華潤電力控股有限公司
China Resources Power Holdings Company Limited
(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 836)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2017

SUMMARY OF OPERATING RESULTS

The board of directors (the "Board") of China Resources Power Holdings Company Limited (the "Company" or "CR Power") announces the unaudited financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017.

For the first half of 2017, the Group recorded a profit attributable to owners of the Company ("net profit") of HK$1,854 million, representing a decrease of HK$3,482 million or 65.3% from a net profit of HK$5,336 million for the first half of 2016. Basic earnings per share for the first half of 2017 is 38.79 HK cents, representing a decrease of 65.3% from 111.81 HK cents for the first half of 2016.

The Board resolved to declare an interim dividend of 12.5 HK cents per share for the six months ended 30 June 2017.

	Six months ended	
	30 June 2017	**30 June 2016**
	(unaudited)	*(unaudited)*
Turnover *(HK$'000)*	34,092,283	30,971,184
Profit attributable to owners of the Company *(HK$'000)*	1,853,554	5,336,094
Basic earnings per share *(HK cents)*	38.79	111.81
Interim dividend per share *(HK cents)*	12.50	12.50
	As at 30 June 2017	**As at 31 December 2016**
	(unaudited)	*(audited)*
Total assets *(HK$'000)*	210,475,185	200,111,469
Cash and cash equivalents *(HK$'000)*	6,168,513	4,347,022
Pledged and restricted bank deposits *(HK$'000)*	629,596	1,092,114
Bank and other borrowings *(HK$'000)*	103,181,427	91,463,402
Equity attributable to owners of the Company *(HK$'000)*	69,852,418	69,020,906
Net debt to shareholders' equity (%)	138.0	124.6

BUSINESS REVIEW FOR THE FIRST HALF OF 2017

Generation capacity

As at 30 June 2017, the Group had a total attributable operational generation capacity of 37,020MW, in which the attributable operational generation capacity of our coal-fired power plants amounted to 31,158MW, representing 84.2% of the Group's total attributable operational generation capacity. Wind, hydro, photovoltaic and gas-fired power generation capacity amounted to 5,330MW, 280MW, 175MW and 77MW, respectively, in aggregate representing 15.8% of our total attributable operational generation capacity, representing an increase of 1.7 percentage points compared to the end of 2016.

In the first half of 2017, the Group commissioned 698MW of attributable wind power capacity and 45MW of attributable photovoltaic generation capacity.

Net generation volume

The total net generation volume of our consolidated operating power plants amounted to 76,978,660MWh in the first half of 2017, representing an increase of 8.5% from 70,958,229MWh in the first half of 2016.

For the 30 consolidated coal-fired power plants which were in operation for the entire first six months of 2016 and 2017, the average full-load equivalent utilization hours amounted to 2,366 hours, representing an increase of 3.4% from 2,288 hours for the first half of 2016, and exceeded the national average utilization hours for the thermal power industry by 356 hours.

In the first half of 2017, the net generation volume of the Group that participated in direct power supply ("DPS") amounted to 25,357,138 MWh, and the average tariff of the DPS volumes compared with the average tariff of the consolidated power plants that participated in DPS was at a discount of approximately 7.6%. As the reform of the power industry progresses, the Group accelerates collaboration with businesses of China Resources (Holdings) Company Limited, our controlling shareholder. In the first half of 2017, the Group has entered into DPS agreements with entities including China Resources Cement Holdings Limited and China Resources Microelectronics Limited, with total net generation volume of 1,074,574 MWh, accounting for 4.2% of the total net generation volume under DPS.

Fuel costs

In the first half of 2017, average standard coal cost per tonne of our consolidated coal-fired power plants was RMB691.81/tonne, representing an increase of 64.5% compared with the first half of 2016. Average unit fuel cost for our consolidated operating power plants was RMB211.23/MWh, representing an increase of 64.5% compared with the first half of 2016. This was mainly due to increase in coal prices. The average net generation standard coal consumption rate of our consolidated coal-fired power plants for the first half of 2017 was 302.8g/kWh, representing a decrease of 0.6g/kWh in comparison with the same period last year.

Development of renewable energy

As at 30 June 2017, the attributable operational generation capacity of the Group's wind power projects amounted to 5,330MW, representing an increase of 15.1% as compared to the end of December 2016. The attributable operational generation capacity of our wind farms under construction amounted to 1,602MW. The average full-load equivalent utilization hours of wind farms that were in commercial operation for the entire first six months of 2016 and 2017 amounted to 1,141 hours in the first half of 2017, exceeding the national average utilization hours of the wind power industry by 157 hours.

As at 30 June 2017, our attributable operational photovoltaic generation capacity reached 175MW and photovoltaic capacity under construction was 68MW; our attributable operational hydro-electric generation capacity reached 280MW and hydro-electric capacity under construction was 107MW.

Environmental expenses

In the first half of 2017, the total amount of discharge fees incurred by our subsidiaries was approximately RMB56 million, which was RMB2 million or 3.4% lower than RMB58 million incurred in the first half of 2016. As at 30 June 2017, the installation of ultra-low emission facilities for 53 generation units in the consolidated power plants was completed with a total attributable operational generation capacity of 22,483MW.

Capital expenditure

In the first half of 2017, the total cash capital expenditure of the Group amounted to approximately HK$4,850 million, among which, HK$560 million was used in the upgrading of existing coal-fired units for ultra-low emission, safety and energy saving and heat supply technology, approximately HK$1,610 million was used in the construction of coal-fired units, approximately HK$2,500 million was used in the construction of wind farms, photovoltaic power projects and hydro-electric plants, and approximately HK$180 million was used in the upgrading and construction of coal mines.

PROSPECTS FOR THE SECOND HALF OF 2017

In the first half of 2017, the overall electricity supply in China exceeded demand. Power consumption increased by 6.3% over the same period last year, representing an increase of 3.6 percentage points over the same period of last year. According to the forecast of China Electricity Council, due to the high base figure in the second half of last year, growth of electricity demand is expected to be slightly higher than 4% in the second half of this year, and the electricity demand growth for the full-year is expected to be 5%, similar to last year. One of the primary focuses for the Group will be to strive for higher utilization hours.

In the first half of 2017, coal inventory in all segments declined, coal supply was tight and the market price of coal lingered at high levels. With a series of measures taken by the Chinese government to increase coal supply to promote balanced supply and demand in the coal market, market prices of thermal coal are expected to decline and remain stable in the second half of 2017.

In order to further reduce emissions and proactively perform our social responsibilities in energy conservation and emission reduction, the Group implemented ultra-low emission transformation on 4 coal-fired generation units with a total attributable installed capacity of 1,180MW in the first half of 2017 to further reduce the emission of sulphur dioxide, nitrogen oxide and particulates. The Group plans to complete the ultra-low emission transformation on additional 2 coal-fired generation units with a total attributable installed capacity of 401MW in the second half of 2017.

As at the end of June 2017, the attributable generation capacity of our coal-fired power plants under construction amounted to 1,800MW, including 2x1,000MW ultra-supercritical coal-fired generation units of Caofeidian Power Plant in Hebei, which is owned as to 90% by the Group and is expected to commission in 2018.

In the second half of 2017, the Group will continue to develop and construct wind power and photovoltaic projects. The generation capacity of the wind power and photovoltaic projects that the Group is expected to commission in 2017 is approximately 1,200 MW.

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 to the capital expenditure based on market conditions and the general policies of the government. It is expected that capital expenditure for the whole year will be approximately HK$13.5 billion, of which approximately HK$2.0 billion to be used in the upgrading of existing coal-fired units for ultra-low emission, safety and energy saving and heat supply technology; approximately HK$2.6 billion to be used in the construction of coal-fired units; and approximately HK$8.5 billion to be used in the construction of wind farms, photovoltaic power projects and hydro-electric plants, and approximately HK$400 million to be used in the upgrading and construction of coal mines.

Dividend Policy

Unless there is a material change in the Group's business, results of operations and financial condition and subject to the approval by our shareholders at the annual general meeting for the relevant financial year, the Company intends to maintain a stable dividend per share for the three financial years of FY2016, FY2017 & FY2018.

OPERATING RESULTS

The results of operations for the six months ended 30 June 2017, which have been reviewed in accordance with the Hong Kong Standard on Review Engagements 2410 by the auditor and the Audit and Risk Committee of the Company, are set out as follows:

Interim Condensed Consolidated Statement of Income

	Six months ended 30 June 2017 *HK$'000* *(unaudited)*	Six months ended 30 June 2016 *HK$'000* *(unaudited)*
Turnover	34,092,283	30,971,184
Operating expenses		
Fuels	(18,062,751)	(10,748,371)
Depreciation and amortisation	(4,991,000)	(4,949,895)
Employee benefit expenses	(2,363,684)	(2,143,099)
Repairs and maintenance	(983,423)	(1,076,213)
Consumables	(443,073)	(440,846)
Impairment charges	(179,166)	(125,182)
Tax and surcharge	(531,369)	(540,409)
Others	(1,638,610)	(1,644,454)
Total operating expenses	(29,193,076)	(21,668,469)
Other income	942,568	581,583
Other (losses)/gains - net	(63,675)	237,364
Operating profit	5,778,100	10,121,662
Finance costs	(1,910,894)	(1,827,642)
Share of results of associates	(135,692)	173,554
Share of results of joint ventures	(40,912)	14,561
Profit before income tax	3,690,602	8,482,135
Income tax expense	(1,483,669)	(2,525,096)
Profit for the period	2,206,933	5,957,039
Profit for the period attributable to:		
Owners of the Company	1,853,554	5,336,094
Non-controlling interests		
- Perpetual capital securities	—	150,164
- Others	353,379	470,781
	353,379	620,945
	2,206,933	5,957,039
Earnings per share attributable to owners of the Company during the period		
- Basic	HK$0.39	HK$1.12
- Diluted	HK$0.39	HK$1.12

Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2017 HK$'000 (unaudited)	Six months ended 30 June 2016 HK$'000 (unaudited)
Profit for the period	2,206,933	5,957,039
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences	2,496,916	(2,020,070)
Share of other comprehensive income of investments accounted for using the equity method		
— Share of currency translation reserve	108,270	(111,300)
Fair value changes on cash flow hedges, net of tax	—	20,204
Fair value changes on available-for-sale investments, net of tax	(33,642)	22,543
Total items that may be reclassified subsequently to profit or loss, net of tax	2,571,544	(2,088,623)
Total comprehensive income for the period, net of tax	4,778,477	3,868,416
Attributable to:		
Owners of the Company	4,326,716	3,450,599
Non-controlling interests		
- Perpetual capital securities	—	150,164
- Others	451,761	267,653
	451,761	417,817
Total comprehensive income for the period	4,778,477	3,868,416

Interim Condensed Consolidated Balance Sheet

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
ASSETS		
Non-current assets		
Property, plant and equipment	141,654,869	138,275,197
Prepaid lease payments	3,377,369	3,344,692
Mining rights	15,042,401	14,902,898
Exploration and resources rights	156,324	151,677
Prepayment for non-current assets	3,800,359	2,784,169
Investments in associates	8,316,290	8,459,278
Loans to an associate	788,005	508,923
Investments in joint ventures	3,652,175	3,610,368
Goodwill	1,593,414	1,567,684
Deferred income tax assets	872,305	725,131
Available-for-sale investments	1,475,174	1,471,665
Loans to an available-for-sale investee company	437,093	424,099
	181,165,778	176,225,781
Current assets		
Inventories	3,491,345	3,124,403
Trade receivables, other receivables and prepayments	18,218,072	14,765,870
Loans to associates	22,583	21,911
Loans to joint ventures	184,032	192,535
Loans to a non-controlling shareholder of a subsidiary	33,989	32,979
Amounts due from associates	412,828	162,862
Amounts due from joint ventures	145,463	143,821
Amounts due from other related companies	2,986	2,171
Pledged and restricted bank deposits	629,596	1,092,114
Cash and cash equivalents	6,168,513	4,347,022
	29,309,407	23,885,688
Total assets	210,475,185	200,111,469

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	22,341,736	22,257,732
Other reserves	9,390,395	6,746,795
Retained earnings	38,120,287	40,016,379
	69,852,418	69,020,906
Non-controlling interests	4,883,054	5,543,957
Total equity	74,735,472	74,564,863
LIABILITIES		
Non-current liabilities		
Borrowings	76,456,220	70,166,815
Deferred income tax liabilities	2,664,818	2,590,741
Deferred income	971,524	955,922
Retirement and other long-term employee benefits obligations	168,325	171,642
	80,260,887	73,885,120
Current liabilities		
Trade payables, other payables and accruals	26,348,561	28,337,920
Amounts due to associates	226,468	253,426
Amounts due to joint ventures	736,594	653,476
Amounts due to other related companies	913,617	544,165
Current income tax liabilities	528,379	575,912
Borrowings	26,725,207	21,296,587
	55,478,826	51,661,486
Total liabilities	135,739,713	125,546,606
Total equity and liabilities	210,475,185	200,111,469

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 June 2017	**30 June 2016**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES - NET	3,215,015	9,977,322
Cash flows from investing activities		
Dividends received from associates	402,304	1,328,080
Dividends received from a joint venture	—	27,889
Dividends received from available-for-sale investments	115,912	14,993
Interests received from related parties	158,482	46,476
Decrease in term deposit	97,994	65,492
Proceeds from disposal of other equity investments	—	182,472
Acquisition of and deposits paid for property, plant and equipment and prepaid lease payments	(4,612,077)	(6,328,403)
Capital contribution into associates	(108,308)	—
Capital contribution into joint ventures	(61,494)	(95,434)
Loans to associates	(373,556)	(736,371)
Advance to an associate	(295,203)	—
Other investing cash inflows	123,257	43,479
CASH FLOWS USED IN INVESTING ACTIVITIES-NET	(4,552,689)	(5,451,327)

	Six months ended	
	30 June 2017	**30 June 2016**
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Cash flows from financing activities		
Proceeds from bank borrowings	24,997,053	19,846,757
Proceeds from issuance of corporate bonds	—	5,892,050
Proceeds from issuance of shares for exercised options	33,954	635
Capital contribution from non-controlling interests	46,093	—
Repayment of bank and other borrowings	(15,700,375)	(21,001,102)
Repayment of advance from associates	(37,870)	(314,746)
Advances/(repayment of advances) from joint ventures	70,900	(98,248)
Advance from non-controlling interests	10,221	16,191
Dividends paid to owners of the Company	(3,577,349)	(3,578,050)
Dividends paid to non-controlling interests	(816,928)	(956,278)
Interests paid	(1,929,420)	(2,059,122)
Coupon payment on perpetual capital securities	—	(210,915)
Redemption of perpetual capital securities	—	(5,835,750)
Other financing cash outflows	(136,545)	(3,401)
CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES-NET	2,959,734	(8,301,979)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,622,060	(3,775,984)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,347,022	7,273,945
EXCHANGE GAINS/(LOSSES)	199,431	(105,776)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6,168,513	3,392,185

Overview

For the six months ended 30 June 2017, the Group's operating profit decreased by 42.9% to HK$5,778 million as compared with the same period in 2016, and our net profit decreased by 65.3% to HK$1,854 million from HK$5,336 million for the same period in 2016.

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

- Increase in fuel costs. Fuel costs for the first half of 2017 increased by 68.1% as compared with the first half of 2016, mainly attributable to an increase in standard coal cost by 64.5% in the first half of 2017 as compared with the same period of 2016;

- Decrease in share of results of associates and joint ventures. This was attributable to a decline in profit of the associate and joint venture coal-fired power plants of the Group due to a rise in coal price. As a result, share of results of associates and joint ventures decreased by HK$365 million and incurred losses in the first half of 2017.

- Decrease in other gains and losses. While no gain on disposal of equity investment was recorded in the first half of 2017, HK$174 million was recorded in the same period last year; an exchange loss of HK$106 million was recorded for the first half of 2017 while an exchange gain of HK$30 million was recorded in the same period of last year;

However, these decreases were partially offset by:

- Increase in turnover. Turnover for the first half of 2017 increased by 10.1%, mainly due to increased net generation volume by consolidated power plants of 8.5% and increased selling price of coal of 79.1% by consolidated coal mines as compared with the same period in 2016.

- Increase in other incomes. Other incomes for the first half of 2017 increased by 62.1% as compared with the first half of 2016, mainly attributable to increase in government grant and dividend incomes.

Basis of preparation of financial statements and principal accounting policies

The financial information relating to the year ended 31 December 2016 included in the condensed consolidated interim financial information for the six months ended 30 June 2017 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year 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 2016 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).

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

The condensed consolidated interim financial information have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. The condensed consolidated interim financial information have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting" by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Group had net current liabilities as at 30 June 2017. The Directors of the Company are of the opinion that, taking into account the current available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is, at least for the next 12 months from the date of the condensed consolidated interim financial information. Hence, the condensed consolidated interim financial information have been prepared on a going concern basis.

Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

(a) **Amended standards, effective for the financial year beginning on or after 1 January 2017:**

- Amendments to HKAS 12 "Income taxes"
- Amendments to HKAS 7 "Statement of cash flows"
- Amendment to HKFRS 12 "Disclosure of interest in other entities"

(b) **New and amended standards that have been issued but are effective for the financial year after 1 January 2017 and have not been early adopted by the Group**

- HKFRS 9 "Financial instruments"
- HKFRS15 "Revenue from contracts with customers"
- Amendments to HKFRS 4, "Insurance Contracts"
- Amendment to HKFRS 1 "First time adoption of HKFRS"
- Amendment to HKAS 28 "Investments in associates and joint ventures"
- HKFRIC 22 "Foreign Currency Transactions and Advance Consideration"
- HKFRS 16 "Leases"
- Amendments to HKFRS 10 and HKAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"

The management is in the process of making an assessment of the impact of the above new standards and amendments to standards, and the result is consistent with assessment the management made and disclosed in the annual financial statements for the year ended 31 December 2016.

SEGMENT INFORMATION

The Group is engaged in three business areas - thermal power (inclusive of coal-fired and gas-fired power plants), renewable energy (inclusive of wind farms, photovoltaic and hydro-electric projects) and coal mining.

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

For the six months ended 30 June 2017

	Thermal power *HK$'000*	**Renewable energy** *HK$'000*	**Coal mining** *HK$'000*	**Eliminations** *HK$'000*	**Total** *HK$'000*
Segment revenue					
External sales	28,050,422	3,621,785	2,420,076	—	34,092,283
Inter-segment sales	—	—	35,037	(35,037)	—
Total	28,050,422	3,621,785	2,455,113	(35,037)	34,092,283
Segment profit/(loss)	3,139,300	2,091,736	983,739	—	6,214,775
Unallocated corporate expenses					(555,777)
Interest income					140,177
Loss on disposal of a subsidiary					(1,706)
Finance costs					(1,910,894)
Share of results of associates					(135,692)
Share of results of joint ventures					(40,912)
Dividend income from available-for-sale investments					86,891
Net exchange losses					(106,260)
Profit before income tax					3,690,602

For the six months ended 30 June 2016

	Thermal power *HK$'000*	Renewable energy *HK$'000*	Coal mining *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue					
External sales	26,502,437	3,105,657	1,363,090	—	30,971,184
Inter-segment sales	—	—	49,876	(49,876)	—
Total	26,502,437	3,105,657	1,412,966	(49,876)	30,971,184
Segment profit/(loss)	8,706,484	1,799,667	(399,110)	—	10,107,041
Unallocated corporate expenses					(344,173)
Interest income					137,299
Fair value changes on derivative financial instruments					2,494
Gains on disposal of equity investments					174,007
Finance costs					(1,827,642)
Share of results of associates					173,554
Share of results of joint ventures					14,561
Dividend income from available-for-sale investments					14,993
Net exchange gains					30,001
Profit before income tax					8,482,135

Geographical information

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

Turnover

Turnover represents the amount received and receivable arising on sales of electricity, heat generated by thermal power plants and sales of coal during the period.

Turnover for the first half of 2017 was HK$34,092 million, representing an increase of 10.1% as compared with the turnover of HK$30,971 million for the first half of 2016. The increase in turnover was mainly due to year-on-year increase of 8.5% in net generation volume of our consolidated power plants, and the year-on-year increase of 79.1% in the coal selling price of our consolidated coal mines. However, as substantially all of the Group's incomes are received in Renminbi and as Renminbi against Hong Kong dollar depreciated during the period, turnover amount presented in Hong Kong dollars decreased year-on-year and partially offset the increase in turnover due to the above factors.

Operating expenses

Operating expenses mainly comprise fuels, repairs and maintenance, depreciation and amortisation, employee benefit expenses, materials, tax and surcharge, impairment charges, and other operating expenses. Other operating expenses include (among others) coal safety production fees, office rent, water charges, utility expenses, production maintenance fees and other management fees. Total operating expenses for the first half of 2017 amounted to HK$29,193 million, representing an increase of HK$7,525 million or 34.7% from HK$21,668 million for the first half of 2016.

Fuel costs for the first half of 2017 amounted to approximately HK$18,063 million, representing an increase of HK$7,315 million or 68.1% from HK$10,748 million for the first half of 2016. This was mainly due to the increase in coal prices in the domestic market, resulting in an increase in standard coal cost per tonne for consolidated coal-fired power plants by 64.5%, and increase in net generation volume of our consolidated coal-fired power plants by 8.1% over the same period last year. As a result, fuel costs increased year-on-year.

Repairs and maintenance expenses decreased from HK$1,076 million for the first half of 2016 to HK$983 million for the first half of 2017, representing a decrease of HK$93 million or 8.6%, mainly due to decreased number of overhaul of units arranged in the first half of 2017 as compared to the same period in 2016.

Depreciation and amortisation increased from HK$4,950 million for the first half of 2016 to HK$4,991 million for the first half of 2017, representing an increase of HK$41 million or 0.8%. This was mainly due to the newly commissioned Liuzhi coal-fired power plant at the end of 2016, and the newly commissioned wind and photovoltaic projects.

Employee benefit expenses increased by HK$221 million or 10.3% from HK$2,143 million in the first half of 2016 to HK$2,364 million in the first half of 2017, mainly due to the fact that consolidated power plants provided for annual incentives on a monthly basis this year, while annual incentives for 2016 were mostly accounted for in the second half of the year.

Tax and surcharge decreased by HK$9 million or 1.7% from HK$540 million in the first half of 2016 to HK$531 million.

Impairment charges increased by approximately HK$54 million from HK$125 million in the first half of 2016 to HK$179 million. Impairment was made mainly in relation to the shutdown of the small units of Xingning power plant, and the write-off of equipment of individual power plants for technological upgrades.

Other operating expenses decreased by approximately HK$5 million or 0.4% from HK$1,644 million for the first half of 2016 to HK$1,639 million for the first half of 2017.

Other income and other gains - net

Other income amounted to approximately HK$943 million for the first half of 2017, representing an increase of HK$361 million or 62.1% from HK$582 million for the first half of 2016, which was mainly attributable to increased income received from government subsidies and dividend income. Other income for the first half of 2017 mainly included government subsidies of HK$309 million, sales of scrap materials of approximately HK$270 million, interest income of approximately HK$140 million, dividend income of approximately HK$87 million and service income from heat connection contracts of approximately HK$69 million.

Other losses — net were approximately HK$64 million for the first half of 2017, comprising (among others) exchange losses of HK$106 million, gains on disposal of fixed assets of HK$25 million, and insurance claims income of HK$13 million.

Operating profit

Operating profit represents profit from the Company and its subsidiaries before deduction of finance costs, income tax expenses and non-controlling interests. Operating profit for the first half of 2017 amounted to HK$5,778 million, representing a decrease of HK$4,344 million or 42.9% from HK$10,122 million for the first half of 2016. The decrease was mainly due to a surge in domestic coal prices, resulting in a substantial increase in unit fuel cost of our consolidated power plants.

Finance costs

Finance costs amounted to approximately HK$1,911 million for the first half of 2017, representing an increase of HK$83 million or 4.6% from HK$1,828 million for the first half of 2016, mainly due to increase in total bank and other borrowings of the Group as at 30 June 2017, due to the coal-fired generation units, wind and photovoltaic projects newly commissioned or under construction.

	Six months ended	
	30 June 2017	**30 June 2016**
	HK$'000	*HK$'000*
Interests on bank borrowings	1,722,233	1,744,453
Interests on corporate bonds	390,324	267,311
Others	44,892	48,300
	2,157,449	2,060,064
Less: Interests capitalized in property, plant and equipment	(246,555)	(232,422)
	1,910,894	1,827,642

Share of results of associates

Share of results of associates for the first half of 2017 recorded losses of HK$136 million, as compared to gains of HK$174 million in the first half of 2016. Losses were recorded for share of results of associates mainly due to a substantial increase in coal price which reduced profit of our associate coal-fired power plants and losses incurred by our associate coal mines.

Share of results of joint ventures

Share of results of joint ventures for the first half of 2017 recorded losses of HK$41 million, as compared to gains of HK$15 million for the first half of last year, mainly due to the fact that Hezhou Power Plant in Guangxi, a joint venture of the Group, incurred losses as a result of a substantial rise in coal price.

Income tax expense

Income tax expense for the first half of 2017 amounted to HK$1,484 million, representing a decrease of HK$1,041 million or 41.2% from HK$2,525 million for the first half of 2016. The decrease in PRC enterprise income tax was mainly due to a decline in profit of our consolidated coal-fired plants. Details of the income tax expense for the six months ended 30 June 2016 and 2017 are set out below:

	Six months ended	
	30 June 2017	**30 June 2016**
	HK$'000	*HK$'000*
Current income tax - PRC enterprise income tax	1,545,747	2,830,851
Deferred income tax	(62,078)	(305,755)
	1,483,669	2,525,096

No provision for Hong Kong profits tax has been made as the Group had no taxable profit in Hong Kong for both periods.

The PRC enterprise income tax has been calculated based on the estimated assessable profits in accordance with the relevant tax rates applicable to certain subsidiaries in the PRC.

Profit for the period

	Six months ended	
	30 June 2017	**30 June 2016**
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	4,860,605	4,730,188
Amortisation of prepaid lease payments	46,286	40,615
Amortisation of mining rights	84,109	179,092
Total depreciation and amortisation	4,991,000	4,949,895
Employee benefit expenses	2,363,684	2,143,099
Included in other income		
Sales of scrap materials	270,262	235,089
Dividend income from available-for-sale investments	86,891	14,993
Government grant	309,016	72,268
Interest income	140,177	137,299
Service income from heat supply connection contracts	68,674	53,793
Service fee income	40,711	45,210
Others	26,837	22,931
Included in other gains and losses		
Fair value changes on derivative financial instruments	—	2,494
Loss on disposal of subsidiary	(1,706)	—
Gains on disposal of equity investments	—	174,007
Net exchange gains/(losses)	(106,260)	30,001
Others	44,291	30,862

Profit for the period attributable to owners of the Company

As a result of the above, the Group's net profit for the first half of 2017 amounted to approximately HK$1,854 million, representing a decrease of 65.3% as compared to HK$5,336 million in the first half of 2016.

Earnings per share

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

	Six months ended 30 June 2017 *HK$'000*	Six months ended 30 June 2016 *HK$'000*
Profit attributable to owners of the Company	1,853,554	5,336,094

	Number of ordinary shares Six months ended 30 June 2017	Number of ordinary shares Six months ended 30 June 2016
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,778,112,362	4,772,452,732
Effect of dilutive potential ordinary shares:		
-share options	370,287	1,316,215
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,778,482,649	4,773,768,947

Interim dividend and closure of register of members

The Board resolved to declare an interim dividend of 12.5 HK cents per share for the six months ended 30 June 2017 (2016: interim dividend of 12.5 HK cents per share). The interim dividend will be paid in cash. Based on the number of shares in issue as at the date of this announcement, a total amount of dividend of approximately HK$597 million will be distributed.

At the Board meeting held on 23 March 2017, the Directors proposed a final dividend of HK$0.75 per share for the year ended 31 December 2016. The proposal was subsequently approved by the shareholders of the Company on 8 June 2017. The final dividend paid in 2017 was approximately HK$3,584 million (2016: HK$3,578 million).

The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 19 October 2017. The register of members of the Company will be closed from Tuesday, 17 October 2017 to Thursday, 19 October 2017 (both days inclusive), during such period no share transfer will be registered. To qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 16 October 2017. The interim dividend will be payable on or about 31 October 2017.

Capital structure management

The Group and the Company manage its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through optimizing the debt and equity structures. The overall strategies of the Group and the Company remain unchanged from the prior year.

The capital structure of the Group consists of debt, which includes long-term bank borrowings, short-term bank borrowings, corporate bonds and cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations from the Directors, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the repayment of existing debts.

Liquidity and financial resources, borrowings, and charge of assets

The Group had net current liabilities of approximately HK$26,169 million as at 30 June 2017. The Directors are of the opinion that, taking into account the current available banking facilities and net operating cash inflows generated internally by the Group, the Group has sufficient working capital for its present requirements, that is, at least for the next 12 months from the date of the condensed consolidated interim financial information.

Cash and cash equivalents as at 30 June 2017 denominated in local currency and foreign currencies mainly included HK$561 million, RMB4,840 million and US$4 million, respectively.

The bank and other borrowings of the Group as at 31 December 2016 and 30 June 2017 were as follows:

	As at 30 June 2017 *HK$'000*	**As at 31 December 2016** *HK$'000*
Secured bank loans	4,768,963	3,743,443
Unsecured bank loans	79,649,213	69,514,469
Corporate bonds and notes	18,763,251	18,205,490
	103,181,427	91,463,402

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

	As at 30 June 2017 *HK$'000*	**As at 31 December 2016** *HK$'000*
Within 1 year	26,725,207	21,296,587
Between 1 and 2 years	22,993,865	10,675,634
Between 2 and 5 years	29,439,647	39,598,307
Over 5 years	24,022,708	19,892,874
	103,181,427	91,463,402
The above secured bank and other borrowings are secured by:		
Pledge of assets (note)	3,549,360	3,042,672

Note: As at 30 June 2017, certain bank loans were secured by the Group's land use rights, buildings, power generating plant and equipment with carrying values of HK$915,000 (31 December 2016: HK$7,673,000), HK$1,103,002,000 (31 December 2016: HK$1,057,910,000) and HK$2,445,443,000 (31 December 2016: HK$1,977,089,000), respectively.

The bank and other borrowings as at 30 June 2017 denominated in local currency and foreign currencies mainly amounted to HK$17,671 million, RMB73,391 million and US$120 million, respectively.

As at 30 June 2017, the borrowings denominated in HK$ and US$ included in bank and other borrowings bore interest at a range from HIBOR plus 1.5% to 1.8% (30 June 2016: HIBOR plus 1.1% to 1.8%) per annum and LIBOR plus 1.6% (30 June 2016: LIBOR plus 1.6%) per annum, respectively, and the remaining borrowings carried interest rates at a range from 2.75% to 6.4% (30 June 2016: 2.75% to 6.4% per annum.

The Group no longer made use of interest rate swaps during the first half of 2017.

As at 30 June 2017, the Group's net debt to shareholders' equity was 138.0%. In the opinion of the Directors, the Group has a reasonable capital structure, which can support its future development plans and operations.

For the six months ended 30 June 2017, the Group's primary sources of funding included new bank borrowings, dividend income and net cash inflow from operating activities, which amounted to 24,997 million, HK$518 million and HK$3,215 million, respectively. The Group's funds were primarily used for the repayment of bank borrowings, acquisition of and deposits paid for property, plant and equipment and prepaid lease payments, interest and dividend payments, which amounted to HK$ 15,700 million, HK$4,612 million, HK$1,929 million and HK$4,394 million, respectively.

Trade receivables, other receivables and prepayments

Trade receivables are generally due within 60 days from the date of billing, except for the portion of wind power or photovoltaic electricity tariff beyond the local thermal power benchmark tariff. The settlement of the portion of wind power or photovoltaic electricity beyond the local thermal power benchmark tariff is subject to approval by government agencies, and being included in the renewable energy tariff subsidy directory. Thereafter funds to the local grid companies are disbursed by the government agencies, consequently resulting in a relatively longer time for settlement.

The following is an ageing analysis based on the invoice dates of trade receivables at the end of the reporting period:

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
0-30 days	7,504,817	6,122,293
31-60 days	826,490	579,000
Over 60 days	4,209,970	2,161,442
	12,541,277	8,862,735

Trade payables

The following is an ageing analysis based on the invoice dates of trade payables at the end of the reporting period:

	As at 30 June 2017	As at 31 December 2016
	HK$'000	*HK$'000*
0-30 days	5,948,728	6,030,620
31-90 days	1,103,664	2,103,095
Over 90 days	2,057,298	2,790,181
	9,109,690	10,923,896

Key financial ratios of the Group

	As at 30 June 2017	As at 31 December 2016
Current ratio (times)	0.53	0.46
Quick ratio (times)	0.47	0.40
Net debt to shareholders' equity (%)	138.0%	124.6%
EBITDA interest coverage (times)[1]	5.0	6.9

Current ratio	=	balance of current assets at the end of the period/balance of current liabilities at the end of the period
Quick ratio	=	(balance of current assets at the end of the period - balance of inventories at the end of the period)/balance of current liabilities at the end of the period
Net debt to shareholders' equity	=	(balance of borrowings at the end of the period - cash and cash equivalents at the end of the period - balance of pledged cash at the end of the period)/balance of equity attributable to owners of the Company at the end of the period
EBITDA interest coverage	=	(profit before income tax + interest expense + depreciation and amortisation) / interest expenses (including capitalized interests)

Note:

(1) Excluding non-cash charges, such as impairment charges, fair value change on derivative financial instrument, net exchange gains and losses.

Foreign exchange risk

The Group collects substantially all of its revenue in Renminbi ("RMB") and most of its expenditures, including expenditures incurred in the operation of power plants as well as capital expenditures, are denominated in RMB. Dividends receivables from the Company's subsidiaries and associates are collected in either RMB, United States dollar ("USD") or HKD.

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

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

As at 30 June 2017, the Group had HK$561 million and US$4 million cash at bank, and HK$17,671 million and US$120 million bank borrowings on its balance sheet, the remaining assets and liabilities of the Group were mainly denominated in RMB.

Contingent liabilities

As at 30 June 2017, the Group provided certain guarantees in the amount of HK$966,258,000 (31 December 2016: HK$1,210,142,000) to its related parties.

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

As at 30 June 2017, the Group had approximately 30,315 employees.

The Group has entered into employment contracts with all of its employees. The compensation of employees mainly includes salaries and performance-based bonuses. The Company has also implemented the Medium to Long-term Performance Evaluation Incentive Plan in order to attract and retain the best employees and to provide additional incentives to employees.

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

The Company and its subsidiaries did not purchase, sell or redeem any of their securities during the six months ended 30 June 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDITOR AND AUDIT AND RISK COMMITTEE

The interim results for the six months ended 30 June 2017 have been reviewed by the Audit and Risk Committee under the Board of the Company and its auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the HKICPA.

CHANGES SINCE 30 JUNE 2017

There were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the interim report for the six months ended 30 June 2017.

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

Hong Kong, 16 August 2017

As at the date of this announcement, the Board of Directors of the Company comprises four executive directors, namely, Ms. ZHOU Junqing (Chairman), Mr. GE Chang Xin (Vice Chairman), Mr. HU Min (President) and Ms. WANG Xiao Bin (Chief Financial Officer and Company Secretary); two non-executive directors, namely Mr. WANG Yan and Mr. CHEN Ying; and four independent non-executive directors, namely Mr. MA Chiu-Cheung, Andrew, Ms. LEUNG Oi-sie, Elsie, Dr. CH'IEN Kuo-fung, Raymond and Mr. SO Chak Kwong, Jack.