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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 2019**

#### **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 2019.

In 2019, profit attributable to owners of the Company (“Net Profit”) amounted to approximately HK\$6,590 million, representing an increase of HK\$2,640 million or 66.8% from a Net Profit of approximately HK\$3,950 million in 2018. Basic earnings per share amounted to HK\$1.37, representing an increase of 65.1% from basic earnings per share of HK\$0.83 in 2018.

The Board resolved to recommend a final dividend of HK\$0.348 per share for 2019. The interim dividend of HK\$0.20 per share was paid in October 2019, and total dividend for 2019 is HK\$0.548 per share.

**For the year ended 31 December****2019****2018**

Turnover ( <i>HK\$'000</i> )	67,757,632	76,940,125
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	6,590,345	3,950,435
Basic earnings per share ( <i>HK\$</i> )	1.37	0.83
Dividend per share ( <i>HK\$</i> )	0.548	0.328
Dividend payout ratio	40%	40%

As at 31 December 2019, equity attributable to owners of the Company amounted to HK\$72,924 million, total assets of the Group amounted to HK\$215,736 million, cash and cash equivalents amounted to HK\$4,907 million, and net debt to shareholders' equity ratio was 121.8%.

**As at 31 December****2019****2018**

Equity attributable to owners of the Company ( <i>HK\$'000</i> )	72,923,979	70,135,314
Total assets ( <i>HK\$'000</i> )	215,735,726	208,223,167
Cash and cash equivalents ( <i>HK\$'000</i> )	4,907,306	7,977,153
Pledged and restricted bank deposits ( <i>HK\$'000</i> )	425,503	214,281
Bank and other borrowings ( <i>HK\$'000</i> )	94,136,758	96,675,137
Net debt to shareholders' equity (%)	121.8	126.2
EBITDA interest coverage ( <i>times</i> ) <sup>(1)</sup>	5.9	5.0

*Note:*

- (1) Excluding non-cash income and expenses, being loss on disposal of assets, impairment loss and exchange gains and losses.

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

## **BUSINESS REVIEW FOR 2019**

The Group develops, constructs, and operates power plants, including large-scale efficient coal-fired generation units, wind farms, hydro-electric plants, gas-fired power plants and photovoltaic power projects. The Group also engages in power sales and comprehensive energy services as well as constructs and operates coal mines.

In 2019, power consumption growth in China slowed down as compared to 2018, with an increase of 4.5%. Average utilisation hours for thermal generation units in China decreased by 85 hours or 1.9% year on year to 4,293 hours. The average full-load equivalent utilisation hours of the subsidiary coal-fired power plants of the Group which were operational for the full year of 2019 was 4,725 hours, representing a decrease of 275 hours or 5.5% as compared to 2018, but exceeding the national average utilisation hours for thermal power plants by 432 hours.

In 2019, the average utilisation hours for wind power generation units in China reached 2,082 hours. The average full-load equivalent utilisation hours of the wind farms of the Group which were fully operational for the year of 2019 was 2,201 hours, exceeding the national average by 119 hours.

### **Generation capacity**

As at the end of 2019, the Group's total attributable operational generation capacity was 40,392MW, of which thermal power plants amounted to 30,972MW, accounting for 76.7%, wind, hydro and photovoltaic power capacity together accounting for 23.3%, representing an increase of 3.2 percentage points from the end of 2018.

During the year, the Group accelerated the development and construction of clean and renewable energy, and the attributable generation capacity of newly commissioned wind and photovoltaic power projects reached 1,871MW and 5.1MW respectively. At the end of 2019, the Group's attributable operational wind power generation capacity was 8,687MW and 3,809MW under construction; attributable operational photovoltaic generation capacity reached 453MW and 98MW under construction; attributable operational hydro-electric generation capacity was 280MW and 107MW under construction.

During the year, the Group newly commissioned a 1x1,000MW ultra-supercritical generation unit in Caofeidian (Phase II), Hebei, 51% owned by the Group; 2x660MW ultra-supercritical coal-fired power generation units in Wujianfang, Xilingol, Inner Mongolia, 70% owned by the Group; and 103MW gas-fired distributed energy project in Changzhou, Jiangsu, 100% owned by the Group. Newly commissioned thermal power generation capacity was 1,537MW.

## **Gross and net generation volume**

The gross generation volume and the net generation volume of the subsidiary power plants amounted to 158,038,060MWh and 149,186,086MWh respectively, both representing a decrease of 1.6% as compared to 2018, mainly due to the 5.5% decrease in average full-load equivalent utilisation hours of subsidiary coal-fired power plants, and the reduction of equity interest in CR Fuyang Power Plant by the Group during the year, which was reclassified as an associate.

In 2019, the net generation volume of our consolidated power plants that followed market-based pricing accounted for 66%, and that participated in direct power supply (including bilateral long-term agreements and on-grid competitive bidding) accounted for 55%. The average tariff (exclusive of tax) of the direct power supply volumes was at a discount of 8.1% as compared with the average benchmark on-grid tariff, further narrowing as compared to that in 2018.

## **Fuel costs**

In 2019, due to the gradual release of production capacity in the coal industry and the slowdown in power demand growth in China, domestic coal prices were on a downward trend. Average unit fuel cost of the subsidiary coal-fired power plants was RMB203.8/MWh, representing a decrease of 7.6% as compared to 2018. Average unit cost of standard coal was RMB679.9/tonne, representing a decrease of 6.8% as compared to 2018.

The average net generation standard coal consumption rate of the subsidiary coal-fired power plants was 296.6g/kWh, representing a decrease of 2.9g/kWh or 1.0% from 299.5g/kWh in 2018.

## **Environmental expenses**

The total environmental expenses incurred by the subsidiary coal-fired power plants were RMB109 million, representing a decrease of 4.1% as compared to 2018, mainly due to the decrease in net generation volume of coal-fired power plants, decrease in coal consumption rate and the efficiency enhancement of desulfurization and denitrification of certain power plants resulting from upgrades for energy-saving.

## **Capital expenditure**

In 2019, the cash capital expenditure of the Group amounted to approximately HK\$22,786 million, of which HK\$17,685 million was used in the construction of wind farms, photovoltaic power projects and hydro-electric plant, approximately HK\$3,471 million was used in the construction of thermal power units, HK\$1,391 million was used in upgrading the operating coal-fired power units for environmental protection, energy-saving and heat supply, and approximately HK\$239 million was used in the upgrade and construction of coal mines.

## **PROSPECTS FOR 2020**

In January 2020, the “COVID-19 virus” epidemic outbreak spread across China. The government implemented a number of measures to curb the spread of the virus, such as extending the Lunar New Year holiday, quarantining personnel, and delaying resumption of work. Due to the delayed resumption of operation in factories and enterprises in January and February, power demand remained at low levels. With enterprises across China gradually returning to work and resuming production at the end of February and March, it is expected that power demand will gradually recover. In order to deal with the negative impacts of the epidemic on economic growth, the central government will adopt a series of measures, such as reducing taxes and fees, reducing the burden on enterprises and stimulating economic growth.

The overall electricity consumption growth rate in China for the year will depend on a number of factors, including epidemic control and economy stimulus measures by the government. The epidemic delayed production resumption of certain coal mines after the Lunar New Year, at the same time power demand remained low. The Group responded quickly by increasing coal inventory to deal with the epidemic impacts. The Group is also well-prepared for power generation demand rebound as soon as the epidemic is over.

The epidemic delayed the resumption of construction of power projects after the Lunar New Year, which may affect the commissioning dates of some wind power projects. The government has stated that wind power tariff will implement grid parity policy starting from 2021. The Group will accelerate the construction of wind power projects and strive to complete the construction target by the end of this year, and currently estimates that by the end of 2020, renewable energy, mainly wind power, will account for approximately 29% of the Group’s total attributable operational generation capacity.

In 2020, the Group expects to commission an attributable capacity of 1,222MW of thermal power generation units including: 1x1,000MW ultra-supercritical generation unit in Caofeidian (Phase II), Hebei, 51% owned by the Group; 2x350MW heat and power co-generation units in Yundong, Cangzhou, Hebei, 90% owned by the Group; and a 82MW gas-fired distributed generation unit in Taixing, Jiangsu, 100% owned by the Group.

As the Chinese power industry reform will continue to advance, the Group will actively seek development opportunities, focus on the development of power sales, comprehensive energy services including energy efficiency services and energy storage, and actively explore business transformation and innovation.

In 2020, the cash capital expenditure is expected to be approximately HK\$24 billion, including approximately HK\$19 billion for the construction of wind farms, photovoltaic power projects and hydro-electric power plant, approximately HK\$3 billion for the construction of thermal power units, approximately HK\$1 billion for technical upgrades of coal-fired power units, such as environmental protection, energy saving and heat supply, and approximately HK\$1 billion for the construction of coal mines.

The development of the power industry is closely related to the national macro-economy, and is influenced by government policies. In addition to the main factors such as change in power demand, electricity tariff policies and fuel supply and pricing, other factors such as the COVID-19 epidemic at the beginning of 2020, have certain impact on the achievement of the Company's business objectives which creates uncertainty. The Group will continue to monitor the supply and demand situation of the domestic power market, as well as national policies and make timely and necessary responses and adjustments in business implementation, including controlling the pace of capital expenditure.

## OPERATING RESULTS

### Consolidated income statement For the year ended 31 December 2019

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Turnover	<u>67,757,632</u>	<u>76,940,125</u>
Operating expenses		
Fuels	(33,317,542)	(39,436,898)
Depreciation and amortisation	(10,631,129)	(11,152,914)
Employee benefit expenses	(5,190,039)	(6,068,230)
Repairs and maintenance	(1,954,437)	(2,039,174)
Consumables	(1,035,835)	(1,136,328)
Impairment charges	(2,284,134)	(962,004)
Tax and surcharges	(765,388)	(1,385,656)
Others	<u>(2,684,470)</u>	<u>(3,993,848)</u>
Total operating expenses	<u>(57,862,974)</u>	<u>(66,175,052)</u>
Other income	2,851,010	2,613,340
Other gains – net	142,790	91,441
Net losses on disposal of certain subsidiaries in coal mining segment	<u>–</u>	<u>(2,121,569)</u>
Operating profit	12,888,458	11,348,285
Finance costs	(3,786,511)	(4,314,685)
Share of results of associates	192,537	223,638
Share of results of joint ventures	<u>358,532</u>	<u>53,937</u>
Profit before income tax	9,653,016	7,311,175
Income tax expense	<u>(2,311,622)</u>	<u>(2,286,302)</u>
Profit for the year	<u><u>7,341,394</u></u>	<u><u>5,024,873</u></u>
Profit for the year attributable to:		
Owners of the Company	6,590,345	3,950,435
Other non-controlling interests	<u>751,049</u>	<u>1,074,438</u>
	<u><u>7,341,394</u></u>	<u><u>5,024,873</u></u>
Earnings per share attributable to owners of the Company during the year – Basic and diluted	<u><u>HK\$1.37</u></u>	<u><u>HK\$0.83</u></u>

**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2019**

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Profit for the year	<u>7,341,394</u>	<u>5,024,873</u>
Other comprehensive income/(loss):		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation difference	(2,271,465)	(4,578,808)
Share of other comprehensive income of investments accounted for using the equity method	(131,779)	(206,700)
Release to profit or loss in relation to disposal of subsidiaries	(15,146)	(818,797)
Release to profit or loss in relation to disposal of associates	17,401	–
<i>Items that will not be reclassified to profit or loss</i>		
Fair value changes on equity investments at fair value through other comprehensive income, net of tax	<u>30,590</u>	<u>308,644</u>
Other comprehensive income/(loss) for the year, net of tax	<u>(2,370,399)</u>	<u>(5,295,661)</u>
Total comprehensive income /(loss) for the year, net of tax	<u>4,970,995</u>	<u>(270,788)</u>
Total comprehensive income /(loss) for the year attributable to:		
Owners of the Company	4,432,883	(1,171,366)
Perpetual capital securities holders	16,050	–
Other non-controlling interests	<u>522,062</u>	<u>900,578</u>
Total comprehensive income /(loss) for the year, net of tax	<u>4,970,995</u>	<u>(270,788)</u>



**Consolidated balance sheet**  
**As at 31 December 2019**

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	150,581,102	145,272,477
Prepaid lease payments	–	3,437,135
Right-of-use assets	5,377,588	–
Goodwill	773,405	1,287,142
Mining rights	320,628	480,605
Exploration and resources rights	151,462	216,025
Deferred tax assets	744,390	882,182
Other receivables and prepayments	11,937,592	11,521,984
Investments in associates	8,833,069	9,480,198
Investments in joint ventures	5,158,844	3,678,437
Financial assets at fair value through other comprehensive income (FVOCI)	1,934,571	1,877,311
Loans to an FVOCI investee company	339,633	126,331
Loans to a non-controlling shareholder	13,954	14,266
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	186,166,238	178,274,093
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Current assets		
Inventories	3,171,932	3,295,536
Trade and other receivables	20,395,018	17,898,990
Loans to an associate	32,821	33,137
Loans to joint ventures	415,059	45,652
Loans to an FVOCI investee company	83,867	306,631
Loans to a non-controlling shareholder	–	36,521
Amounts due from associates	27,348	32,637
Amounts due from joint ventures	21,141	42,473
Amounts due from other related companies	89,493	66,063
Pledged/restricted bank deposits	425,503	214,281
Cash and cash equivalents	4,907,306	7,977,153
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	29,569,488	29,949,074
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<b>Total assets</b>	<b>215,735,726</b>	<b>208,223,167</b>
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	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
<b>EQUITY AND LIABILITIES</b>		
Equity attributable to owners of the Company		
Share capital	22,316,710	22,316,710
Other reserves	8,225,686	9,078,976
Retained earnings	42,381,583	38,739,628
	<u>72,923,979</u>	<u>70,135,314</u>
Perpetual capital securities holders	5,581,750	–
Others non-controlling interests	8,210,284	7,149,297
	<u>86,716,013</u>	<u>77,284,611</u>
<b>Total equity</b>		
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowings	68,763,429	69,210,171
Contract liabilities	432,157	531,755
Lease liabilities	826,903	–
Deferred tax liabilities	480,933	778,517
Deferred income	740,073	779,275
Retirement and benefit obligations	115,002	56,729
	<u>71,358,497</u>	<u>71,356,447</u>
Current liabilities		
Trade and other payables	28,719,884	28,253,761
Contract liabilities	1,309,434	1,128,165
Lease liabilities	210,811	–
Amounts due to associates	468,532	1,370,208
Amounts due to joint ventures	140,549	648,770
Amounts due to other related companies	6,747,540	292,310
Current tax liabilities	924,147	423,929
Borrowings	19,140,319	27,464,966
	<u>57,661,216</u>	<u>59,582,109</u>
	<u>129,019,713</u>	<u>130,938,556</u>
<b>Total liabilities</b>		
	<u>215,735,726</u>	<u>208,223,167</u>
<b>Total equity and liabilities</b>		

**Consolidated statement of cash flows**  
**For the year ended 31 December 2019**

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	9,653,016	7,311,175
Adjustments for:		
Depreciation and amortisation	10,631,129	11,152,914
Impairment charges	2,284,134	962,004
Exchange gains	(69,775)	(60,880)
Interest expense	3,786,511	4,314,685
Interest income	(367,750)	(414,113)
Share of results of associates	(192,537)	(223,638)
Share of results of joint ventures	(358,532)	(53,937)
Dividends income from FVOCI investee companies	(386,627)	(212,993)
(Gains)/losses on disposal of property, plant and equipment	(621)	74,281
Gains on disposal of right-of-use assets/prepaid lease payments	(17,024)	(67,129)
(Gains)/losses on disposal of subsidiaries	(41,614)	2,019,094
Gains on disposal of associates	(33,054)	–
Changes in working capital:		
Decrease/(increase) in inventories	60,348	(465,077)
(Increase)/decrease in trade and other receivables	(3,032,421)	1,273,153
Increase/(decrease) in trade and other payables	577,629	(4,814,258)
Increase/(decrease) in retirement and other long-term employee benefit obligations	58,273	(167,875)
Income tax paid	(2,043,506)	(2,530,642)
<b>NET CASH INFLOWS FROM OPERATING ACTIVITIES</b>	<b>20,507,579</b>	<b>18,096,764</b>

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from associates and joint ventures	1,605,309	531,507
Dividends received from FVOCI investee companies	241,264	212,673
Interests received	310,682	307,825
Decrease in term deposits	–	37,996
Acquisition of property, plant and equipment, prepaid lease payments, right-of-use assets, mining rights and exploration and resources rights	(22,541,915)	(16,884,456)
Proceeds from disposal of property, plant and equipment, prepaid lease payments and right-of-use assets	88,683	337,031
Proceeds from disposal of subsidiaries	1,381,584	8,371,942
Proceeds from disposal of associates	430,398	–
Loans repaid by associates	11,157	143,161
(Loans to)/loans repaid by joint ventures	(366,507)	113,000
Loans repaid by/(loans to) other related parties	37,382	(39,880)
Additional investment made into FVOCI	(24,757)	(851)
Capital contributions into associates	(167,954)	(725,228)
Capital contributions into joint ventures	(2,444,245)	(100,548)
Cash outflow on acquisition of interest in a subsidiary	–	(4,923)
Government grants related to assets	43,472	111,074
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<b>NET CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>	<b>(21,395,447)</b>	<b>(7,589,677)</b>
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	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	34,881,749	56,192,679
Proceeds from issuance of corporate bonds and notes	5,519,772	–
Repayment of bank borrowings	(41,838,193)	(50,617,562)
Redemption of corporate bonds and notes	(5,612,090)	(4,516,360)
Proceeds from issuance of perpetual capital securities	5,565,700	–
Proceeds from sale of shares held for Share Award Scheme	–	469,970
Proceeds from disposal of interests in subsidiaries without loss of control	1,383,919	650,068
Capital contributions by non-controlling interests	262,601	1,008,653
Capital reductions by non-controlling interests	(121,526)	–
(Repayment of advances to)/advances from associates	(850,466)	289,949
(Repayment of advances to)/advances from joint ventures	(481,878)	394,042
Repayment of advances to other related companies	(107,452)	(455,411)
Advances from/(repayment of advances to) an intermediate holding company	6,238,035	(812,104)
(Repayment of advances to)/advances from non-controlling interests of subsidiaries	(20,978)	13,599
Principal elements of lease payments	(99,981)	–
Interests paid	(4,230,420)	(4,757,071)
Dividends paid to owners of the Company	(1,938,011)	(4,184,668)
Dividends paid to non-controlling interests of subsidiaries	(635,294)	(1,119,931)
Others	–	(1,042)
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<b>NET CASH OUTFLOWS FROM FINANCING ACTIVITIES</b>	<b>(2,084,513)</b>	<b>(7,445,189)</b>
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<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,972,381)</b>	<b>3,061,898</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>7,977,153</b>	<b>5,381,686</b>
<b>EXCHANGE LOSSES</b>	<b>(97,466)</b>	<b>(466,431)</b>
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<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>4,907,306</b>	<b>7,977,153</b>
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## Changes in accounting policies

Except as described below, the accounting policies applied are consistent with those accounting policies as described and applied in the annual financial statements for the year ended 31 December 2018.

### (a) **New and amended standards adopted by the Group, effective for financial years beginning on or after 1 January 2019:**

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting Hong Kong Financial Reporting Standard 16 Leases (“HKFRS 16”).

The impact of the adoption of the leasing standard and the new accounting policies is disclosed below. The other standards did not have any significant impact on the Group’s accounting policies and did not require retrospective adjustment.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rates as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged from 3.1% to 5.6% per annum.

For leases previously classified as finance leases, the Group recognised the carrying amount of lease assets and lease liabilities immediately before the implementation of the new standard as the right-of-use assets and lease liabilities at the date of initial application. The measurement principles of HKFRS 16 are only applied after 1 January 2019. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

The lease liabilities recognised at 1 January 2019 upon initial adoption are arrived as below.

	<i><b>HK\$'000</b></i>
Operating lease commitments disclosed as at 31 December 2018	244,657
Discounted using the lessee's incremental borrowing rate at the date of initial application	192,239
Add: finance lease liabilities recognised as at 31 December 2018	22,791
Less: short-term and low-value leases recognised on a straight-line basis as expense	(2,430)
Less: contracts reassessed as service agreements	(40,476)
Add: adjustments as a result of a different treatment of extension options	139,795
Others	122,232
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<b>Lease liabilities recognised as at 1 January 2019</b>	<b>434,151</b>
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Of which are:	
Current lease liabilities	117,672
Non-current lease liabilities	316,479
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	<b>434,151</b>
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Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	<b>31 December 2019</b> <i>HK\$'000</i>	<b>1 January 2019</b> <i>HK\$'000</i>
Prepaid lease payments	4,496,335	4,180,413
Buildings	475,954	252,693
Power generating plant and equipment	392,044	69,986
Motor vehicles, furniture, fixtures, equipment and others	13,255	13,543
Construction in progress	–	22,845
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Total right-of-use assets	<u>5,377,588</u>	<u>4,539,480</u>

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by HK\$4,539,480,000 (including reclassification of prepaid lease payments for land use right in PRC amounting to HK\$3,437,135,000)
- Other receivables and prepayments – decrease by HK\$656,963,000
- Property, plant and equipment – decrease by HK\$34,022,000 (representing reclassification to right-of-use assets for property, plant and equipment finance leased in by the Group)
- Prepaid lease payments – decrease by HK\$3,437,135,000
- Trade and other payables – decrease by HK\$22,791,000
- Lease liabilities – increase by HK\$434,151,000

**(b) The Group has not early adopted new and amended standards that have been issued but are not effective for the financial year beginning after 1 January 2019**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.



## TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue received and receivable arising on sales of electricity, coal and heat supply, net of value-added tax, during the year.

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Sales of electricity	62,613,522	66,001,230
Including: Sales of power generated from thermal power plants	52,019,375	56,886,301
Sales of power generated from renewable energy	10,594,147	9,114,929
Heat supply	5,144,110	4,808,207
Sales of coal	–	6,130,688
	<u>67,757,632</u>	<u>76,940,125</u>

The Group's turnover for 2019 was HK\$67,758 million, representing an 11.9% decrease from HK\$76,940 million in 2018, mainly attributable to (1) the disposal of coal assets in Shanxi Province and reduction of equity interest in CR Fuyang Power Plant by the Group last year resulting in a decrease in turnover, (2) depreciation in the exchange rate of RMB against HKD resulting in a year-on-year decrease of 4.3% in the value of turnover presented in HKD, and (3) the year-on-year decrease of 1.6% in the total net generation volume of subsidiary power plants.

At the end of 2018, the Group disposed of its coal assets in Shanxi Province, resulting in a substantial decrease in the profit contribution from coal business to the Group and its share of the Group's assets. The remaining coal projects are mainly supporting coal mines for power plants in integrated coal and power projects. Therefore, the coal business has been classified into the thermal power segment and is no longer reported as a separate segment from 2019.

The Group is engaged in two business segments – thermal power (inclusive of coal-fired and gas-fired power plants and coal assets) and renewable energy (inclusive of wind, photovoltaic and hydro-electric projects). The segment information for 2018 is restated accordingly.

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

**For the year ended 31 December 2019**

	<b>Thermal power HK\$'000</b>	<b>Renewable energy HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue			
External sales	57,163,485	10,594,147	67,757,632
Inter-segment sales	—	—	—
	<hr/>	<hr/>	<hr/>
Total	57,163,485	10,594,147	67,757,632
	<hr/>	<hr/>	<hr/>
Segment profit	<u>8,227,609</u>	<u>5,751,599</u>	<u>13,979,208</u>
Unallocated corporate expenses			(1,989,570)
Interest income			367,750
Gains on disposal of subsidiaries			41,614
Gains on disposal of associates			33,054
Finance costs			(3,786,511)
Share of results of associates			192,537
Share of results of joint ventures			358,532
Dividend income from FVOCI investee companies			386,627
Exchange gains			69,775
			<hr/>
Profit before tax			<u>9,653,016</u>

**For the year ended 31 December 2018**

	<b>Thermal power</b> <i>HK\$'000</i> (restated)	<b>Renewable energy</b> <i>HK\$'000</i>	<b>Coal mining</b> <i>HK\$'000</i> (restated)	<b>Eliminations</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Segment revenue					
External sales	61,694,508	9,114,929	6,130,688	–	76,940,125
Inter-segment sales	–	–	23,241	(23,241)	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	61,694,508	9,114,929	6,153,929	(23,241)	76,940,125
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Segment profit	<u>7,136,326</u>	<u>4,665,171</u>	<u>2,704,214</u>	<u>–</u>	<u>14,505,711</u>
Unallocated corporate expenses					(1,826,318)
Interest income					414,113
Net losses on Disposal of Shanxi Coal Mining Assets					(2,121,569)
Gains on disposal of other subsidiaries					102,475
Finance costs					(4,314,685)
Share of results of associates					223,638
Share of results of joint ventures					53,937
Dividend income from FVOCI investee companies					212,993
Exchange gains					<hr/> 60,880
Profit before tax					<hr/> <u>7,311,175</u>

**Geographical information**

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

## Operating expenses

Operating expenses mainly comprise fuels, repairs and maintenance, depreciation and amortisation, employee benefit expenses, consumables, tax and surcharge, impairment loss, and other operating expenses. Other operating expenses include production safety expenses of coal, office rent, water charges, production maintenance fees, utility expenses and other management expenses. Operating expenses amounted to HK\$57,863 million, representing a decrease of 12.6% from HK\$66,175 million in 2018.

Fuels amounted to HK\$33,318 million, representing a decrease of HK\$6,119 million or 15.5% from HK\$39,437 million for 2018, mainly due to the decrease in the unit price of standard coal by approximately 6.8% year-on-year, and the decrease in the net generation volume of subsidiary thermal power plants by approximately 3.6% year-on-year. In addition, the depreciation in the exchange rate of RMB against HKD resulting in a year-on-year decrease of the fuel cost presented in HKD.

Repairs and maintenance expenses decreased by approximately HK\$85 million or 4.2% to HK\$1,954 million mainly attributable to the impact of depreciation in the exchange rate of RMB against HKD.

Depreciation and amortisation decreased by approximately HK\$522 million or 4.7% to HK\$10,631 million, mainly due to (1) the decrease in the depreciation and amortisation of coal assets as a result of disposal of coal assets in Shanxi at the end of 2018, and (2) the depreciation in the exchange rate of RMB against HKD.

Employee benefit expenses decreased by approximately HK\$878 million or 14.5% to HK\$5,190 million from approximately HK\$6,068 million in 2018, mainly due to, (1) the disposal of coal assets in Shanxi at the end of 2018, resulting in a decrease in the number of employees as the related employees were transferred to the buyer, and (2) the depreciation in the exchange rate of RMB against HKD.

Tax and surcharge decreased by approximately HK\$620 million or 44.8% from HK\$1,386 million in 2018 to HK\$765 million mainly due to (1) a decrease in coal-related resource tax paid after the disposal of the coal assets in Shanxi at the end of 2018, and (2) a decrease in urban maintenance and construction tax and education surcharge payable as a result of adjustment in the rate of value-added tax.

Impairment loss increased from HK\$962 million in 2018 to HK\$2,284 million, mainly including: (1) impairment provisions made for power assets of HK\$957 million, which mainly included impairment provisions made for goodwill of Jiangsu Investment, Xuzhou Huaxin and Shenyang Shenhai, and impairment provisions made for obsolete assets as a result of technological upgrades, and (2) impairment provisions of approximately HK\$1,327 million made for coal mine assets, which were mainly provisions for impairment of coal assets located in Henan, Jiangsu and Hunan.

Other operating expenses decreased by HK\$1,309 million or 32.8% from HK\$3,994 million for 2018 to HK\$2,684 million for 2019, mainly due to the inclusion of other operating expenses of HK\$1,032 million of disposed coal assets in Shanxi in 2018. Excluding this factor, other operating expenses decreased by HK\$277 million or 9.4% year-on-year, mainly due to the impact of the depreciation of the exchange rate of RMB against HKD. Other operating expenses mainly include other production costs of the power business such as water charges and utility expenses totalling HK\$1,792 million, office rents, building management fees, professional fees, administrative charges and other administrative costs totalling HK\$892 million.

## Other income and other gains – net

Other income amounted to HK\$2,851 million, representing an increase of 9.1% from HK\$2,613 million in 2018, mainly attributable to an increase in income from sales of by-products and an increase in dividend income. Other income mainly included income from sales of by-products of HK\$994 million, receipt of government grants and subsidies of HK\$675 million, dividend income of HK\$387 million, interest income of HK\$368 million, and income from service fees of HK\$131 million.

Other gains – net amounted to HK\$143 million, mainly including exchange gains and losses of HK\$70 million, gains on disposal of equity interest in subsidiaries, namely Panzhihua and Dongming, and associates, namely Hebei Hengxing and Hebei Hengfeng, amounting to HK\$75 million, charity donations of HK\$90 million, income from insurance claims of HK\$44 million, gains from disposal of land use rights of HK\$17 million and indemnity for breach of contract of HK\$15 million.

## Operating profit

Operating profit represents profit from the subsidiaries before deduction of finance costs, income tax expenses and non-controlling interests. Operating profit for 2019 amounted to HK\$12,888 million, representing an increase of 13.6% from HK\$11,348 million in 2018. The increase was mainly due to (1) a decrease in unit fuel costs of the subsidiary coal-fired power plants, and (2) increase in profit contribution of newly commissioned wind farms; such increase was partially offset by (1) increase in asset impairment charges, (2) decrease in profit contribution of the coal business upon disposal of Shanxi coal assets, and (3) the depreciation in the exchange rate of RMB against HKD.

## Finance costs

Finance costs amounted to HK\$3,787 million, representing a decrease of HK\$528 million or 12.2% from HK\$4,315 million in 2018, mainly due to the decrease in bank and other borrowings and the average borrowing interest rate.

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Interest on bank and other borrowings	3,727,120	4,211,098
Interest on corporate bonds and notes	558,382	785,349
Interests on loans from related parties	75,196	17,091
Interests on lease liabilities	18,801	–
Others	89,896	106,769
	<u>4,469,395</u>	<u>5,120,307</u>
Less: Interest capitalised in property, plant and equipment	<u>(682,884)</u>	<u>(805,622)</u>
	<u><u>3,786,511</u></u>	<u><u>4,314,685</u></u>

## Share of results of associates

Share of results of associates decreased by 13.9% to HK\$193 million from HK\$224 million in 2018 mainly due to impairment provisions made for coal assets, but such decrease was partially offset by the increase in profit from associate power plants.

## Share of results of joint ventures

Share of results of joint ventures increased by 564.7% to HK\$359 million from HK\$54 million in 2018 mainly due to a decrease in fuel cost and an increase in utilisation hours of Hezhou Power Plant in Guangxi, a joint venture of the Group, both of which resulted in an increase in its earnings.

## Income tax expenses

Income tax expenses increased by HK\$25 million or 1.1% to HK\$2,312 million from HK\$2,286 million in 2018 mainly attributable to the increases in income tax expenses as a result of profit increase of subsidiary coal-fired power plants, which was partially offset by (1) the decrease in income tax expenses of coal business subsequent to the disposal of coal assets in Shanxi as at the end of 2018, and (2) the reversal of deferred income tax of coal business due to the losses on disposal of coal assets.

Details of the income tax expenses for the years ended 31 December 2019 and 2018 are set out below:

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Current income tax – PRC enterprise income tax	2,490,361	2,437,137
Deferred income tax	(178,739)	(150,835)
	<u>2,311,622</u>	<u>2,286,302</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

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Operating profit for the year has been arrived after deducting the following items:		
Directors' remuneration		
– Fees	1,832	1,335
– Salaries and bonus	12,159	13,782
– Pension costs	156	156
	<u>14,147</u>	<u>15,273</u>
Wages, salaries and bonus	4,309,302	5,042,559
Pension costs, excluding directors – retirement benefit schemes	726,724	1,034,681
Employee termination benefits	139,866	(24,283)
	<u>5,190,039</u>	<u>6,068,230</u>
Total staff costs		
Depreciation and amortisation	10,631,129	11,152,914
Auditor's remuneration	13,393	13,124
Cost of inventories recognised as operating expenses	34,361,165	40,562,857
Impairment charges	2,284,134	962,004
Operating lease payments on land and buildings	82,880	143,812
	<u><u>53,563,506</u></u>	<u><u>59,069,544</u></u>

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
And after adding the following items:		
Dividend income from FVOCI	386,627	212,993
Government grant	674,894	755,495
Interest income	367,750	414,113
Sales of scrap materials	1,003,276	757,782
Service income from heat connection contracts	83,282	205,070
Net exchange gains (included in other gains/(losses))	69,775	60,880
Net gains/(losses) on disposal of subsidiaries	41,614	(2,019,094)
Gains on disposal of associates	33,054	–
Net gains/(losses) on disposal of property, plant and equipment(included in other gains/(losses))	621	(74,281)
Net gains on disposal of prepaid lease payments (included in other gains/(losses))	17,024	67,129
	<hr/>	<hr/>
Expenses capitalised in construction in progress:		
Other staff costs	535,161	442,571
Pension costs	61,619	41,464
Depreciation and amortisation	120,515	74,137
	<hr/> <hr/>	<hr/> <hr/>

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

As a result of the above, profit attributable to owners of the Company increased from approximately HK\$3,950 million in 2018 to approximately HK\$6,590 million in 2019, representing a year-on-year increase of 66.8%.



## 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>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>6,590,345</u>	<u>3,950,435</u>
	<b>Number of ordinary shares</b>	
	<b>2019</b>	<b>2018</b>
Ordinary shares for calculation of basic earnings per share	<u>4,810,443,740</u>	<u>4,780,875,881</u>
Weighted average number of ordinary shares for the calculation of diluted earnings per share	<u>4,810,443,740</u>	<u>4,780,875,881</u>
	<b>2019</b> <i>HK\$</i>	<b>2018</b> <i>HK\$</i>
Basic earnings per share	<u>1.37</u>	<u>0.83</u>
Diluted earnings per share	<u>1.37</u>	<u>0.83</u>

## Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK\$0.348 per share for 2019 (2018: HK\$0.203 per share).

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Dividends distributed during the year:		
2019 Interim, paid – HK\$0.20 per share (2018: HK\$0.125 per share)	962,089	597,390
2018 Final, paid – HK\$0.203 per share (2017: HK\$0.75 per share)	<u>976,520</u>	<u>3,580,429</u>
	<u>1,938,609</u>	<u>4,177,819</u>
Dividend proposed after the end of the reporting year:		
Proposed final dividend for 2019 of HK\$0.348 (2018: HK\$0.203) per share	<u>1,674,034</u>	<u>976,520</u>

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 9 June 2020 (the “AGM”), the proposed final dividend will be distributed on Thursday, 9 July 2020 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 19 June 2020.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 4 June 2020 to Tuesday, 9 June 2020 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 3 June 2020.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2019, the register of members of the Company will be closed on Friday, 19 June 2020 and no share transfer will be registered on that day. To qualify for the proposed final dividend, all share transfer documents 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 Thursday, 18 June 2020.

### **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 shareholders through the optimisation of the debt and equity structures. The Group’s and the Company’s overall strategy remain consistent as in prior years.

The capital structure of the Group consists of net debts (including long-term and short-term bank borrowings, corporate bonds, loans from related parties), cash and cash equivalents, pledged and restricted bank deposits and equity attributable to owners of the Company (comprising issued share capital, reserves and retained earnings).

The Board reviews 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 by issue of new debts or repayment of existing debts.

## Liquidity and financial resources, borrowings, and charge of assets

At 31 December 2019, the Group had net current liabilities of approximately HK\$28,092 million. The Directors are of the opinion that, taking into account the current operating and business plan of the Group as well as the banking facilities available to the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due for the coming twelve months from the balance sheet date. Therefore, the consolidated financial statements have been prepared on a going concern basis.

The cash and cash equivalents as at 31 December 2019 denominated in HKD, RMB and other foreign currencies amounted to HK\$444 million, RMB3,985 million and US\$2 million, respectively.

Bank and other borrowings of the Group as at 31 December 2019 and 2018 are as follows:

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Secured bank loans	2,996,099	3,324,118
Unsecured bank loans	71,416,559	79,330,271
Corporate bonds	13,491,090	14,020,748
Loans from related parties	6,233,010	—
	<u>94,136,758</u>	<u>96,675,137</u>

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

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Within 1 year	25,373,329	27,464,966
Between 1 and 2 years	10,821,374	14,656,676
Between 2 and 5 years	35,164,519	27,092,882
Over 5 years	22,777,536	27,460,613
	<u>94,136,758</u>	<u>96,675,137</u>

The above bank and other borrowings are secured by:

Pledge of assets (Note)	<u>2,106,542</u>	<u>2,744,296</u>
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*Note:* Certain bank loans were secured by the Group's buildings, power generating plants and equipment with carrying value of HK\$941,449,000 (2018: HK\$1,007,489,000) and HK\$1,165,093,000 (2018: HK\$1,736,807,000), respectively.

Bank and other borrowings as at 31 December 2019 denominated in HKD, RMB and other foreign currencies amounted to approximately HK\$21,888 million, RMB63,287 million, GBP150 million, USD6.73 million and EUR1.45 million, respectively.

As at 31 December 2019, bank and other borrowings of HK\$21,888 million and GBP150 million (2018: HK\$20,305 million and US\$120 million) bore interest at a range from HIBOR plus 0.60% to HIBOR plus 1.03% per annum and LIBOR plus 0.89% to LIBOR plus 0.98% per annum, respectively. The remaining bank and other borrowings carried interest rates at a range from 2.35% to 4.90% (2018: 2.35% to 4.99%) per annum.

As at 31 December 2019, the ratio of the Group's net debt to shareholders' equity was 121.8%, and total debt to total capitalisation was 52.1%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

In 2019, the Group's primary sources of funding included new bank borrowings, proceeds from disposal of subsidiaries, dividend income, issuance of corporate bonds and notes, issuance of perpetual capital securities, borrowings from CRH and net cash inflow from operating activities, which amounted to HK\$34,882 million, HK\$1,382 million, HK\$1,847 million, HK\$5,520 million, HK\$5,566 million, HK\$6,238 million and HK\$20,508 million, respectively. The Group's funds were primarily used for the repayment of bank borrowings, redemption of corporate bonds and notes, acquisition of and deposits paid for property, plant and equipment and right-of-use assets, interest and dividend payments, which amounted to HK\$41,838 million, HK\$5,612 million, HK\$22,542 million, HK\$4,230 million and HK\$2,573 million, respectively.

## Trade and note receivables

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
Trade receivables	14,218,995	11,401,608
Note receivables	474,376	143,885
	<hr/>	<hr/>
	14,693,371	11,545,493
Less: loss allowance for trade receivables	(78,187)	(114,676)
	<hr/>	<hr/>
	<u>14,615,184</u>	<u>11,430,817</u>

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

The following is an ageing analysis of trade and note receivables by invoice date included in trade and other receivables at the end of the reporting period:

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
0 – 30 days	6,426,672	6,453,797
31 – 60 days	604,875	583,248
Over 60 days	7,661,824	4,508,448
	<hr/>	<hr/>
	<u>14,693,371</u>	<u>11,545,493</u>

## Trade payables

The following is an ageing analysis of trade payables by invoice date included in trade and other payables at the end of the reporting period:

	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
0 – 30 days	3,406,975	6,672,213
31 – 90 days	2,077,496	2,253,431
Over 90 days	3,505,208	2,417,342
	<hr/>	<hr/>
	<u>8,989,679</u>	<u>11,342,986</u>

Average credit term for purchases is 90 days.

## Key financial ratios of the Group

	2019	2018
Current ratio ( <i>times</i> )	0.51	0.50
Quick ratio ( <i>times</i> )	0.46	0.45
Net debt to shareholders' equity ratio (%)	121.8	126.2
EBITDA interest coverage ( <i>times</i> ) <sup>(1)</sup>	5.9	5.0

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 ratio = (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 expenses + depreciation and amortisation)/interest expenses (including capitalised interest)

*Note:*

(1) Excluding non-cash income and expenses, being loss on disposal of assets, impairment loss and exchange gains and losses.

## Foreign exchange risk

The Group collects substantially all of its revenue in RMB and most of the Group's expenditures, including expenditure incurred in its operations as well as capital expenditure, are also denominated in RMB. Dividends receivable from the subsidiaries and associates are collected in RMB, HKD and Great Britain Pounds (“**GBP**”).

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 Chinese government. The exchange rates may also be affected by economic developments, political changes and supply and demand. The appreciation or devaluation of RMB against HKD and United States Dollar (“**USD**”) may have positive or negative impact on the results of operations of the Group.

The functional currency of major project companies of the Group is RMB, the revenue and expenses are mainly denominated in RMB, foreign exchange risk mainly arises from borrowings denominated in HKD. However, certain entities are located in Hong Kong and their functional currencies are HKD, their foreign exchange risk mainly arises from balances denominated in RMB and borrowings denominated in RMB and GBP.

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 intra-group eliminations. The carrying amounts of foreign currency denominated monetary assets and monetary liabilities before elimination as at 31 December 2019 are as follows:

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets</b>		
USD	12,516	12,508
RMB	18,596,090	16,400,607
HKD	828	405
GBP	207	–
	<u><u>                    </u></u>	<u><u>                    </u></u>
<b>Liabilities</b>		
RMB	6,140,235	6,277,095
USD	52,795	–
EUR	12,659	13,544
GBP	1,532,775	–
	<u><u>                    </u></u>	<u><u>                    </u></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 2019, the Group provided certain guarantees amounting to HK\$564,689,000 (31 December 2018: HK\$2,894,284,000) to its related parties.

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 on the Group is remote, and no further provisions need to be made in respect of such litigations and claims.

## **Employees**

The Group had 21,746 employees as at 31 December 2019 (2018: 21,629 employees).

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

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

During the year ended 31 December 2019, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the financial year.

## **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 conducted by the Directors. Having made specific enquiries of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code.

## **AUDITOR AND THE AUDIT AND RISK COMMITTEE**

The financial statements of the Group for the year ended 31 December 2019 have been audited by the Company's auditor, PricewaterhouseCoopers. An unqualified auditor's report will be included in the Annual Report for dispatch to shareholders. The Audit and Risk Committee of the Board has reviewed the annual results of the Group for the year ended 31 December 2019.

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 2019 as set out in the preliminary results announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts as 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 2019 and 2018 included in this preliminary announcement of annual results for the year ended 31 December 2019 does not constitute a part of 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 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 under the Hong Kong Companies Ordinance (Cap.622). The Company will deliver the financial statements for the year ended 31 December 2019 to the Registrar of Companies 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 make reference to any matters on which the auditor would like to draw 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 2020 will be held on 9 June 2020 in Hong Kong.

By Order of the Board  
**China Resources Power Holdings Company Limited**  
**Wang Chuandong**  
*Chairman*

Hong Kong, 30 March 2020

*As at the date of this announcement, the Board of the Company comprises three non-executive directors, namely Mr. Wang Chuandong (Chairman), Mr. CHEN Ying and Mr. WANG Yan; three executive directors, namely Mr. TANG Yong, Mr. ZHANG Junzheng and Ms. WANG Xiao Bin; 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.*