets, the effect of the impairment losses above recognized in the Group’s Net Profit amounted to HK\$4,033 million. Excluding those impairment losses mentioned above, the underlying Net Profit of the Group for 2015 was approximately HK\$14,058 million.

The Board resolved to recommend a final dividend of HK\$0.75 per share for 2015. Including the interim dividend of HK\$0.1 per share (with an option to receive new and fully paid shares in lieu of cash) paid in November 2015, total dividend paid and proposed for 2015 is HK\$0.85 per share.

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2014</b>
Turnover ( <i>HK\$'000</i> )	71,435,875	70,680,628
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	10,025,241	9,214,858
Basic earnings per share ( <i>HK\$</i> )	2.10	1.94
Dividend per share ( <i>HK\$</i> )	0.85	0.78

As at 31 December 2015, equity attributable to owners of the Company and total assets of the Group amounted to HK\$70,918 million and HK\$208,086 million, respectively. Cash and cash equivalents of the Group amounted to HK\$7,274 million, with net debt to shareholders' equity ratio standing at approximately 113.5%.

	<b>As at 31 December</b>	
	<b>2015</b>	<b>2014</b>
Equity attributable to owners of the Company ( <i>HK\$'000</i> )	70,917,575	70,794,403
Total assets ( <i>HK\$'000</i> )	208,085,879	225,648,081
Cash and cash equivalents ( <i>HK\$'000</i> )	7,273,945	8,285,135
Pledged and restricted bank deposits	723,404	772,433
Bank and other borrowings ( <i>HK\$'000</i> )	88,517,336	100,432,860
Net debt to shareholders' equity (%)	113.5	129.1
EBITDA interest coverage ( <i>times</i> ) <sup>(1)</sup>	8.3	6.5

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

*Note:*

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

## **BUSINESS REVIEW FOR 2015**

The Group is engaged in the development, construction and operation of power plants, including large-scale efficient coal-fired generation units, wind farms, hydro-electric plants, gas-fired power plants and photovoltaic power projects as well as construction and operation of coal mines.

China's total power generation reached 5.60 trillion kWh in 2015, representing an increase of 0.6%, growth rate dropping by 3.0 percentage points compared with 2014. Coal-fired power generation amounted to 4.1 trillion kWh, representing a decrease of 2.3% compared with 2014. Wind power generation amounted to 0.19 trillion kWh, representing an increase of 15.8% compared with 2014.

Due to the slowdown in macro-economic growth affected by the drop in industrial production in particular, as well as the economic transition and industrial restructuring in China, supply in the coal market exceeded demand in 2015, and coal prices continued to be weak and 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 2015, 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 410 hours or 8.7% year on year to 4,329 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 subsidiary coal-fired power plants under the Group which were operational for the full year of 2015 reached 4,989 hours, exceeding the national average level for coal-fired power plants by 660 hours.

In 2015, the average utilisation hours for wind power generation units in China was 1,728 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 2015 reached 1,988 hours, exceeding the national average level for wind power generation units by 260 hours.

## **Growth of generating capacity**

As at 31 December 2015, the Group's total attributable operational generation capacity increased to 34,731MW from 31,331MW as at 31 December 2014.

As at 31 December 2015, attributable operational generation capacity of the Group's coal-fired power plants amounted to 30,120MW, accounting for 86.7% of the Group's total attributable operational generation capacity, representing a decrease of 0.8 percentage point compared to the end of 2014. Wind, gas-fired, hydro and photovoltaic capacity amounted to 4,235MW, 77MW, 280MW and 20MW, respectively, and together accounting for 13.3% of the Group's total attributable operational generation capacity, representing an increase of 0.8 percentage point compared to the end of 2014.

In 2015, the Group commissioned five coal-fired generation units, including 2x1,000MW ultra-supercritical generation units of Haifeng Power Plant in Guangdong, 2x350MW heat and power co-generation units of Bohai New District Power Plant in Hebei and one 660MW heat and power co-generation unit of Jiaozuo Longyuan Power Plant in Henan, resulting in an increase in total attributable operational generation capacity of 3,360MW. Moreover, newly added total attributable operational generation capacity in wind-farms and photovoltaic power projects were 681 MW and 20 MW, respectively. In 2015, the Group shut down three small generation units in Tangshan Power Plant in Hebei and Jiaozuo Power Plant in Henan with total attributable operational generation capacity of 440MW.

## **Generation volume**

The total gross generation volume of the Group's consolidated operating power plants and wind farms amounted to 151,278,105MWh in 2015, representing an increase of 8.0% from 140,068,174MWh in 2014.

The total net generation volume of the Group's consolidated operating power plants and wind farms amounted to 142,906,824MWh in 2015, representing an increase of 8.2% from 132,036,399MWh in 2014.

On a same plant basis (being 23 subsidiary coal-fired power plants which were in commercial operation for the entire year of 2014 and 2015), both gross and net generation volumes decreased by 6.5%. The average full-load equivalent utilisation hours of the 23 subsidiary coal-fired power plants in 2015 amounted to 4,989 hours, representing a decrease of 6.5% from 5,334 hours in 2014.

## **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 20 April 2015. The rate of adjustment in the regions in which the Group's coal-fired power plants operate varied from region to region ranging from RMB6.7/MWh to RMB32.0/MWh, among which, the arithmetic average on-grid tariff for the subsidiary coal-fired power plants decreased by RMB21.2/MWh, or approximately 4.8%, affecting 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 2015 was RMB146.20/MWh, representing a year-on-year decrease of 21.4%. Average standard coal cost for the Group's consolidated operating power plants in 2015 was RMB473.17/tonne, representing a decrease of 20.8% from the previous year.

In 2015, the average net generation standard coal consumption rate of the Group's consolidated coal-fired power plants was 306.98g/kWh, representing a decrease of 3.55g/kWh or 1.1% from 310.53g/kWh in 2014.

## **Environmental expenses**

In 2015, the total amount of environmental expenses incurred by the Group's subsidiary coal-fired power plants was RMB120 million, representing a decrease of 20% compared to 2014. The significant decrease in environmental expenses was mainly due to the reduction of emission after the completion of desulfurization, denitration and ash removal equipment installation on all the subsidiary coal-fired generation units. As at 31 December 2015, the installation of ultra-low emission facilities has been completed for 25 coal-fired generation units in the subsidiary power plants with a total attributable operational generation capacity of 10,418MW.

## **Development of renewable energy projects**

In 2015, we continued to increase our investment in renewable energy projects, including the development and construction of wind farms, photovoltaic power projects and hydro-electric projects. At the end of 2015, our attributable operational wind generation capacity reached 4,235MW and wind power capacity under construction was 1,415MW; our attributable operational photovoltaic generation capacity reached 20MW and photovoltaic capacity under construction was 130MW;

our attributable operational hydro-electric generation capacity reached 280MW and hydro-electric capacity under construction was 107MW. The hydro-electric plant under construction is located in Yunnan, is 95% owned by the Group and is expected to commence operation in 2019.

### **Coal mine operations**

In 2015, the subsidiary and associate coal mines of the Group produced a total of approximately 13.9 million tonnes of coal (aggregation of each mine's production volume), representing an increase of 19.3% from 2014, among which, 12.02 million and 1.88 million tonnes were produced by the subsidiary coal mines and associate coal mines, respectively.

### **Capital expenditure**

In 2015, the total cash capital expenditure of the Group amounted to approximately HK\$17,300 million, among which, HK\$2,500 million was used in the upgrading of existing coal-fired units for ultra-low emission reduction, safety and energy saving and refinement of heat supply technology, approximately HK\$7,200 million was used in the construction of coal-fired units, approximately HK\$6,500 million was used in the construction of wind farms, photovoltaic power projects and hydro-electric plants, and approximately HK\$950 million was used in the upgrading and construction of coal mines.

## **PROSPECTS FOR 2016 AND THE FUTURE**

National power consumption is not expected to increase substantially in 2016 where demand for electricity is expected to be relatively weak and power supply is expected to be ample.

It is expected that the trend of total output easing and the structural surplus in the coal market will continue in 2016. Coal prices are expected to continue to be weak in the near future and remain at low levels in 2016.

In 2016, the Group will continue to implement lean management and benchmark management throughout its operational power plants, with which the Group aims to improve its operational efficiency and management level, as well as improve and optimise various production and operation indicators constantly through organic growth. Meanwhile, the Group will further reduce emission and actively perform its social obligations in energy conservation and emission reduction. In 2016, the Group plans to retrofit 20 coal-fired generation units in the subsidiary power plants with total attributable operational generation capacity of 10,211MW with ultra-low emission facilities to further lower the emission of sulfur dioxide, nitrogen oxide and ash.

The on-grid tariffs of coal-fired power plants throughout the PRC was further cut by the government effective on 1 January 2016. The rate of adjustment of the Group's coal-fired power plants varied from region to region ranging from RMB16.5/MWh to RMB46.5/MWh, among which, the arithmetic average on-grid tariff of the subsidiary coal-fired power plants decreased by RMB32.4/MWh, or 7.7%, which is expected to affect the profitability of the Group's coal-fired power plants to a certain extent.

As at the end of 2015, our coal-fired power plants under construction include 2x660MW supercritical generation units in Liuzhi, Guizhou, which are wholly owned by the Group and expected to commence operation in 2016, and 2x660MW ultra-supercritical generation units in Wujianfang, Inner Mongolia, which are 70% owned by the Group and expected to commence operation in 2017.

The Group will continue to increase its investment in renewable energy projects, including the development and construction of wind farms, photovoltaic power projects and hydro-electric plants. The goal of the Group is to add 1,000MW to 1,500MW of renewable energy projects every year, including wind farms and photovoltaic power projects. To achieve this goal, the Group will be required to obtain approvals from the PRC government for projects which meet investment hurdle rates and have the right construction conditions and complete construction as scheduled, all of which are subject to certain external factors. For wind farms, photovoltaic power projects and hydro-electric projects under construction as at the end of 2015, please refer to "Development of renewable energy projects" under the section headed "BUSINESS REVIEW FOR 2015".

As at the date of this announcement, the estimated capital expenditure of the Group planned for 2016 is expected to be approximately HK\$23.0 billion, including approximately HK\$3.8 billion for the technical upgrade in the area of energy saving and efficiency improvement of the existing operational coal-fired units, including the installation of ultra-low emission facilities; approximately HK\$6.6 billion for the construction of coal-fired units; approximately HK\$12.0 billion for the construction of wind farms, photovoltaic power projects and hydro-electric plants; and approximately HK\$0.6 billion for coal mines. The Group will control the pace of capital expenditure based on the macro-economic conditions of China, in particular the demand and supply of electricity, the government policies for energy and related industries and the Group's strategies, and make prompt and necessary adjustment based on market conditions and the general policies of the government.



According to the plan of the Group as at the date of this announcement, the attributable operational generation capacity at the end of 2016, 2017 and 2018 is expected to be approximately 36,600MW, 38,900MW and 43,500MW, respectively. The above figures are estimates as at the reporting date and are subject to various external factors, including government approvals, projects meeting certain investment hurdle rates and construction progress. The Group will make prompt and necessary adjustment to its future pipeline growth plans including the construction schedule and type of generation units to be constructed according to the macro-economic conditions of China, in particular the demand and supply of electricity, the government policies for energy and related industries and the strategic plan of the Group. Since the Group has a relatively mature and sizable operational scale, it is expected that the control of and adjustment to the timing of commissioning of a particular unit will not have a material negative impact on the general operations of the Group.



## OPERATING RESULTS

Our audited results of operations for the years ended 31 December 2015 and 2014 are as follows:

### Consolidated Income Statement For the year ended 31 December 2015

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
Turnover	<u>71,435,875</u>	<u>70,680,628</u>
Operating expenses		
Fuels	(25,954,316)	(31,044,413)
Repairs and maintenance	(1,982,380)	(1,762,055)
Depreciation and amortisation	(9,787,203)	(8,599,543)
Employee benefit expenses	(5,250,986)	(5,214,157)
Consumables	(992,543)	(1,003,571)
Impairment charges	(4,372,893)	(6,094,392)
Business tax and surcharge	(1,003,681)	(799,563)
Others	<u>(4,028,491)</u>	<u>(3,913,569)</u>
Total operating expenses	<u>(53,372,493)</u>	<u>(58,431,263)</u>
Other income	2,088,708	2,057,888
Other (losses)/gains — net	<u>(143,988)</u>	<u>912,943</u>
Operating profit	20,008,012	15,220,196
Finance costs	(3,216,382)	(3,325,487)
Share of results of associates	(717,586)	(1,177,765)
Share of results of joint ventures	<u>247,113</u>	<u>467,461</u>
Profit before income tax	16,321,247	11,184,405
Income tax expense	<u>(5,808,868)</u>	<u>(4,290,788)</u>
Profit for the year	<u><u>10,512,379</u></u>	<u><u>6,893,617</u></u>
Profit for the year attributable to:		
Owners of the Company	10,025,241	9,214,858
Non-controlling interests		
— Perpetual capital securities	421,534	421,709
— Others	<u>65,604</u>	<u>(2,742,950)</u>
	<u>487,138</u>	<u>(2,321,241)</u>
	<u><u>10,512,379</u></u>	<u><u>6,893,617</u></u>
Earnings per share attributable to owners of the Company during the year		
— Basic	HK\$2.10	HK\$1.94
— Diluted	<u>HK\$2.10</u>	<u>HK\$1.93</u>

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31 December 2015**

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
Profit for the year	<u>10,512,379</u>	<u>6,893,617</u>
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(6,221,279)	(198,087)
Share of changes in translation reserve of associates and joint ventures	(228,479)	(23,937)
Release to profit or loss in relation to disposal of associates	(100,441)	—
Release to profit or loss in relation to disposal of a subsidiary	(349,149)	—
Fair value changes on cash flow hedges, net of tax	59,313	63,371
Changes in fair value of available-for-sale investments, net of tax	<u>(175,979)</u>	<u>212,844</u>
Total items that may be reclassified subsequently to profit or loss, net of tax	<u>(7,016,014)</u>	<u>54,191</u>
Total comprehensive income for the year, net of tax	<u>3,496,365</u>	<u>6,947,808</u>
Attributable to:		
Owners of the Company	3,668,030	9,295,451
Non-controlling interests		
— Perpetual capital securities	421,534	421,709
— Others	<u>(593,199)</u>	<u>(2,769,352)</u>
	<u>(171,665)</u>	<u>(2,347,643)</u>
Total comprehensive income for the year	<u>3,496,365</u>	<u>6,947,808</u>

**Consolidated Balance Sheet**  
**As at 31 December 2015**

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	142,845,210	146,907,932
Prepaid lease payments	3,344,056	3,218,044
Mining rights	15,815,897	18,138,478
Exploration and resources rights	161,947	171,989
Prepayment for non-current assets	2,789,219	3,579,037
Investments in associates	9,484,351	11,222,297
Loans to an associate	—	809,229
Investments in joint ventures	3,694,388	2,472,578
Goodwill	1,760,924	3,123,668
Deferred income tax assets	556,150	739,113
Available-for-sale investments	1,497,284	1,656,455
Loan to an available-for-sale investee company	303,214	181,698
Loan to a non-controlling shareholder of a subsidiary	—	17,113
Derivative financial instruments	—	575,898
	<u>182,252,640</u>	<u>192,813,529</u>
Current assets		
Inventories	2,306,640	3,308,874
Trade receivables, other receivables and prepayments	14,587,390	19,684,542
Loans to associates	23,395	—
Loan to joint ventures	170,528	371,575
Loan to an available-for-sale investee company	89,673	95,233
Loan to a non-controlling shareholder of a subsidiary	16,114	—
Amounts due from associates	465,471	106,025
Amounts due from joint ventures	137,249	120,181
Amounts due from other related companies	39,430	85,337
Financial assets at fair value through profit or loss	—	5,217
Pledged and restricted bank deposits	723,404	772,433
Cash and cash equivalents	<u>7,273,945</u>	<u>8,285,135</u>
	<u>25,833,239</u>	<u>32,834,552</u>
<b>Total assets</b>	<u><u>208,085,879</u></u>	<u><u>225,648,081</u></u>

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the Company		
Share capital	22,252,458	22,102,792
Other reserves	10,408,713	14,710,033
Retained earnings	<u>38,256,404</u>	<u>33,981,578</u>
	<u>70,917,575</u>	<u>70,794,403</u>
Non-controlling interests		
— Perpetual capital securities	5,897,219	5,897,106
— Others	<u>6,924,549</u>	<u>9,100,859</u>
	<u>12,821,768</u>	<u>14,997,965</u>
<b>Total equity</b>	<u><u>83,739,343</u></u>	<u><u>85,792,368</u></u>
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowings	61,113,715	79,535,707
Derivative financial instruments	—	72,276
Deferred income tax liabilities	2,459,682	2,635,041
Deferred income	958,222	930,275
Retirement and other long-term employee benefits obligations	<u>149,764</u>	<u>626,397</u>
	<u>64,681,383</u>	<u>83,799,696</u>
Current liabilities		
Trade payables, other payables and accruals	28,622,007	31,960,657
Amounts due to associates	796,493	730,760
Amounts due to joint ventures	908,628	1,881
Amounts due to other related companies	577,667	959,233
Current income tax liabilities	1,330,166	1,486,367
Borrowings	27,403,621	20,897,153
Derivative financial instruments	<u>26,571</u>	<u>19,966</u>
	<u>59,665,153</u>	<u>56,056,017</u>
<b>Total liabilities</b>	<u><u>124,346,536</u></u>	<u><u>139,855,713</u></u>
<b>Total equity and liabilities</b>	<u><u>208,085,879</u></u>	<u><u>225,648,081</u></u>
<b>Net current liabilities</b>	<u><u>(33,831,914)</u></u>	<u><u>(23,221,465)</u></u>
<b>Total assets less current liabilities</b>	<u><u>148,420,726</u></u>	<u><u>169,592,064</u></u>

**Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2015**

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	16,321,247	11,184,405
Adjustments for:		
Depreciation for property, plant and equipment	9,364,433	8,256,297
Amortisation of mining rights	342,868	282,680
Amortisation of prepaid lease payments	79,902	60,566
Impairment charges on property, plant and equipment	2,409,462	3,096,692
Impairment charges on prepaid lease payments	9,396	16,422
Impairment charges on mining rights	1,219,930	2,925,850
Impairment charges on goodwill	425,728	—
Impairment charges on inventories	32,982	33,413
Provision for impairment of doubtful accounts	275,395	22,015
Exchange losses	630,030	113,991
Interest expense	3,216,382	3,273,007
Interest income	(300,445)	(230,629)
Fair value changes on financial assets at fair value through profit or loss	—	(2,269)
Fair value changes on derivative financial instruments	145,458	(593,936)
Share of results of associates	717,586	1,177,765
Share of results of joint ventures	(247,113)	(467,461)
Dividends received from available-for-sale investments	(187,899)	(235,930)
Net losses/(gains) on disposal of property, plant and equipment	7,696	(12,674)
Net losses/(gains) on disposal of prepaid lease payments	728	(101,792)
Net gains on disposal of a subsidiary	(550,731)	—
Net gains on disposal of other equity investments	(41,258)	(275,868)
Changes in working capital:		
Decrease in inventories	731,820	86,649
Decrease/(increase) in trade receivables, other receivables and prepayments	3,927,353	(1,094,571)
Increase in trade payables, other payables and accruals	54,851	3,162,598
(Decrease)/increase in retirement and other long-term employee benefits obligations	(641,460)	247,878
Income tax paid	(5,955,463)	(4,425,183)
<b>CASH INFLOWS FROM OPERATING ACTIVITIES - NET</b>	<b><u>31,988,878</u></b>	<b><u>26,499,915</u></b>

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received from associates	1,300,457	1,618,500
Dividend received from joint ventures	409,192	751,678
Dividend received from available-for-sale investments	520,980	57,134
Interest received	247,284	196,171
Decrease/(increase) in pledged and restricted bank deposits	49,029	(174,430)
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	(16,811,289)	(24,483,498)
Proceeds from disposal of property, plant and equipment	92,235	458,633
Proceeds from disposal of prepaid lease payments	—	130,944
Proceeds from disposal of a subsidiary	904,548	—
Proceeds from disposal of other equity investments	1,173,955	583,654
Loans to associates	(1,242,161)	(1,969,166)
Loans repaid by associates	—	836,138
Loan to an available-for-sale investee company	(132,124)	—
Loans repaid by other related companies	—	38,156
Capital contribution for available-for-sale investments	(152,409)	—
Capital contribution into associates	(20,263)	(20,431)
Capital contribution into joint ventures	(118,200)	(219,763)
Government grants related to assets	<u>116,684</u>	<u>177,979</u>
<b>CASH OUTFLOWS FROM INVESTING ACTIVITIES - NET</b>	<b><u>(13,662,082)</u></b>	<b><u>(22,018,301)</u></b>

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	37,680,307	35,160,200
Repayment of bank and other borrowings	(39,142,633)	(22,363,420)
Repayment of bonds	(7,079,475)	—
Coupon payment on perpetual capital securities	(421,421)	(421,609)
Proceeds from issuance of shares for exercised options	20,230	53,618
Proceeds from sale of shares held for share award scheme	24,347	27,282
Proceeds from disposal of interests in a subsidiary without loss of control	389,555	—
Capital contributions from non-controlling interests	31,792	223,517
Advances from associates	170,314	295,955
Loans repaid to an associate	(349,627)	(531,044)
Repayment of advances to joint ventures	(20,289)	(393,994)
Advances from/(repayment to) other related companies	2,793	(40,897)
Loan from an intermediate holding company	—	4,405,860
Loans repaid to intermediate holding companies	—	(8,692,672)
Advances from non-controlling interests of subsidiaries	109,301	30,401
Interests paid	(4,256,227)	(4,423,625)
Dividends paid to owners of the Company	(3,689,874)	(3,566,550)
Dividends paid to non-controlling interests of the subsidiaries	<u>(2,340,444)</u>	<u>(1,970,443)</u>
<b>CASH OUTFLOWS FROM FINANCING ACTIVITIES - NET</b>	<u>(18,871,351)</u>	<u>(2,207,421)</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(544,555)	2,274,193
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	8,285,135	6,035,046
<b>EXCHANGE LOSSES</b>	<u>(466,635)</u>	<u>(24,104)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u><u>7,273,945</u></u>	<u><u>8,285,135</u></u>



## **Overview**

Net Profit for 2015 amounted to approximately HK\$10,025 million, representing an increase of approximately 8.8% as compared with 2014.

## **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 (Cap. 622, the Laws of Hong Kong).

As at 31 December 2015, the Group had net current liabilities of approximately HK\$33,832 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 amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2015:

- Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over

the service period using the same attribution method that is applied to the benefits. The amendment has no material impact on the Group. This amendment did not have a significant effect on the Group's consolidated financial statements.

- Amendments from annual improvements to HKFRSs — 2010 — 2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'. These amendments did not have a significant effect on the Group's consolidated financial statements.
- Amendments from annual improvements to HKFRSs — 2011 — 2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'. These amendments did not have a significant effect on the Group's consolidated financial statements.

(ii) *In addition, the requirements under Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) have become effective during this financial year. Hence, the presentation and disclosure of certain information in the Group's consolidated financial statements have been changed accordingly.*

(iii) *New and amended standards and interpretations, not yet adopted by the Group*

The following new and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted by the Group:

- 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, HKFRS 12, and HKAS 28 on Investment Entities: Applying the Consolidation Exception are effective for annual periods beginning on or after 1 January 2016.
- Amendment to HKAS 1 ‘Disclosure initiative’ is 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 2018.
- 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.

## 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.

	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of electricity	64,961,164	64,319,193
Of which: Sales of power generated from thermal power plants	59,625,645	59,735,600
Sales of power generated from renewable energy	5,335,519	4,583,593
Heat supply	3,182,704	2,861,134
Sales of coal	<u>3,292,007</u>	<u>3,500,301</u>
	<u>71,435,875</u>	<u>70,680,628</u>

The Group's turnover for 2015 was HK\$71,436 million, representing a 1.1% increase from HK\$70,681 million in 2014. The slight increase in turnover was mainly attributable to the 8.2% increase in total net generation volume of our consolidated operating power plants as new units commenced operation, which was partially offset by two rounds of on-grid tariff cuts for coal-fired power plants in the second half of 2014 and the first half of 2015, respectively, and a fall in the average sales price of coal for the Group's subsidiary coal mines.

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, hydro-electric and photovoltaic power 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 2015

	<b>Thermal power</b> <i>HK\$'000</i>	<b>Renewable energy</b> <i>HK\$'000</i>	<b>Coal mining</b> <i>HK\$'000</i>	<b>Eliminations</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Segment revenue					
External sales	62,808,349	5,335,519	3,292,007	—	71,435,875
Inter-segment sales	<u>—</u>	<u>—</u>	<u>224,870</u>	<u>(224,870)</u>	<u>—</u>
Total	<u>62,808,349</u>	<u>5,335,519</u>	<u>3,516,877</u>	<u>(224,870)</u>	<u>71,435,875</u>
Segment profit	<u>21,901,304</u>	<u>2,671,712</u>	<u>(4,097,682)</u>	<u>—</u>	<u>20,475,334</u>
Unallocated corporate expenses					(772,075)
Interest income					300,445
Fair value change on derivative financial instruments					(145,458)
Gains on disposal of a subsidiary					550,731
Gains on disposal of other equity investments, net					41,258
Finance costs					(3,216,382)
Share of results of associates					(717,586)
Share of results of joint ventures					247,113
Dividend income from available-for-sale investments					187,899
Exchange losses					<u>(630,030)</u>
Profit before income tax					<u>16,321,247</u>

**For the year ended 31 December 2014**

	<b>Thermal power</b>	<b>Renewable energy</b>	<b>Coal mining</b>	<b>Eliminations</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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, net					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>

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 safety production expenses of coal, production maintenance fees, water charges, utility expenses, taxes, office rent and other management expenses. Operating expenses in 2015 amounted to HK\$53,372 million, representing a decrease of 8.7% from HK\$58,431 million in 2014.

Fuels for 2015 amounted to approximately HK\$25,954 million, representing a decrease of HK\$5,090 million or 16.4% from HK\$31,044 million for 2014. Although the net generation volume of the consolidated coal-fired power plants increased by 7.7% over last year, the average unit fuel cost for the consolidated power plants in 2015 decreased by 21.4% on a year-on-year basis, and as a result, fuels decreased over last year.

In 2015, repairs and maintenance increased by approximately HK\$220 million or 12.5% to approximately HK\$1,982 million, which was mainly attributable to the increase in installed capacity.

Depreciation and amortisation in 2015 increased by approximately HK\$1,188 million or 13.8% to HK\$9,787 million. This was mainly due to an increase in the Group's attributable operational capacity from 31,331MW as at the end of 2014 to 34,731MW as at the end of 2015 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 0.7% or HK\$36.83 million to HK\$5,251 million from approximately HK\$5,214 million in 2014.

Business tax and surcharge increased by 25.5% from HK\$800 million in 2014 to approximately HK\$1,004 million, among which business tax, urban maintenance and construction tax and education surcharge increased by approximately HK\$36.64 million mainly due to interest income from inter-company loans, and resource tax increased by approximately HK\$168 million mainly due to change in basis of calculation from volume sold to sales amounts effective from December 2014.



Impairment charges decreased by 28.2% from approximately HK\$6,094 million for 2014 to approximately HK\$4,373 million, mainly including: (1) impairment provisions of approximately HK\$3,125 million for 2015 made by the Group for its subsidiary coal mines. The impairment provision was mainly attributed to the decrease in coal prices, excessive production capacity and oversupply as a result of the coal market downturn and the Group accelerating the close down of certain coal mines in accordance with the policy of the Chinese government to reduce overcapacity; (2) impairment provisions of HK\$547 million made for certain obsolete assets relating to power business, mainly including the Group's shutting down of small-scale generation assets and obsolete environmental protection equipment; (3) provisions for impairment of trade receivables of certain coal mine projects amounting to HK\$275 million in aggregate; and (4) write-off of goodwill as to HK\$195 million for China Resources Tianneng Xuzhou Coal & Power Co., Ltd, HK\$180 million for Shenhai China Resources Thermal Power Co., Ltd and HK\$51 million for China Resources Power (Xingning) Co., Ltd. Based on the Group's respective stakes in the coal mines and power assets stated above, share of total impairment losses recognised in the Group's Net Profit amounted to approximately HK\$3,203 million.

Other operating expenses for 2015 amounted to approximately HK\$4,028 million, representing an increase of 2.9% or HK\$114 million from HK\$3,914 million in 2014. Other operating expenses mainly included other production costs for coal operations such as safety production fees and production maintenance fees in an aggregated amount of approximately HK\$362 million; other production costs for power operations such as discharge fees, utility expenses and water charges in an aggregated amount of approximately HK\$1,837 million; and management fees such as taxes, office rent, building management fees, professional fees, transportation costs and other administrative fees in an aggregated amount of approximately HK\$1,829 million.

#### **Other income and other gains - net**

In 2015, other income amounted to approximately HK\$2,089 million, representing an increase of 1.5% when compared with approximately HK\$2,058 million in 2014.

Other income mainly included sale of scrap materials of approximately HK\$674 million, government grant and subsidies of approximately HK\$390 million, interest income of approximately HK\$300 million, service income from heat connection contracts of approximately HK\$243 million and dividend income of approximately HK\$188 million.

Other losses were approximately HK\$144 million, including exchange loss on the depreciation of Renminbi ("RMB") against Hong Kong dollars ("HKD") of

HK\$630 million, loss from fair value changes on derivative financial instruments of HK\$145 million and gains on disposal of equity investments and a subsidiary of HK\$592 million which was mainly from the disposal of 50% equity interest in Jinzhou Power Plant (錦州電廠) and all equity interest in Chacheng Power Plant (坨城電廠).

### 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\$20,008 million for 2015, representing an increase of 31.5% from HK\$15,220 million for 2014. The increase was mainly due to (1) the decrease in unit fuel cost of the subsidiary coal-fired power plants; (2) profit contribution from newly commissioned coal-fired generation units; and (3) a decrease in impairment charges, which was partially offset by (1) two rounds of on-grid tariff cuts for coal-fired power plants in the second half of 2014 and the first half of 2015, respectively; and (2) decrease in net generation volumes of the coal-fired power plants on a same plant basis.

### Finance costs

Finance costs amounted to approximately HK\$3,216 million in 2015, representing a decrease of 3.3% from HK\$3,325 million in 2014, mainly due to the decrease in 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) to HK\$94,475 million in 2015 from HK\$96,501 million in 2014. The average cost of bank and other borrowings was 4.29%, decreasing by 0.26 percentage point during the year from 4.55% in 2014.

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
Interests on bank and other borrowings	3,293,250	3,462,167
Interests on corporate bonds	668,629	830,096
Interests on loans from related parties	—	15,451
Others	<u>195,823</u>	<u>109,667</u>
	4,157,702	4,417,381
Less: Interests capitalised in property, plant and equipment	<u>(941,320)</u>	<u>(1,091,894)</u>
	<u><u>3,216,382</u></u>	<u><u>3,325,487</u></u>

## **Share of results of associates**

Share of results of associates in 2015 amounted to a loss of HK\$718 million, compared to a loss of HK\$1,178 million in 2014. Share of results of associates recorded a loss mainly due to the provision for impairment losses on the associate coal mining assets of the Group resulting from the continuous decrease in coal prices and the acceleration of close down of certain facilities related to associate coal mines. Based on the Group's respective stakes in these coal mines, share of impairment losses in the Group's Net Profit amounted to HK\$830 million.

## **Share of results of joint ventures**

Share of results of joint ventures in 2015 amounted to approximately HK\$247 million, representing a decrease of approximately HK\$220 million or 47.1% from HK\$467 million in 2014. The decrease was mainly attributable to the reduction in profit of Hezhou Power Plant in Guangxi as its generation volume in 2015 decreased by 32% year-on-year as a result of slowdown in regional macro-economic growth and the negative impact of hydro-electric power on coal-fired power generation volume 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 2015 amounted to HK\$6.3582 million and represented 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 Company and the Partner dated 19 August 2010 (“Call Option Agreement”), the Partner granted the Company 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 to the Call Option Shares plus interest accrued at a compound annual interest rate at 5.5%, reduced by 32% of 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”). The Company exercised the call option on 29 December 2015 to acquire the Call Option Shares in Resources J. The total consideration for the exercise of the call option amounted to US\$6,483,530 in accordance with the Call Option Agreement. The Group revaluated the Call Option based on the operating condition of the Hezhou project. The loss from change in fair value of derivative financial instruments was HK\$152 million in 2015.

### **Income tax expense**

Income tax expense for 2015 amounted to approximately HK\$5,809 million, representing an increase of HK\$1,518 million or 35.4% from HK\$4,291 million in 2014. In 2015, 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) increase in income tax expenses due to higher profits from coal-fired power plants as a result of lower unit fuel cost; (3) increase in income tax expenses for overseas distribution of dividend and internal loan interests; (4) expiry of preferential income tax treatment for certain coal-fired power plants; and (5) certain consolidated wind power projects entering preferential income tax stage with 50% concession or starting full payment.

Details of the income tax expense for the years ended 31 December 2015 and 2014 are set out below:

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
Current income tax — PRC enterprise income tax	5,886,574	4,553,590
Deferred income tax	<u>(77,706)</u>	<u>(262,802)</u>
	<u><u>5,808,868</u></u>	<u><u>4,290,788</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 the subsidiaries in the PRC.

## Operating profit for the year

	2015 HK\$'000	2014 HK\$'000
Operating profit for the year has been arrived at after charging:		
Directors' remuneration		
— Fees	1,451	1,506
— Salaries and bonus	12,020	14,458
— Pension costs	437	486
	<u>13,908</u>	<u>16,450</u>
Wages, salaries and bonus	4,340,521	4,043,758
Pension costs, excluding directors - retirement benefit schemes	757,686	727,653
Employees termination benefits	138,871	426,296
Total staff costs	<u>5,250,986</u>	<u>5,214,157</u>
Amortisation of prepaid lease payments	79,902	60,566
Amortisation of mining rights	342,868	282,680
Auditor's remuneration	10,742	10,211
Cost of inventories recognised as operating expenses	26,979,841	32,081,397
Depreciation of property, plant and equipment	9,364,433	8,256,297
Impairment loss on property, plant and equipment	2,409,462	3,096,692
Impairment loss on prepaid lease payments	9,396	16,422
Impairment loss on mining rights	1,219,930	2,925,850
Impairment loss on goodwill	425,728	—
Impairment loss on inventories	32,982	33,413
Provision for doubtful accounts	275,395	22,015
Minimum lease payments under operating leases in respect of:		
— land and buildings	81,403	90,900
Fair value changes on financial assets at fair value through profit or loss (included in other (losses)/gains)	—	(2,269)
Fair value changes on derivative financial instruments (included in other (losses)/gains)	<u>145,458</u>	<u>(593,936)</u>

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
and after crediting:		
Dividend income from available-for-sale investments	187,899	235,930
Government grant	389,954	319,490
Interest income	300,445	230,629
Sales of scrap materials	673,898	736,810
Service income from heat connection contracts	242,536	217,703
Net exchange losses (included in other (losses)/gains)	(630,030)	(113,991)
Net gains on disposal of equity investment (included in other (losses)/gains)	41,258	275,868
Net gains on disposal of a subsidiary (including other (losses)/gains)	550,731	—
Net (losses)/gains on disposal of property, plant and equipment (included in other (losses)/gains)	(7,696)	12,674
Net (losses)/gains on disposal of prepaid lease payments (included in other (losses)/gains)	<u>(728)</u>	<u>101,792</u>
Expenses capitalised in construction in progress:		
Other staff cost	667,337	658,708
Pension costs	16,300	65,340
Depreciation and amortisation	<u>78,819</u>	<u>81,140</u>

### **Profit for the year attributable to owners of the Company**

As a result of the above, profit attributable to owners of the Company increased from approximately HK\$9,215 million in 2014 to HK\$10,025 million in 2015, representing a 8.8% 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:

	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to owners of the Company	<u>10,025,241</u>	<u>9,214,858</u>
	<b>Number of ordinary shares</b>	
	<b>2015</b>	<b>2014</b>
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	4,765,465,708	4,756,555,834
Effect of dilutive potential ordinary shares: — share options	<u>6,333,828</u>	<u>11,814,880</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,771,799,536</u>	<u>4,768,370,714</u>
	<b>2015</b>	<b>2014</b>
	<i>HK\$</i>	<i>HK\$</i>
Basic earnings per share	<u>2.10</u>	<u>1.94</u>
Diluted earnings per share	<u>2.10</u>	<u>1.93</u>

## Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK\$0.75 per share for 2015 (2014: HK\$0.70 per share).

	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2015 Interim, paid — HK\$0.10 per share (2014: HK\$0.08 per share)	476,371	380,693
2014 Final, paid — HK\$0.70 per share (2013: HK\$0.67 per share)	<u>3,334,147</u>	<u>3,186,316</u>
	<u><u>3,810,518</u></u>	<u><u>3,567,009</u></u>

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 6 June 2016 (the “AGM”), the proposed final dividend will be distributed on or about Thursday, 23 June 2016 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 14 June 2016.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 31 May 2016 to Monday, 6 June 2016 (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 Monday, 30 May 2016.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2015, the register of members of the Company will be closed on Tuesday, 14 June 2016 and no share transfer will be registered on that day. 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 Monday, 13 June 2016.

## 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 maximising 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 years.

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

The Board has reviewed the capital structure on a periodic basis. As part of the review, the Board considers the cost of capital and the risks associated with each class of capital. Based on the resolution of the Board, 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\$33,832 million as at 31 December 2015. 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 2015 denominated in HKD, RMB and other foreign currencies amounted to approximately HK\$740 million, RMB5,247 million and US\$35 million.

The bank and other borrowings of the Group as at 31 December 2015 and 2014 were as follows:

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
Secured bank loans	6,420,911	6,393,299
Unsecured bank loans	72,207,200	76,408,641
Corporate bonds and notes	<u>9,889,225</u>	<u>17,630,920</u>
	<u>88,517,336</u>	<u>100,432,860</u>

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

	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	27,403,621	20,897,153
Between 1 and 2 years	6,982,328	18,638,320
Between 2 and 5 years	39,098,179	45,690,298
Over 5 years	<u>15,033,208</u>	<u>15,207,089</u>
	<u>88,517,336</u>	<u>100,432,860</u>

The above secured bank and other borrowings  
are secured by:

Pledge of assets ( <i>note</i> )	<u>5,367,363</u>	<u>5,167,347</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\$51,985,000 (2014: HK\$43,354,000), HK\$1,067,607,000 (2014: HK\$1,310,418,000) and HK\$4,247,771,000 (2014: HK\$3,813,575,000), respectively.

Bank and other borrowings as at 31 December 2015 denominated in HKD, RMB and other foreign currencies amounted to HK\$23,709 million, RMB52,725 million and US\$240 million, respectively.

As at 31 December 2015, bank and other borrowings of approximately HK\$23,709 million and US\$240 million (2014: HK\$33,532 million and US\$879 million) bore interest at a range from HIBOR plus 0.90% to HIBOR plus 2.2% per annum and LIBOR plus 1.34% to LIBOR plus 1.6% per annum, respectively. The remaining bank and other borrowings carried interest rates at a range from 3.915% to 6.55% (2014: 4.40% to 6.88%) 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 2015, loans of HK\$5,318 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 2015, the Group's ratio of net debt to shareholders' equity was 113.5%, with total debt to total capitalisation ratio of 51.4%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

For the twelve months ended 31 December 2015, 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\$37,465 million, HK\$2,231 million and HK\$31,989 million, respectively. The Group's funds were primarily used for the repayment of bank borrowings, acquisition of and deposits paid for property, plant and equipment and prepaid lease payments, interest payments and dividend, which amounted to HK\$38,927 million, HK\$16,811 million, HK\$4,256 million and HK\$6,030 million, respectively.

### Trade and note receivables

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
Trade receivables	8,601,610	10,051,035
Note receivables	<u>874,639</u>	<u>1,164,204</u>
	9,476,249	11,215,239
Less: provision for impairment of trade receivables	<u>(139,123)</u>	<u>(93,730)</u>
	<u>9,337,126</u>	<u>11,121,509</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:

	<b>2015</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
0 - 30 days	7,728,447	8,598,987
31 - 60 days	388,482	374,018
Over 60 days	<u>1,359,320</u>	<u>2,242,234</u>
	<u>9,476,249</u>	<u>11,215,239</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:

	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	5,555,057	7,111,508
31 - 90 days	2,502,235	1,795,255
Over 90 days	<u>2,365,826</u>	<u>1,557,285</u>
	<u>10,423,118</u>	<u>10,464,048</u>

Average credit term for purchases is 90 days.

## Key financial ratios of the Group

	<b>2015</b>	<b>2014</b>
Current ratio (times)	0.43	0.59
Quick ratio (times)	0.39	0.53
Net debt to shareholders' equity (%)	113.5	129.1
EBITDA interest coverage (times) <sup>(1)</sup>	8.3	6.5

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 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 and losses.

## Foreign exchange rate risk

The Group collects substantially all of its revenue in RMB and most of the Group's expenditures including expenditures incurred in its 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 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 is 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 is still foreign exchange risk which arises from the transactions and balances within the Group even after inter-group eliminations. The carrying amounts of the foreign currencies denominated monetary assets and monetary liabilities before elimination as at 31 December 2015 are as follows:

	<b>Group</b>	
	<b>As at 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets</b>		
USD	56,513	69,040
RMB	25,314,014	27,325,377
HKD	<u>764,801</u>	<u>601,508</u>
<b>Liabilities</b>		
USD	3,649,713	7,716,165
RMB	10,026,492	7,450,640
HKD	<u>500,000</u>	<u>3,180,000</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 2015, the Group provided certain guarantees amounting to HK\$950,796,420.

In addition, there were certain pending litigations and claims against the Group. After consulting with legal counsels, 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 39,728 employees as at 31 December 2015 (2014: 42,575 employees).

The Company and its subsidiaries have concluded employment contracts with all of their 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 2015, the Company had sold 1,523,145 shares through the trustee and distributed the net proceeds 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 2015.

## **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.

Ms. Zhou Junqing was the Company's Chairman and President in 2015. The division of responsibilities between the Chairman and the President has been clearly established and set out in writing. The Company will make announcement in accordance with the Listing Rules when a replacement is identified for the role of the President.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (the "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 2015 are audited by the Group's auditor, PricewaterhouseCoopers. An unqualified auditors' report will be included in the Annual Report to shareholders. The audit and risk committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2015.

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 2015 as set out in the preliminary results 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.

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results for the year ended 31 December 2015 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 109(3) of the predecessor Hong Kong Companies Ordinance (Cap.32). The Company will deliver the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

#### **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 2015 will be held on 6 June 2016 in Hong Kong.

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

Hong Kong, 21 March 2016

*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.*