華潤電力控股有限公司
China Resources Power Holdings Company Limited
(Stock Code: 836)

Annual Report 2011

A Bright Future Ahead

About CR Power

China Resources Power Holdings Company Limited (the "Company" or "CR Power") is a fast-growing energy company which invests, develops, operates and manages coal-fired power plants, wind farms, hydro-electric projects and other clean energy projects in the more affluent regions or regions with abundant coal resources in China, and invests, develops, constructs and operates coal mines in China.

As at 31 December 2011, CR Power has 35 coal-fired power plants, 1 hydro-electric plant, 1 gas-fired plant and 21 wind farms in commercial operation. The total attributable operational generation capacity of the Company is 22,230MW, with 47.8% of our capacity located in Eastern China, 18.9% located in Central China, 17.0% located in Southern China, 11.0% located in Northern China, 4.8% located in Northeastern China, and 0.5% located in Northwestern China.

Corporate Structure

China Resources (Holdings) Co., Ltd. ("CRH")

63.75%

China Resources Power Holdings Co., Ltd.

Coal-fired 1000MW

- Xuzhou Phase III
- Hubei Phase II
- Haifeng
- Cangnan
- Hezhou

Coal-fired 600MW

Changshu
Fuyang
Liyujiang B
Shouyangshan
Zhenjiang
Yangzhou No. 2
Shaojiao C
Nanjing Thermal
Heze
Dengfeng Phase II (unit 1)
Changzhou
Shazhou
Dengfeng Phase II (unit 2)

Coal-fired 300MW

Huaxin
Liyujiang
Cangzhou
Dengfeng
Gucheng
Hubei
Lianyuan
Caofeidian
Dengkou
Guangzhou Thermal (300MW)
Banqiao
Xuzhou (Phase I & II)
Wenzhou Telluride
Hengfeng
Hengxing
Nanjing Chemical Industry Park (Phase II)

Coal-fired ≤200MW

Yixing
Xingning
Tangshan
Jiaozuo
Luoyang
Jinzhou
Shenhai Thermal
Nanjing Chemical Industry Park
Zhenjiang

Clean Energy

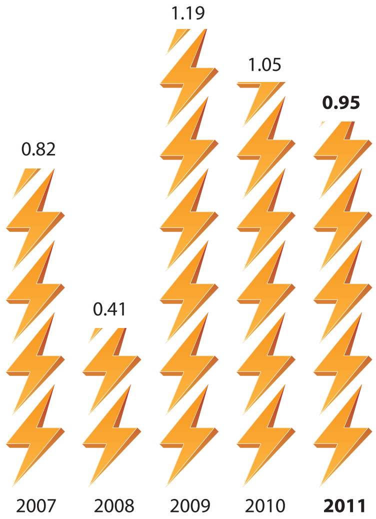
Dannan Wind
Shantou Wind
Chaonan Wind
Dahao Wind
Huilaixian'an Wind
Huilaiguanshan Wind
Yangxi Longgaoshan Wind
Penglai Wind
Penglai Xujiaji Wind
Penglai Daliuhang Wind
Penglai Daxindian Wind
Weihai ETD Zone Wind
Weihai Huancui Wind
Pingdu Wind
Fuxin Wind (Phase I & II)
Jianping Wind Phase I
Bayinxile Wind Phase I
Chengde Weichang Wind Phase I
Chengde Weichang Wind Phase II
Chengde Weichang Wind Phase III & IV & V
Guazhou Wind
Honghe Hydro
Beijing Thermal
Guazhou Wind
Penglai Daliuhang Wind
Penglai Daxindian Wind
Pingdu Wind
Haiyang Wind
Jüxian Wind
Wulian Wind
Jianping Wind Phase II
Bayinxile Wind Phase II
Manzhouli Wind
Jiamusi Wind
Yazuihe Hydro

Note: Projects under construction are marked in orange

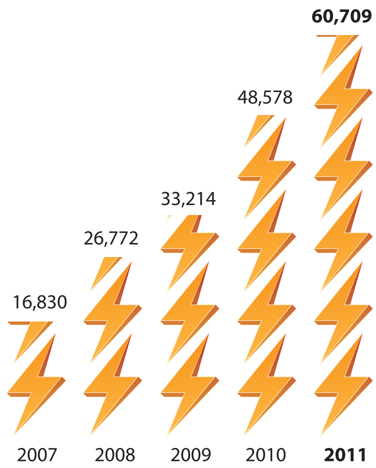
Contents

5-Year Financial Summary

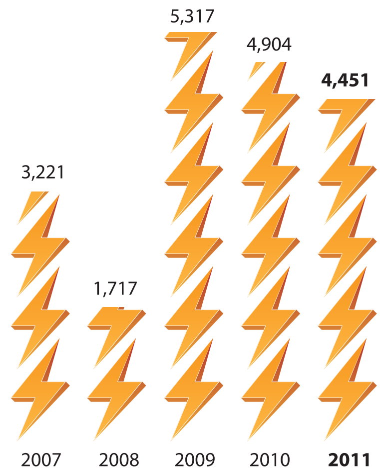
Basic Earnings Per Share
(HK$)



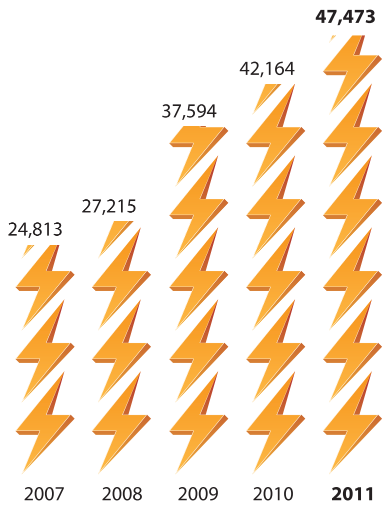
Turnover
(HK$ million)



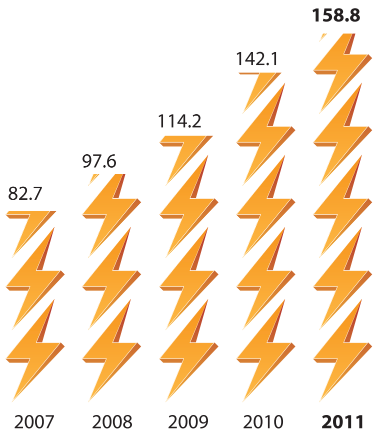
Profit attributable to owners of the Company
(HK$ million)



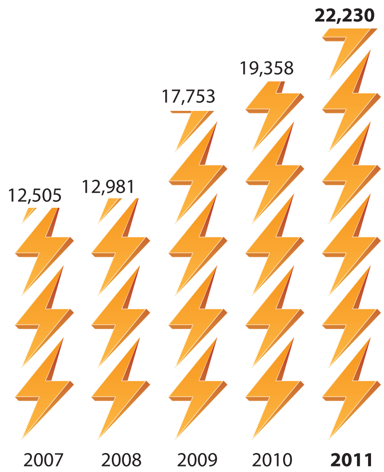
Equity attributable to owners of the Company
(HK$ million)



Net generation volume of operating power plants
(million MWh)



Attibutable operational generation capacity
(MW)



	2011	2010	2009	2008	2007
Earnings per share (HK$)					
Basic	**0.95**	1.05	1.19	0.41	0.82
Diluted	**0.94**	1.04	1.17	0.39	0.78
Turnover (HK$'000)	**60,708,674**	48,578,313	33,213,676	26,771,662	16,830,488
Profit attributable to owners of the Company (HK$'000)	**4,450,576**	4,903,654	5,317,392	1,717,448	3,220,597
Consolidated statement of financial position (HK$'000)					
Non-current assets	**142,559,745**	118,676,255	99,928,141	65,800,978	49,532,295
Current assets	**25,806,144**	24,334,292	18,997,789	13,848,868	14,282,223
Current liabilities	**48,976,437**	36,708,918	39,755,843	20,492,128	17,995,582
Non-current liabilities	**57,817,287**	56,041,520	34,014,705	28,996,855	18,761,379
Non-controlling interests	**14,099,167**	8,095,891	7,561,403	2,945,758	2,244,105
Equity attributable to owners of the Company (HK$'000)	**47,472,998**	42,164,218	37,593,979	27,215,105	24,813,452
Total assets	**168,365,889**	143,010,547	118,925,930	79,649,846	63,814,518
Bank balances and cash	**4,496,605**	6,801,707	6,261,931	5,467,088	7,887,134
Bank and other borrowings	**82,987,231**	74,911,153	56,484,467	37,671,443	26,672,332
Key financial ratios					
Net debt to shareholders' equity (%)	**165.3**	161.5	133.6	118.3	75.7
EBITDA interest coverage (times)	**3.86**	4.38	5.01	3.62	5.56
Generation volume of operating power plants (MWh)					
Total gross generation	**169,393,318**	151,833,189	122,243,413	104,548,012	88,352,860
Total net generation	**158,782,584**	142,057,401	114,245,966	97,579,013	82,702,443
Attributable operational generation capacity (MW)					
Eastern China	**10,628**	8,698	6,537	4,450	4,362
Central China	**4,205**	3,694	3,583	2,977	2,961
Southern China	**3,779**	3,702	3,964	3,102	3,055
Northern China	**2,440**	2,339	2,144	927	537
Northeastern China	**1,073**	925	1,525	1,525	1,200
Northwestern China	**105**	—	—	—	—
Total	**22,230**	19,358	17,753	12,981	12,505

Service Areas

PROVINCE	POWER PLANTS / WIND FARMS / HYDRO-ELECTRIC	INSTALLED CAPACITY (MW)	EFFECTIVE EQUITY INTEREST	ATTRIBUTABLE CAPACITY (MW)
Jiangsu	Changshu	1,950.0	100.0%	1,950.0
	Nanjing Thermal	1,200.0	100.0%	1,200.0
	Xuzhou Phase III	2,000.0	59.9%	1,197.2
	Zhenjiang	1,540.0	42.5%	654.5
	Yangzhou No. 2	1,260.0	45.0%	567.0
	Xuzhou (Phase I + II)	1,280.0	42.7%	545.9
	Nanjing Chemical industry Park Phase II	600.0	90.0%	540.0
	Huaxin	660.0	72.0%	475.2
	Banqiao	660.0	65.0%	429.0
	Changzhou	1,260.0	25.0%	315.0
	Shazhou	1,260.0	20.0%	252.0
	Nanjing Chemical industry Park	110.0	90.0%	99.0
	Yixing	120.0	55.0%	66.0
Guangdong	Liyujiang B	1,300.0	100.0%	1,300.0
	Shajiao C	1,980.0	36.0%	712.8
	Guangzhou Thermal (330MW)	600.0	100.0%	600.0
	Liyujiang	630.0	60.0%	378.0
	Xingning	270.0	100.0%	270.0
	Chaonan Wind (Phase I + II)	99.0	100.0%	99.0
	Yangxi Longgaoshan Wind	89.8	100.0%	89.8
	Huilaiguanshan Wind	50.0	100.0%	50.0
	Huilaixian'an Wind	37.5	100.0%	37.5
	Chaonan Wind Phase III	34.9	100.0%	34.9
	Shantou Wind	29.3	100.0%	29.3
	Dahao Wind	18.0	100.0%	18.0
	Dannan Wind	24.0	55.0%	13.2
	Haifeng	2,000.0	100.0%	2,000.0
Henan	Shouyangshan	1,200.0	85.0%	1,020.0
	Gucheng	600.0	100.0%	600.0
	Dengfeng	640.0	85.0%	544.0
	Dengfeng Phase II (Unit 1)	600.0	85.0%	510.0
	Jiaozuo	280.0	100.0%	280.0
	Luoyang	100.0	51.0%	51.0
	Dengfeng Phase II (Unit 2)	600.0	85.0%	510.0
Hebei	Cangzhou	650.0	95.0%	617.5
	Caofeidian	600.0	90.0%	540.0
	Tangshan	200.0	80.0%	160.0
	Hengfeng	600.0	25.0%	150.0
	Hengxing	600.0	25.0%	150.0
	Chengde Weichang Wind Phase I	48.0	100.0%	48.0
	Chengde Weichang Wind Phase II	49.5	100.0%	49.5
	Chengde Weichang Wind Phase III	49.5	100.0%	49.5
	Chengde Weichang Wind Phase IV	49.5	100.0%	49.5
	Chengde Weichang Wind Phase V	49.5	100.0%	49.5
Liaoning	Jinzhou	600.0	100.0%	600.0
	Shenhai Thermal	600.0	54.1%	324.7
	Fuxin Wind (Phase I + II)	99.0	100.0%	99.0
	Jianping Wind Phase I	49.5	100.0%	49.5
	Jianping Wind Phase II	49.5	100.0%	49.5
Shandong	Heze	1,200.0	90.0%	1,080.0
	Weihai ETD Zone Wind	49.8	100.0%	49.8
	Weihai Huancui Wind	49.8	100.0%	49.8
	Penglai Daliuhang Wind	48.0	100.0%	48.0
	Penglai Daxindian Wind	48.0	100.0%	48.0
	Penglai Wind	48.0	95.0%	45.6
	Penglai Xujiaji Wind	46.6	95.0%	44.3
	Pingdu Wind	28.0	100.0%	28.0
	Jüxian Wind	49.8	100.0%	49.8
	Haiyang Wind	49.8	100.0%	49.8
	Wulian Wind	32.0	100.0%	32.0
	Pingdu Wind	21.8	100.0%	21.8
	Penglai Daliuhang Wind	1.8	100.0%	1.8
	Penglai Daxindian Wind	1.8	100.0%	1.8
Inner Mongolia	Dengkou	600.0	75.0%	450.0
	Bayinxile Wind Phase I	49.5	100.0%	49.5
	Bayinxile Wind Phase II	49.5	100.0%	49.5
	Manzhouli Wind	49.5	100.0%	49.5
Hubei	Hubei	600.0	100.0%	600.0
	Hubei Phase II	2,000.0	100.0%	2,000.0
Guangxi	Hezhou	2,000.0	50.0%	1,000.0
Anhui	Fuyang	1,280.0	55.0%	704.0
Hunan	Lianyuan	600.0	100.0%	600.0
Zhejiang	Wenzhou Telluride	600.0	40.0%	240.0
	Cangnan	2,000.0	100.0%	2,000.0
Yunnan	Honghe Hydro	210.0	70.0%	147.0
Sichuan	Yazuihe Hydro	260.0	51.0%	132.6
Gansu	Guazhou Wind	105.0	100.0%	105.0
	Guazhou Wind	96.0	100.0%	96.0
Beijing	Beijing Thermal	150.0	51.0%	76.5
Heilongjiang	Jiamusi Wind	49.5	100.0%	49.5

Note: Projects under construction are marked in green


Heilongjiang
Inner Mongolia
Liaoning
Gansu
Beijing
Hebei
Shandong
Henan
Jiangsu
Anhui
Sichuan
Hubei
Zhejiang
Hunan
Yunnan
Guangdong
Guangxi

Chairman's Statement

Zhou Jun Qing
Chairman

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of CR Power for the year ended 31 December 2011.

2011 was a challenging year for the power sector in China. Whilst the rapid rise in coal prices, the delay in tariff adjustments resulted in a substantial decline in profits of the coal-fired power generation units and many power plants incurred losses. Amidst the adverse external market environment, CR Power continued to further optimize its business model. In addition to accelerating the generation capacity and enhancing our coal production, we also focused our efforts on developing and investing in our renewable energy projects. With the full implementation of our standardized lean management system, unleashing internal potential and continued efforts in solidifying cost control systems particularly under an extremely tense external environment, strengthening the capabilities within our own organization has enabled us to actively cope with changes and challenges brought forth by external macro-environment and national policies and continue to promote the healthy and sustainable development of CR Power.

2011 marked the 10th anniversary of the founding of CR Power. During this decade, we faced and overcame different economic and industry cycles and rapid changes in the global economic environment. These externalities posed tremendous challenges on our business operations, but on the other hand, boosted the endurance and optimised the business model and capabilities of CR Power. The Board believes that our 2011 annual results is a good representation of CR Power's high resistance to risk, which is attributable to our diversified source of earnings generated from our investment in coal-fired power, coal and renewable energy business segments.

Since the listing of CR Power in November 2003, we have been reporting strong growth in profits for many years. However, in 2011, our financial performance was not as favourable. Despite the relatively weaker results, we have always believed that CR Power remains to be one of the strongest companies in the industry with the highest return on invested capital, the most robust capital structure and the highest sustainability in China.

CR Power's management team and staff devoted extra effort to cope with the adverse market environment. The Board believes that tough external conditions will enable CR Power to further optimize our business model, promote our strategic development and organizational reform and strengthen our sustainability and profitability. CR Power is growing and emerging into an enterprise with in-depth business intelligence, effective strategies and innovative ideas to promote business sustainability. The characteristics of CR Power's future growth are now more eminent.

RESULTS PERFORMANCE

CR Power recorded a consolidated turnover of HK$60,709 million in 2011, representing an increase of 25.0% compared to 2010. Profit attributable to owners of the Company was HK$4,451 million, representing a decrease of 9.2% compared with HK$4,904 million in 2010. Basic earnings per share was HK$0.95, representing a decrease of 9.5% compared with HK$1.05 for last year. The Board has resolved to declare a final dividend of HK$0.24 per share. Together with the interim dividend of HK$0.06 per share paid on 3 October 2011, the total dividend for the full year is HK$0.30 per share, representing a dividend payout ratio still at about 31.6% despite a decrease in dividend per share over last year.

In 2011, CR Power made further progress in each of its business segments of coal-fired power, coal and clean energy. As at the end of 2011, the attributable operational generation capacity of CR Power increased by 2,872MW or 14.8% to 22,230MW compared to the end of 2010.

We have obtained State approvals for the following coal-fired power projects: the Haifeng project (2x1,000MW) in Shanwei, Guangdong Province; the Cangnan project (2x1,000MW) in Wenzhou, Zhejiang Province; the Jiaozuo project (2x600MW) in Jiaozuo, Henan Province and the coal-fired heat and power co-generation project (2x300MW) in Yichang, Hubei Province.

In 2011, we newly commissioned a 600MW coal-fired heat and power co-generation unit at Nanjing Thermal Plant, a 300MW coal-fired heat and power co-generation unit at Chemical Industry Park phase II, 2x600MW units at Heze Plant and a 600MW unit at Dengfeng phase II, with a total attributable newly commissioned installed capacity of 2,460MW.

In 2011, the average utilization hours of our 30 coal-fired power plants, which were fully operational between 2010 and 2011 was 6,121 hours, higher than the national average by 827 hours. On the one hand, these results are attributable to CR Power's coal-fired power business strategy of focusing on provinces with rapid economic development and a rising power demand, and on the other hand due to our large capacity, high efficiency and low coal consumption generating units, thus maintaining certain market competitiveness.

The coal-fired power industry suffered relatively huge losses in 2011 as a result of the rapidly deteriorating business environment. In response to this, the Chinese government raised on-grid tariffs for power plants in certain provinces firstly between April and May 2011, and from 1 December 2011 onwards, they broadened the scope of the tariff hikes to a wider geographical region. The on-grid tariffs for coal-fired power plants in provinces such as Henan, Hunan, Hebei, Shandong, Hubei, Liaoning, Inner Mongolia and Anhui were raised twice during the year, while the other power plants only had their on-grid tariffs raised on 1 December 2011.

Although the on-grid tariffs for coal-fired power plants were finally adjusted in 2011, this could not offset against the significant increase in operating costs due to soaring coal prices throughout the year. In 2011, the coal prices in China presented a wavering upward trend. During the first quarter of the year, domestic coal supply and demand were balanced and prices were relatively stable. During the second quarter of the year, there were high fluctuations in the supply and demand for coal in the coastal regions due to the Daqin line maintenance, drought in the southern regions and decrease in coal imports, shortage of electricity in certain places and active replenishment of inventories by power plants. These factors raised market expectations and created an upward trend for coal supply, demand as well as price. At the end of the third quarter, domestic coal consumption peak period began and coal prices continued to rise. Coal prices only displayed a downward trend after mid-November.

In 2011, the average standard coal cost for CR Power's power plants increased by 13.7%. To deal with the significant yearly increase in coal prices and acting on our social responsibilities and objective of energy saving and emission reduction, we have always been committed to lowering energy consumption. In 2011, the net generation standard coal consumption rate for our consolidated power plants was 325.99g/kWh, representing a decrease of 4.60g/kWh or 1.4% as compared to 330.59g/kWh in 2010. Thus, the increase in CR Power's unit fuel cost was less than the average standard coal cost, but still reached 11.0%.

In response to the the sharp rise in coal prices in recent years and to stabilize CR Power's supply chain and production cost, we continue to strive towards pursuing our business strategy of moving upstream. In 2011, CR Power's subsidiary and associate coal mines produced a total of approximately 16.37 million tonnes of coal, representing an increase of 43.3% as compared to 11.42 million tonnes of coal produced in 2010. Throughout the year, whilst actively developing new high quality resources and projects, we also carefully monitored and managed the safety of the production and operations of our coal mines, especially in our consolidated coal mines in Lüliang and Taiyuan, Shanxi Province. We also actively pursued technological improvements and construction of coal mines to enhance and ensure a high level of safety and at the same time restore production and realize profits.

In March 2011, we successfully acquired a 56% equity interest in Daning Coal Mine located in Jincheng, Shanxi Province for a total consideration of approximately US$669 million. The Daning Coal mine has an annual designed production capacity of 4 million tonnes. Through our efforts, Daning Coal Mine restored production in September 2011.

Despite achieving a production level of 16.37 million tonnes of coal in 2011, which represents an increase of 43.3% as compared to 11.42 million tonnes in 2010, the production volume was lower than originally planned due mainly to external factors such as changes in governmental policies, granting of licenses, local relations and geological conditions, as well as other factors such as diverted focus of the coal business management team to mergers and acquisitions, construction and production work. As a result of this, we thoroughly assessed CR Power's execution capabilities in the coal business and concluded that there were certain deficiencies in infrastructure, marketing and operational management as well as in team building which will need to be improved to a great extent in order to fulfill the expectations of the market and our shareholders.

Within CR Power's renewable energy sector, we actively developed the wind power business and engaged in scientific management to effectively carry out site selections, wind measuring as well as infrastructure, operational and maintenance works. As at the end of 2011, our attributable operational wind power generation capacity reached 1,234MW, representing an increase of 91.0% as compared to 646MW as at the end of 2010. Our wind farms are mainly located in Guangdong, Shandong, Hebei, Liaoning, Inner Mongolia and Gansu provinces.

In 2011, the average utilization hours for our wind farms were 2,126 hours, representing a decrease of 118 hours as compared to 2,244 hours in 2010, mainly due to the lower volume of power generation resulting from the slight reduction in wind speed in some regions and seasonal effects on some newly commenced operations. The utilization rate of our turbines in our wind farms was 98.9%, representing an increase of 1.6 percentage points as compared to 2010. As at the end of 2011, our contracted wind power projects for future development had a total capacity of 30,000 MW, meanwhile, 2,970 MW were granted preliminary approval.

PRODUCTION SAFETY

CR Power places great emphasis on production safety and strives to create and maintain a culture that "safety creates value". We create our safe production system by establishing a management system to improve management measures, strengthen management and staff training, sampling or carrying out planned production safety inspections with reference to international and domestic industrial standards.

In 2011, we focused on improving the production safety organizational structure as well as the production safety management system. We also further strengthened production safety supervision and management and further implemented production safety responsibilities. CR Power established a production safety management committee chaired by the President and set up an office in the company headquarters for this purpose. A production safety management committee, chaired by the general manager, was also set up for each project to be responsible for research, planning and implementing major safety management matters.

The performance of the President, management and project managers will be directly linked to their respective production safety responsibilities, and this will be incorporated into each of their performance contracts, thus effectively delegating safety responsibilities to the people.

In 2011, we further improved and prepared safety, health and environmental management standards and emergency plans, standardized the safety award and penalty system, conducted safety and site emergency training, organized and carried out activities such as specialized safety inspections and joint and mutual safety inspections.

In 2011, our coal-fired power, coal and renewable energy businesses completed safety trainings with 37,000 attendees, 51,000 attendees and 343 attendees respectively. Production safety will always be our top priority.

CARE FOR STAFF

CR Power encourages the pursuits of staff growth alongside the growth of the Company and strives to create a challenging, yet harmonious and happy working environment and career platform for its staff, aiming to establish a mutual relationship between staff and the organization, as well as between the staff themselves.

As at the end of 2011, the Company and its subsidiaries had a total of approximately 36,400 employees, of which about 6,400 were female employees, accounting for 17.6%. We strongly believe that the success of CR Power depends largely on the energy, dedication, loyalty and competency of our staff in order to implement our strategies and create values. In 2011, we further improved the staff training system and arranged staff training activities with an attendance level of over 38,000.

Under such an adverse market environment, our staff have inevitably been increasingly more hardworking and under greater pressure. On behalf of the Board, I would like to express my sincere gratitude and full respect to all the staff members for their contributions and dedication to CR Power in 2011.

COMMUNITY CONTRIBUTIONS

On top of achieving high profitability, CR Power simultaneously places great emphasis on fulfilling its social responsibilities alongside its corporate development. CR Power actively participates in public welfare and promotes "care and responsibility" and advocates that "love and actions speak louder than words". Our constructive actions, care for the general public, contributions to both the communities as well as to the wider country truly reflects CR Power's sense and fulfillment of responsibility.

To ease the increasingly serious shortage of power in Tibet, CR Power donated one 180MW gas generator unit and undertook all the required work including the project feasibility study, design, equipment transport and construction with a total investment of approximately RMB800 million. This project was the world's first ever installation of a 180MW heavy gas generator at an elevation of more than 3,600m. Under unfavorable construction conditions in the highlands and lack of oxygen, builders voluntarily gave up their holidays to overcome the severe altitude sickness and successfully completed grid connection and trial run and commenced power generation in just 99 days. On 4 July 2011, the power plant in Lhasa passed the 100-hour combined cycle trial run and was fully commissioned 43 days ahead of schedule. On 19 August 2011, the power plant was officially transferred to the local government to manage.

In 2011, CR Power actively participated in a project called "China Resources Hope Town". The China Resources Hope Town in Xibaipo, Hebei Province was completed on 31 October 2011, and the Hope Towns in Shaoshan, Hunan Province and Wanning, Hainan Province commenced construction in January 2011 and are currently in steady progress.

Since 2008, we have participated in the China Foundation for Youth Entrepreneurship and Employment for three consecutive years. The objective of this foundation is to support and give guidance to the youth in successful entrepreneurship and employment and assisting them in starting venture projects through various effective means.

In November 2011, the fourth distribution ceremony for 2010 Hebei Provincial China Resources Education Fund was held in Shijiazhuang. As planned, we awarded RMB3 million on an annual basis and plan to fund 10,000 impoverished university students from 2007 for 10 years.

In 2011, we organized and prepared the first "CR Power Sustainable Development Report", covering corporate governance, value creation, green growth, care for staff and community contributions. We also incorporated social responsibility work into the Company's routine agenda. Currently, the headquarters of CR Power, CR Coal and CR New Energy have initially established a regular system for social responsibility work. Our goal is to further improve the social responsibility management system in order to promote better corporate management, achieve sustainable development and continue to actively contribute to the community.

CORPORATE GOVERNANCE

The Board of CR Power aims to improve continuously our corporate governance practices with an objective of creating shareholder value. We endeavour to improve our transparency and accountability and promote honesty and integrity and fair treatment to shareholders, staff, customers and other stakeholders of the Company. See page 56 to 70 of this annual report for a detailed report about our corporate governance.

CHANGE OF DIRECTORS

On 29 April 2011, Mr. Wang Shuai Ting resigned as the Chairman of the Board and an Executive Director of CR Power and the positions held in a number of committees among the Board of Directors. His resignation is mainly due to his appointment in another important role in a large state-owned enterprise. Meanwhile, Mr. Song Lin assumed the role as Chairman of the Board, but resigned during the year due to numerous business commitments. On 21 October 2011, I replaced Mr. Song Lin to serve as the Chairman of the Board.

Mr. Song is the founder of CR Power. He served as the Chairman of the Board for 10 years since the establishment of CR Power and has made invaluable contributions to the development and growth of the Company. We would like to thank Mr. Song for his guidance and help throughout the years and would like to express our gratitude for his outstanding contributions to the development and growth of CR Power.

Mr. Wang is the pioneer of CR Power. He served as the President and Chief Executive Officer of CR Power for many years since its establishment and made invaluable contributions to its development and growth. We appreciate Mr. Wang for his great contributions to the development and advancement of CR Power over the years and would like to express our thanks for his leadership and guidance to the Board during his time as the Chairman of the Board of CR Power.

It gives me much pride of being the Chairman of the Board of CR Power and I acknowledge the important mission I take on. I will spare no efforts and will devote myself in contributing to CR Power's future development to ensure I gain the trust and support of our shareholders and staff.

CONCLUSION

We are currently undergoing and modernizing CR Power's business. Sustainability in business development has become an emerging commercial trend and will soon be the primary factor for businesses in order to gain long term competitiveness. We are currently facing drastic changes in the external market environment thus inevitably requiring CR Power to consider revisiting and rebuilding its business model. We are repositioning ourselves from a single coal-fired power business into an integrated energy producing company. The growth and evolution of our staff, our culture and management also play a large part of the reshaping of CR Power. This refinement will hopefully spread an everlasting vibrant energy within the Company.

On behalf of the Board, I would like to take this opportunity to thank our dedicated management team and all the members of the Board for their contributions to the Company during the past 12 months and my gratitude also goes to all the staff of CR Power for their great efforts in the past year under this adverse market environment. It is precisely because of this strong dedication and effort that allows me to confidently believe that CR Power is growing and building towards its emergence as an enterprise with in-depth business intelligence, effective strategies, creative and innovative ideas to promote business sustainability which will enable us to cope with and overcome future challenges both internally and externally.

Inspired by the admirable vision of becoming a "world class enterprise, most respected enterprise and best employer", we believe that CR Power will undoubtedly enjoy a bright future ahead.

Zhou Jun Qing
Chairman

Hong Kong, 19 March 2012

Directors and Senior Management

DIRECTORS

Madam Zhou Jun Qing

Madam Zhou Jun Qing, aged 58, is the Chairman of the Board and an Executive Director of the Company. She is also a Vice President of CRH. Prior to her joining the Company on 21 October 2011, she was an executive director of China Resources Cement Holdings Limited ("CR Cement") from June 2003 to October 2011 and was also the Chairman of CR Cement from August 2008 to October 2011 and the Chief Executive Officer of CR Cement from September 2006 to August 2008. She obtained a bachelor's degree in wireless technology from the Tsinghua University, China in 1979. She joined CRH in 1986 and has 25 years of experience in international trade and corporate management.

Mr. Wang Yu Jun

Mr. Wang Yu Jun, aged 46, is an Executive Director and President of the Company. Prior to that, Mr. Wang served as an Executive Vice President of the Company since June 2009. He also served as General Manager of Jiangsu Zhenjiang Generator Company Limited from March 2006 to May 2010, and also served as assistant general manager of China Resources (Xuzhou) Electric Power Co., Ltd., executive deputy general manager of China Resources Power Hunan Liyujiang Co., Ltd. and general manager of China Resources Power Dengfeng Co., Ltd. from November 2000 to March 2006. Mr. Wang has over 20 years of experience in power plant operations and management. He holds a Master's degree in Engineering from Nanjing University of Science and Technology and a Master's degree in Business Administration from China Europe International Business School.

Mr. Zhang Shen Wen

Mr. Zhang Shen Wen, aged 44, is an Executive Director of the Company and the General Manager of China Resources New Energy Holdings Company Limited ("CR New Energy"). He served as the Executive Vice President of the Company between August 2003 and July 2010. Mr. Zhang has considerable experience in the development of power plants. He was the general manager of the Finance and Accounting Department of the Company between July 2001 and September 2003 and was involved in the development of Liyujiang Phase II and the acquisitions of Shajiao C Power Plant and Wenzhou Telluride Phase II. Mr. Zhang joined CRNC in 1994 and worked at Hebei Hengfeng Power Generation Co., Ltd. between 1998 and 1999. Mr. Zhang holds a Bachelor of Science degree in Electrical Automation from the North China University of Technology in China and a Bachelor's degree of Economics from the University of International Business and Economics in China. He also holds a Master's degree in Business Administration from the University of San Francisco.

Mr. Li She Tang

Mr. Li She Tang, aged 48, was appointed as an Executive Director of the Company in July 2010 and General Manager of China Resources Coal Holdings Company Limited ("CR Coal") in July 2010. Prior to that, he served as an Executive Vice President of the Company since June 2009. Mr. Li has over 27 years of experience in the electricity industry in China. He served as Chief Technical Officer of the Company from September 2003 to June 2009, and served as General Manager of China Resources Power Dengfeng Co., Ltd. from August 2002 to December 2003. Mr. Li was Senior Advisor and Chief Engineer of Saide China Holdings Limited and General Manager of Puqi Sithe Power Generating Company Limited (which was renamed as China Resources Power Hubei Co., Ltd.) from 1999 to 2002. He started his career in the electricity industry in 1984 in the Power Planning and Engineering Institute of the Ministry of Electricity, where he served in various positions, including Head of Office, Deputy Section-in-chief, Section-in-chief and Chief Engineer. Mr. Li is a Senior Engineer and holds a Bachelor's degree in Engineering, majoring in Power Plant Thermal Engineering from Xi'an Jiaotong University and a Master's degree in Business Administration from Shanghai Jiao Tong University in China.

Ms. Wang Xiao Bin

Ms. Wang Xiao Bin, aged 44, is an Executive Director and Chief Financial Officer and Company secretary of the Company. Prior to joining the Company in July 2003, Ms. Wang was a director of corporate finance of ING Investment Banking, responsible for execution of capital markets and merger and acquisition transactions in the Asia Pacific region. She worked for Pricewaterhouse in Australia in the audit and business advisory division for five years before joining ING Barings. Ms Wang is also an Independent Non-executive Director of WorleyParsons Limited, a company listed on the Australian Securities Exchange. Ms. Wang is a member of the Australian Society of Certified Practising Accountants and holds a graduate diploma in Applied Finance and Investment from the Securities Institute of Australia and a Bachelor's degree in Commerce from Murdoch University in Australia.

Directors and Senior Management

Mr. Du Wen Min

Mr. Du Wen Min, aged 48, was appointed as a Non-executive Director of the Company in July 2010. He was appointed director of China Resources Sanjiu Medical & Pharmaceutical Company Limited (a listed company on the Shenzhen Stock Exchange) in November 2010. He is the Chief Human Resources Officer of CRH and was previously the Chief Audit Executive as well as the General Manager of the Internal Audit and Supervision Department of CRH. He is also a Non-executive Director of various companies listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx"), including China Resources Enterprises, Limited, China Resources Land Limited, China Resources Microelectronics Limited, China Resources Gas Group Limited and CR Cement. Mr. Du obtained a Master's degree in Business Administration from the University of San Francisco in the United States. He joined CRH in 1985.

Mr. Shi Shan Bo

Mr. Shi Shan Bo, aged 46, was appointed as a Non-executives Director of the Company in April 2010. He is the assistant president of CRH and was previously the Chief Audit Executive of CRH. He is also a Non-executive Director of China Resources Enterprise, Limited, China Resources Microelectronics Limited (its listing position was withdrawn on 2 November 2011), and China Resources Land Limited. He is also a director of China Resources Sanjiu Medical & Pharmaceutical Co., Ltd., a company listed on the Shenzhen Stock Exchange. He worked as the Chief Audit Executive of CRH, a deputy general manager of the Finance Department of CRH and general manager of China Resources Textiles (Holdings) Company Limited. He was the Chairman of China Resources Jinhua Co., Ltd., a company listed on the Shenzhen Stock Exchange, from November 2006 to March 2010 and also the vice chairman and general manager of CR Cement which is listed on the HKEx. He holds a Master's degree in Economics from Dongbei University of Finance and Economics. Mr. Shi joined CRH in 1991.

Mr. Wei Bin

Mr. Wei Bin, aged 42, was appointed as a Non-executive Director of the Company in July 2010. He has been appointed the Chief Financial Officer of CRH with effect from 1 April 2011 and is the General Manager of its Finance Department. He is also a Non-executive Director of China Resources Enterprise, Limited, China Resources Gas Group Limited, CR Cement, China Resources Microelectronics Limited and China Resources Land Limited, which are companies listed on the Main Board of the HKEx except China Resources Microelectronics Limited whose listing position was withdrawn on 2 November 2011, and a Director of China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. and Shan Dong Dong-E E-Jiao Co., Ltd, which are listed on the Shenzhen Stock Exchange. Mr. Wei holds a Bachelor's degree in Auditing from Zhongnan University of Economics in China and a Master's degree in Finance from Jinan University in China, and is a Senior Accountant and a Senior Auditor in China. He is also a non-practising member of the Chinese Institute of Certified Public Accountants. Mr. Wei joined CRH in 2001.

Dr. Zhang Hai Peng

Dr. Zhang Hai Peng, aged 40, was appointed as a Non-executive Director of the Company in July 2010. Dr. Zhang is the CEO of China Resources Healthcare Group Limited. He is also a Non-executive Director of China Resources Medication Group Limited, China Resources Sanjiu Medical & Pharmaceutical Co., Ltd, China Resources (Shenyang) Sanyo Compressor Co., Ltd. and China Resources Asset Management Limited, a Non-executive Director of companies listed on the Main Board of HKEx, including China Resources Land Limited and China Resources Microelectronics Limited (its listing position was withdrawn on 2 November 2011), as well as the supervisor of China Resources Bank of Zhuhai Co., Limited. Dr. Zhang was the general manager of Strategy Management Department of CRH. Prior to joining CRH, Dr. Zhang was a Partner of McKinsey & Company. Dr. Zhang also worked at China Merchants Holdings (International) Company Limited as director of Internal Control and Auditing. Dr. Zhang received an MBA degree from Goizueta Business School, Emory University and an M.D. degree from Peking Union Medical College. Dr. Zhang joined CRH in July 2009.

Mr. Anthony H. Adams

Mr. Anthony H. Adams, aged 41, was appointed an Independent Non-executive Director of the Company in 2003. Mr. Adams has almost 20 years of experience in infrastructure investment and development in Asia. Mr. Adams was a managing director based in Hong Kong with JP Morgan Asset Management where he focused on direct investments in the infrastructure and related resources sectors. Prior to joining JP Morgan in 2006, he was a managing director based in Hong Kong with Emerging Markets Partnership ("EMP"), which is the principal advisor to the AIG Infrastructure Funds, a set of private equity funds targeted at infrastructure and infrastructure-related opportunities in emerging Asia, Latin America, Europe and Africa. Prior to joining EMP, Mr. Adams was a project development manager at Bechtel Enterprises, the direct investment and development arm of the Bechtel Group, at which he participated in numerous energy and other infrastructure projects throughout the Asia Pacific. Mr. Adams holds a Bachelor of Arts degree from the University of Vermont (Phi Beta Kappa) and a Master's degree in Business Administration from Harvard Business School.

Mr. Chen Ji Min

Mr. Chen Ji Min, aged 68, was appointed an Independent Non-executive Director of the Company in February 2006. Mr. Chen was a member of the Standing Committee of the People's Congress of Zhejiang province and a deputy director of the Finance and Economy Commission of the Standing Committee. Mr. Chen had served as director of the Bureau of Electricity of Ningbo City, deputy director of the Economic and Trading Committee of Ningbo City, deputy director and director of the Bureau of Electricity of Zhejiang province, General Manager of the Electricity Development Company of Zhejiang province and chairman of the board of directors of Zhejiang South-East Company Limited, a company with B shares listed on the Shanghai Stock Exchange. Mr. Chen graduated from the Electricity Engineering Department of Zhejiang University.

Mr. Ma Chiu-Cheung, Andrew

Mr. Ma Chiu-Cheung, Andrew, aged 70, was appointed an Independent Non-executive Director of the Company in December 2006. Mr. Ma is a fellow member of the Institute of Chartered Accountants in England & Wales, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors and the Taxation Institute of Hong Kong. He has more than 30 years' experience in the field of accounting, auditing and finance. Mr. Ma is a founder and former director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited). He is presently a director of Mayee Management Limited and is currently also an Independent Non-executive Director of several other listed companies in Hong Kong. Mr. Ma received his Bachelor's degree in Economics from the London School of Economics and Political Science (University of London) in England.

Ms. Elsie Leung Oi-sie

Ms. Elsie Leung Oi-sie, aged 72, was appointed as an Independent Non-executive Director of the Company in April 2010. Ms. Leung was the Secretary for Justice of the Hong Kong Special Administrative Region, as well as a member of the Executive Council of Hong Kong from July 1997 to October 2005. Ms. Leung was admitted as a solicitor of the Supreme Court of Hong Kong in 1968. She was a partner of P. H Sin & Co., a Hong Kong law firm, which amalgamated with the law firm Iu, Lai & Li Solicitors & Notaries in 1993; she was a senior partner with Iu, Lai & Li Solicitors & Notaries from 1993 to 1997. At the end of 2006, she resumed practice at Iu, Lai & Li Solicitors & Notaries. Ms. Leung also serves on the board of United Company Rusal Plc, a public company listed in Hong Kong, as an Independent Non-executive Director.

Ms. Leung has served on several government boards and committees, including the Independent Police Complaints Council, Equal Opportunities Commission, Social Welfare Advisory Committee and Inland Revenue Board of Review. Ms. Leung was appointed as a Delegate of the People's Congress of Guangdong Province in 1989. In 1993, she was appointed as a Delegate of the 8th National People's Congress and in 1994 as well as a Hong Kong Affairs Adviser. Since 2006 she has been the Deputy Director of the Hong Kong Basic Law Committee of the Standing Committee of the National People's Congress of the People's Republic of China.

Apart from being a solicitor of the Supreme Court of Hong Kong, Ms. Leung is a qualified Solicitor in England and Wales and obtained a Master of Law degree from the University of Hong Kong in 1988.

Ms. Leung was appointed a Justice of the Peace in 1982 and was awarded the Grand Bauhinia Medal in 2002.

Dr. Raymond Ch'ien Kuo Fung

Dr. Raymond Ch'ien Kuo Fung, aged 60, was appointed as an Independent Non-executive Director of the Company in April 2010. Dr. Ch'ien is non-executive Chairman of MTR Corporation Limited, Chairman and Independent Non-executive Director of Hang Seng Bank Limited, Ascenda China Commercial Fund Management Ltd. and China.Com Inc. Dr. Ch'ien also serves as an Independent Non-executive Director on the boards of The Hongkong and Shanghai Banking Corporation Limited, Convenience Retail Asia Limited, The Wharf (Holdings) Limited, Hong Kong Mercantile Exchange Limited and Swiss Reinsurance Company Limited.

In public service, Dr. Ch'ien is a member of the Standing Committee of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference. Dr. Ch'ien is an honorary President and past Chairman of the Federation of Hong Kong Industries. From 1992 to 1997, Dr. Ch'ien was a member of the Executive Council of Hong Kong, then under British administration. He was appointed a member of the Executive Council of the Hong Kong Special Administrative Region on 1 July 1997 and served until June 2002. Dr. Ch'ien was a Hong Kong member of the APEC Business Advisory Council from 2004 to 2009 and Chairman of the Hong Kong/European Union Business Cooperation Committee from 2005 to 31 January 2012. Dr. Ch'ien was previously Chairman of the Advisory Committee on Corruption of the Independent Commission Against Corruption, the Hong Kong/Japan Business Cooperation Committee, the Industry and Technology Development Council and the Hong Kong Industrial Technology Centre Corporation Ltd.

Dr. Ch'ien received a doctoral degree in Economics from the University of Pennsylvania in 1978 and became a Trustee of the University in 2006. Dr. Ch'ien was appointed a Justice of the Peace in 1993 and a Commander in the Most Excellent Order of the British Empire in 1994. In 1999, he was awarded the Gold Bauhinia Star Medal. In August 2008, Dr. Ch'ien was conferred the honour of Chevalier de l'Ordre du Mérite Agricole of France.

SENIOR MANAGEMENT

Mr. Ding Qi

Mr. Ding Qi, aged 53, is a member of the Executive Committee of the Company. He served as the Chief Human Resources Officer of the Company between June 2007 and July 2010, and as the General Manager of the Human Resources and Administration Department of the Company from November 2001 to June 2007. Prior to joining the Company, he was a Departmental Manager of China Resources Development and Investment Co., Ltd. from 1998 to 1999. Mr. Ding holds a Bachelor's degree in Wireless Communications form the Nanjing Communications Engineering Institute.

Mr. Bu Fan Sen

Mr. Bu Fan Sen, aged 55, was appointed an Executive Vice President of the Company in October 2007. He is also the Chief Development Officer of the Company. Mr. Bu served as Assistant Vice President of the Company from December 2005 to October 2007. Prior to joining the Company, from September 2002 to September 2005, Mr. Bu served as Chairman of SDIC Huajing Power Holdings Co., Ltd., a company listed on the Shanghai Stock Exchange. From March 2001 to March 2004, Mr. Bu served as general manager of SDIC Electric Power Co., Ltd. Prior to that, he was Chief of Business Department of State Development & Investment Corp. Mr. Bu holds a Bachelor of Science degree in Water Conservancy and Hydro Power Engineering from Hehai University.

Ms. Liu Ping

Ms. Liu Ping, aged 50, is Deputy General Manager and CFO of CR New Energy. Prior to that, Ms. Liu was an Executive Vice President of the Company from June 2009 to July 2010. Ms. Liu served as general manager of China Resources (Luoyang) Thermal Power Co., Ltd. and CFO of China Resources Power Dengfeng Co., Ltd. and China Resources Power Henan Shouyangshan Co., Ltd. from October 2003 to March 2006. Ms. Liu has over 16 years of experience in financial management. Prior to joining the Company, Ms. Liu served as a management personnel in the People's Bank of China in Xuzhou City, Jiangsu province. Ms. Liu holds a Master's degree in Business Administration from China Europe International Business School.

Mr. Liu Chun Gui

Mr. Liu Chun Gui, aged 47, is the Deputy General Manager of CR Coal and Chief Technical Officer of CR Coal. He joined CR Power in April 2010 and prior to that, he was chief engineer of Datong Coal Mine Group from June 2007 to May 2010. Mr. Liu was also an assistant to the general manager at Datong Coal Mine Group from January 2007 to June 2007. From July 2002 to January 2007, Mr Liu served as head of the Sitai Mine of the Datong Coal Mine Group. Mr. Liu holds a Master's degree in Engineering from the China University of Mining and Technology, an Executive Master's Degree in Business Administration from Peking University and is a Doctor Graduate Candidate in Mining Engineering at the China University of Mining and Technology.

Mr. Zhao Hou Chang

Mr. Zhao Hou Chang, aged 46, is an Executive Vice President of the Company and Chief Technical Officer of the Company. Mr. Zhao has extensive experience in the construction and management of power plants in China. During the period from 2003 through 2009, he was general manager of China Resources Power Henan Shouyangshan Co., Ltd. and was responsible for the construction and operation of Shouyangshan Power Plant. From 2002 to 2003, Mr. Zhao was deputy general manager of China Resources Power (Changshu) Co., Ltd. From 1994 to 2002, he successively held the following positions with China Resources (Xuzhou) Electric Power Co., Ltd.: deputy director of the engineering department, deputy chief engineer, assistant general manager and deputy General Manager. Mr. Zhao holds a Master's degree in Business Administration from China Europe International Business School.

Mr. Wang Ya Ping

Mr. Wang Ya Ping, aged 55, is an Executive Vice President of the Company and the Chief Operation Officer of the Company. Mr. Wang has extensive experience in the construction, operation and management of coal-fired power plants. During the period from 2003 through 2010, Mr. Wang was general manager of China Resources (Xuzhou) Electric Power Co., Ltd., where he was responsible for the operation of the Phase I of Xuzhou Power Plant and the expansion, construction and operation of the Phase II of Xuzhou Power Plant which comprises two 300MW class units. He was also in charge of the construction of Phase III of Xuzhou Power Plant which comprises two 1,000MW ultra-super critical units. From March 2009 to July 2010, Mr. Wang served as the general manager of Jiangsu Branch of the Company. From 1994 to 2002, Mr. Wang successively assumed the following positions: marketing department director, assistant general manager, deputy general manager and deputy general manager of the fuel company under China Resources (Xuzhou) Electric Power Co., Ltd. Mr. Wang holds a Master's degree in Business Administration from Nanjing University.

Mr. Jiang Li Hui

Mr. Jiang Li Hui, aged 49, is an Executive Vice President and General Manager of the Hydro Business Department of the Company. He is also a member of the Executive Committee of the Company. Mr. Jiang has extensive experience in the development, construction and operation management of coal-fired and hydro power plants. From July 2010 to July 2011, he served as the Deputy General Manager of CR New Energy; from July 2009 to March 2011, he served as the Deputy Chief Technical Officer of the Company; from July 2007 to January 2010, he served as the General Manager of China Resources Hezhou Co., Ltd.; from April 2005 to July 2007, he served as the General Manager of Xuzhou Huaxin Power Generation Co., Ltd.; from July 2002 to April 2005, he served as the Deputy General Manager of China Resources Power Hubei Co., Ltd.; from April 1995 to July 2002, he served in various positions at China Resources (Xuzhou) Electric Power Co., Ltd., including assistant general manager and deputy chief engineer. Mr. Jiang holds a Master's degree in Business Administration from Huazhong University of Science and Technology and a Master's degree in Business Administration from China Europe International Business School.

Mr. Hu Min

Mr. Hu Min, aged 46, is a Vice President of the Company and General Manager of Jiangsu Branch of the Company. He is also a member of the Executive Committee of the Company. Mr. Hu has extensive experience in the construction, operation and management of coal-fired power generation. From June 2009 to May 2010, he served as the Deputy Chief Technical Officer and General Manager of Operation Department of China Resources Power Holdings Company Limited. From March 2002 to June 2004, he served as the General Manager of Shajiao C Power Station which the Company holds an equity interest. Prior to joining the Company, Mr. Hu served as the Deputy General Engineer and Department Head of Strategic Development Department of Guangdong Yudean Group Co., Ltd. Mr. Hu holds a Master's degree in Science from Chongqing University. From September 2000 to August 2001, as a high-level management in Guangdong province, he undertook a one-year business administration training course from University of Massachusetts Boston in the US. He is also a Doctor Graduate Candidate in Thermophysics at the Zhejiang University.

Report of the Directors

The directors of the Company (the "Directors") are pleased to present their annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Group engages principally in investing, developing, operating and managing power plants and coal mine projects in the more affluent regions or regions with abundant coal resources in China. The activities of its subsidiaries, associates and jointly controlled entities are set out in Notes 17, 18 and 19 to the financial statements, respectively.

GROUP PROFIT

The consolidated income statement is set out on page 73 and shows the Group's profit for the year ended 31 December 2011. A discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Management's Discussion and Analysis on pages 33 to 55 of this Annual Report.

DIVIDENDS

An interim dividend of HK$0.06 per share was paid on 3 October 2011.

The Board of Directors resolved to recommend the payment of a final dividend of HK$0.24 per share for the year ended 31 December 2011 to shareholders whose names appear on the Register of Members of the Company on 20 June 2012. The proposed dividend will be paid on or about 26 June 2012 following approval at the Annual General Meeting.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group and the Company during the year are set out in Note 13 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 39 to the financial statements.

RESERVES

Distributable reserves of the Company amounted to HK$3,895.0 million as at 31 December 2011 (2010: HK$5,730.3 million). Movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 78 to 80 of this Annual Report and Note 41 to the financial statements, respectively.

BANK AND OTHER BORROWINGS

The total borrowings of the Group as at 31 December 2011 amounted to HK$82,987.2 million (2010: HK$74,911.2 million). Particulars of borrowings are set out in Note 36 to the financial statements.

DIRECTORS

The Directors who held office during the year of 2011 and as at the date of this Annual Report are as follows:

Executive Directors:

Ms. Zhou Jun Qing	(Chairman and appointed on 21 October 2011)
Mr. Wang Yu Jun	(President)
Mr. Zhang Shen Wen	
Mr. Li She Tang	
Ms. Wang Xiao Bin	(Chief Financial Officer and Company Secretary)
Mr. Song Lin	(Appointed on 29 April 2011 and resigned on 21 October 2011)
Mr. Wang Shuai Ting	(Resigned on 29 April 2011)

Non-executive Directors:

Mr. Du Wen Min
Mr. Shi Shan Bo
Mr. Wei Bin
Dr. Zhang Hai Peng

Independent Non-executive Directors:

Mr. Anthony H. Adams
Mr. Chen Ji Min
Mr. Ma Chiu-Cheung, Andrew
Ms. Elsie Leung Oi-sie
Dr. Raymond K. F. Chíen

As at 31 December 2011, none of the Directors had a service contract with the Company or any subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

In accordance with Article 98 of the Company's Articles of Association, Ms. Zhou Jun Qing retires and being eligible, offers herself for re-election at the forthcoming annual general meeting of the Company.

In accordance with Article 120 of the Company's Articles of Association, Mr. Anthony H. Adams, Ms. Elsie Leung Oi-sie, Dr. Raymond K. F. Chíen , Ms. Wang Xiao Bin and Mr. Zhang Shen Wen retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company and considers that each of the Independent Non-executive Directors is independent to the Company.

Biographical details of the Directors as at the date of this report are set out on pages 12 to 17 of this Annual Report.

The executive Directors are entitled to salaries and discretionary bonuses determined by the Board at its absolute discretion having regard to the Group's performance and the prevailing market situation. The Non-executive Directors and the Independent Non-executive Directors are entitled to fees authorised by shareholders and approved by the Board by reference to the prevailing market conditions. The Directors are granted options to subscribe for the Company's shares (the "Shares"). For details of the share option schemes, please refer to pages 164 to 166 of this Annual Report. Details of Directors' remuneration are provided under Note 9 to the financial statements.

SHARE OPTIONS

The Company has two share option schemes, namely the pre-IPO share option scheme and the share option scheme as follows:

(A) Pre-IPO Share Option Scheme

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 6 October 2003. The purposes of the Pre-IPO Share Option Scheme are to attract and retain the best available personnel; to provide additional incentive to employees, directors, consultants and advisors of (a) the Company, its subsidiaries and associated companies and (b) China Resources (Holdings) Company Limited ("CRH") and its subsidiaries; and to promote the success of the business of the Company, its subsidiaries and associated companies. The Pre-IPO Share Option Scheme ended on 12 November 2003, being the date on which dealings in the Shares commenced on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and no further options under the Pre-IPO Share Option Scheme can be granted after that date. The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect for a period of 10 years from 6 October 2003.

Under the Pre-IPO Share Option Scheme, each option has a 10-year exercise period within which there is a total vesting period of five years. Commencing from the first, second, third, fourth and fifth anniversaries of the date of grant of an option, the relevant grantee may exercise up to 20%, 40%, 60%, 80% and 100% respectively of the Shares comprised in his or her option.

On 6 October 2003, in consideration of HK$1.00 per grant, options to subscribe for an aggregate of 167,395,000 shares at an exercise price of HK$2.80 (being the offer price of the Hong Kong initial public offering of the Company) have been conditionally granted to 591 grantees under the Pre-IPO Share Option Scheme.

As at 31 December 2011, a total of 17,911,376 Shares (representing approximately 0.38% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Pre-IPO Share Option Scheme.

Movement of the options under the Pre-IPO Share Option Scheme during the year ended 31 December 2011 is as follows:

Participants	Date of grant	Number of options outstanding as at 1 January 2011	Number of options exercised during the year[1]	Number of options outstanding as at 31 December 2011	Date of expiry	Exercise price (HK$)
Name of Director						
Li She Tang	6 Oct 2003	570,080	—	570,080	5 Oct 2013	2.750
Du Wen Min	6 Oct 2003	183,240	(183,240)	—	5 Oct 2013	2.750
Aggregate total of employees	6 Oct 2003	6,127,260	(5,295,888)	831,372	5 Oct 2013	2.750
Aggregate total of other participants	6 Oct 2003	17,501,456	(991,532)	16,509,924	5 Oct 2013	2.750
		24,382,036	(6,470,660)	17,911,376		

Note: 1. The weighted average closing prices of the Shares immediately before the dates on which the options were exercised was HK$14.24.

2. No option was granted, lapsed or cancelled under the Pre-IPO Share Option Scheme during the year.

(B) Share Option Scheme

A share option scheme (the "Share Option Scheme") was approved by a resolution in writing of the shareholders of the Company on 6 October 2003. The purposes of the Share Option Scheme are to attract and retain the best available personnel; to provide additional incentive to employees, directors, consultants and advisors of (a) the Company, its subsidiaries and associated companies and (b) CRH and its subsidiaries; and to promote the success of the business of the Company, its subsidiaries and associated companies.

The Board may, at its absolute discretion, offer an option to eligible person to subscribe for the Shares at an exercise price and subject to the other terms of the Share Option Scheme. Upon acceptance of the offer of a grant, the grantee shall pay HK$1 to the Company as nominal consideration for the grant.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 367,000,000 Shares of the Company, being 10% of the total number of Shares in issue immediately prior to the date on which dealings in the Shares commenced on the Stock Exchange.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme and any other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The exercise price to subscribe for each Share under the Share Option Scheme shall be not less than the greater of (1) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date the share option is granted; (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant, or (3) the nominal value of the Shares.

Options granted have a 10-year exercise period within which there is a total vesting period of five years. Commencing from the first, second, third, fourth and fifth anniversaries of the date of grant of an option, the relevant grantee may exercise up to 20%, 40%, 60%, 80% and 100% respectively of the Shares comprised in his or her option.

The Share Option Scheme will remain in force for a period of 10 years from 6 October 2003.

As at 31 December 2011, a total of 54,004,480 Shares (representing approximately 1.14% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Share Option Scheme.

Movement of the options granted under the Share Option Scheme during the year ended 31 December 2011 is as follows:

Participant	Date of grant	Number of options outstanding as at 1 January 2011	Number of options exercised during the year[1]	Number of options outstanding as at 31 December 2011	Date of expiry	Exercise price (HK$)
Name of Director						
Wang Yu Jun	18 Mar 2005	101,800	—	101,800	17 Mar 2015	3.919
Zhang Shen Wen	18 Mar 2005	244,320	—	244,320	17 Mar 2015	3.919
Li She Tang	18 Mar 2005	366,480	—	366,480	17 Mar 2015	3.919
Wang Xiao Bin	18 Mar 2005	166,480	—	166,480	17 Mar 2015	3.919
Anthony H. Adams	18 Nov 2005	203,600	—	203,600	17 Nov 2015	4.641
Chen Ji Min	30 Mar 2007	203,600	—	203,600	29 Mar 2017	12.210
Ma Chiu-Cheung, Andrew	30 Mar 2007	203,600	—	203,600	29 Mar 2017	12.210
Aggregate total of employees	1 Sep 2004	3,413,540	(1,250,880)	2,162,660	31 Aug 2014	4.175
	18 Mar 2005	2,735,440	(1,308,800)	1,426,640	17 Mar 2015	3.919
	18 Nov 2005	22,456,640	(11,096,860)	11,359,780	17 Nov 2015	4.641
	5 Sep 2006	15,552,920	(4,258,200)	11,294,720	4 Sep 2016	6.925
	30 Mar 2007	23,321,760	(330,000)	22,991,760	29 Mar 2017	12.210
Aggregate total of other participants	18 Mar 2005	4,154,520	(875,480)	3,279,040	17 Mar 2015	3.919
		73,124,700	(19,120,220)	54,004,480		

Note: 1. The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK$14.17.

2. No option was granted under the Share Option Scheme during the year.

MEDIUM TO LONG-TERM PERFORMANCE EVALUATION INCENTIVE PLAN

As an incentive to retain and motivate the employees, on 25 April 2008 (the "Adoption Date"), the Board resolved to adopt the "Medium to Long-term Performance Evaluation Incentive Plan" (the "Plan") and the Company appointed BOCI-Prudential Trustee Limited as trustee to this Plan (the "Trustee"). Pursuant to the Plan, Company's shares ("Shares") may be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the selected employees until such Shares are vested with the selected employees in accordance with the provisions of the Plan. The Plan does not constitute a share option scheme pursuant to chapter 17 of the Listing Rules and is a discretionary plan of the Company. The Board will implement the Plan in accordance with the terms of the Plan, including the provision of necessary funds to the Trustee for purchase of Shares up to 2% of the issued share capital of the Company as at the Adoption Date (i.e. 4,150,021,178 Shares). The Plan shall be effective from the Adoption Date and shall continue in full force and effect for a term of 10 years unless terminated at the discretion of the Board at an earlier date.

During the year ended 31 December 2011, the Trustee purchased 6,120,000 (2010: Nil) Shares for the Plan at weighted average price of HK$12.68.

During the year ended 31 December 2011, HK$143,098,000 (2010: Nil) was determined under the Plan using the market price of the ordinary shares at the date of grant and recognised as an expense during the year ended 31 December 2011.

Under the Plan, there were total of 37,019,475 shares (2010: 41,230,000) amounting to HK$588,354,000 (2010: HK$681,500,000) held by the Trustee at the end of the reporting period.

DIRECTORS' INTERESTS IN SECURITIES

Save as disclosed below, as at 31 December 2011, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein:

(A) The Company

Details of Shares and outstanding options granted under the Pre-IPO Share Option Scheme and Share Option Scheme in the Company held by the Directors as at 31 December 2011 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of the Company
Zhou Jun Qing	Beneficial Owner	70,864	Long	0.002%
	Interest of Spouse	20,000	Long	0.000%
Wang Yu Jun	Beneficial Owner	280,070	Long	0.006%
Zhang Shen Wen	Beneficial Owner	2,426,800	Long	0.051%
Li She Tang	Beneficial Owner	660,000	Long	0.014%
Wang Xiao Bin	Beneficial Owner	3,498,080	Long	0.074%
Shi Shan Bo	Beneficial Owner	500,000	Long	0.011%
Du Wen Min	Beneficial Owner	480,240	Long	0.010%
Raymond K. F. Ch'ien	Beneficial Owner	30,000	Long	0.001%
	Interest of Spouse	4,000	Long	0.000%
Anthony H. Adams	Beneficial Owner	18,000	Long	0.000%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK$)	Number of options and underlying shares as at 1 January 2011	Number of options exercised during the year	Number of options and underlying shares as at 31 December 2011	Percentage of the issued share capital of the Company
Wang Yu Jun	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	101,800	—	101,800	0.002%
Zhang Shen Wen	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	244,320	—	244,320	0.005%
Li She Tang	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.750	570,080	—	570,080	0.012%
	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	366,480	—	366,480	0.008%
Wang Xiao Bin	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	166,480	—	166,480	0.004%
Du Wen Min	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.750	183,240	(183,240)	—	0.000%
Anthony H. Adams	Beneficial Owner	18 Nov 2005	17 Nov 2015	4.641	203,600	—	203,600	0.004%
Chen Ji Min	Beneficial Owner	30 Mar 2007	29 Mar 2017	12.210	203,600	—	203,600	0.004%
Ma Chiu-Cheung, Andrew	Beneficial Owner	30 Mar 2007	29 Mar 2017	12.210	203,600	—	203,600	0.004%

(B) China Resources Enterprise, Limited

China Resources Enterprise, Limited ("CRE"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CRE. Details of shares and outstanding options in CRE held by the Directors as at 31 December 2011 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CRE
Du Wen Min	Beneficial Owner	100,000	Long	0.004%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK$)	Number of options and underlying shares as at 1 January 2011	Number of options exercised during the year	Number of options and underlying shares as at 31 December 2011	Percentage of the issued share capital of CRE
Zhang Shen Wen	Beneficial Owner	5 Mar 2002	4 Mar 2012	7.35	20,000	—	20,000	0.001%

(C) China Resources Gas Group Limited

China Resources Gas Group Limited ("CR Gas") is a fellow subsidiary of the Company. Details of shares in CR Gas held by the Directors as at 31 December 2011 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Gas
Zhou Jun Qing	Beneficial Owner	34,800	Long	0.002%
Zhang Shen Wen	Beneficial Owner	6,000	Long	0.000%
Du Wen Min	Beneficial Owner	54,000	Long	0.003%
Shi Shan Bo	Beneficial Owner	50,000	Long	0.003%

(D) China Resources Land Limited

China Resources Land Limited ("CR Land"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CR Land. Details of shares and outstanding options in CR Land held by the Directors as at 31 December 2011 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Land
Zhou Jun Qing	Beneficial Owner	30,000	Long	0.001%
Du Wen Min	Beneficial Owner	1,040,000	Long	0.018%
Shi Shan Bo	Beneficial Owner	140,000	Long	0.002%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK$)	Number of options and underlying shares as at 1 January 2011	Number of options exercised during the year	Number of options and underlying shares as at 31 December 2011	Percentage of the issued share capital of CR Land
Du Wen Min	Beneficial Owner	1 Jun 2005	31 May 2015	1.23	250,000	(250,000)	—	0.000%

(E) China Resources Cement Holdings Limited

China Resources Cement Holdings Limited ("CR Cement") is a fellow subsidiary of the Company. Details of shares in CR Cement held by the Directors as at 31 December 2011 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Cement
Zhou Jun Qing	Beneficial Owner	2,098,000	Long	0.032%
Li She Tang	Beneficial Owner	300,000	Long	0.005%
Shi Shan Bo	Beneficial Owner	280,000	Long	0.004%
Zhang Shen Wan	Beneficial Owner	130,000	Long	0.002%

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES

Other than disclosed in "Directors' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates, of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

In addition there was no contract of significance between the Company or any of its subsidiaries and its controlling shareholder (or any of its subsidiaries) (if any) and there was no contract of significance for the provision of services to the Company or any of its subsidiaries by its controlling shareholder (or any of its subsidiaries) subsisting during the year.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2011, the Directors were not aware of any other persons (other than a Director or chief executive, whose interests are disclosed in the section headed "Directors' Interests in Securities" above) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

Name of shareholders	Note	Capacity	No. of Shares held	Long/short position	Approximate % of shareholding
CRH (Power) Limited	1	Beneficial owner	3,024,999,999	Long	63.75%
CRH	1	Interest in a controlled corporation	3,025,001,999	Long	63.75%
CRC Bluesky Limited	1	Interest of a controlled corporation	3,025,001,999	Long	63.75%
China Resources Co., Limited ("CRL ")	1	Interest of a controlled corporation	3,025,001,999	Long	63.75%
China Resources National Corporation ("CRNC")	1	Interest of a controlled corporation	3,025,001,999	Long	63.75%
Commonwealth Bank of Australia ("CBA")	2	Interest of a controlled corporation	286,016,000	Long	6.03%

Notes:

1. CRH (Power) Limited (formerly known as Finetex International Limited) and Commotra Company Limited are direct wholly-owned subsidiaries of CRH and each directly held 3,024,999,999 and 2,000 Shares respectively. CRH is therefore deemed to be interested in 3,025,001,999 Shares held by Finetex and Commotra Company Limited. CRH, a 100% subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by CRL, which is in turn held as to 100% by CRNC. Each of CRNC, CRL and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the share capital of the Company as those of CRH.

2. The corporate interest of CBA was attributable on account through a number of its wholly owned subsidiaries.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group conducted certain transactions with connected persons which constituted continuing connected transactions for the Group under the Listing Rules. Details of those continuing connected transactions which are subject to the reporting requirements under Rule 14A.46 of the Listing Rules are summarized below.

(1) On 2 November 2009, Guangzhou China Resources Thermal Power Company Limited ("CR Guangzhou Power"), a wholly-owned subsidiary of the Company, entered into three master agreements with China Resources Cement Investments Limited ("CR Cement Investments"), a subsidiary of China Resources Cement Holdings Limited, which is in term a subsidiary of CRH, whereby CR Guangzhou Power agreed to (1) supply de-sulphur gypsum, ash and slag; and (2) purchase limestone powder, each for a term from 2 November 2009 to 31 December 2011. Under the respective agreements, (i) the unit supply prices of de-sulphur gypsum, ash and slag are RMB73 per ton, RMB88 per ton and RMB12 per ton respectively, subject to quarterly review and adjustment with reference to the prevailing market prices of de-sulphur gypsum, ash and slag; and (ii) the unit purchase price of the limestone powder is RMB115 per ton, subject to quarterly review and adjustment with reference to the prevailing market prices of limestone powder. Details of the continuing connected transactions are as stated in the Company's announcement dated 2 November 2009. For the year ended 31 December 2011, the aggregate amounts of supply of de-sulphur gypsum, and ash and slag were HK$4,564,000 and HK$24,582,000 respectively, and the aggregate amount of purchase of limestone powder was HK$3,790,000.

(2) On 9 April 2010, China Resources Power Logistics (Tianjin) Company Limited ("CR Tianjin Logistics"), a wholly-owned subsidiary of the Company, entered into a master agreement with China Resources Cement Investments, a wholly owned subsidiary of CR Cement, pursuant to which CR Logistics agreed to supply coal to CR Cement Investments on a continuing basis for a term from 9 Apr 2010 to 31 Dec 2012. Under the master agreement, the specification, quantity and unit price of the coal are to be agreed by the parties each time when a monthly sale and purchase order is being placed, on or before the 15th day of each month. The unit price of coal will be negotiated on an arm's length basis between CR Cement Investments and CR Tianjin Logistics based on the prevailing market prices for coal. Details of the continuing connected transactions are as stated in the Company's announcement dated 9 April 2010. For the year ended 31 December 2011, the aggregate amount of supply of coal amounted to HK$623,213,000.

(3) On 26 August 2010, China Resources Power (Changshu) Co., Ltd ("CR Power Changshu"), a wholly-owned subsidiary of the Company, entered into a direct power supply agreement with Wuxi China Resources Microelectronics Co., Ltd. ("CRM Wuxi"), a subsidiary of CRH, pursuant to which CR Power Changshu agreed to supply and CRM Wuxi agreed to purchase electricity on a continuing basis for a period of one year from 1 October 2010 to 30 September 2011, subject to the approval from relevant authorities in the PRC. The unit price for the electricity is determined after arm's length negotiations and with reference to the range of on-grid tariffs chargeable by CR Power Changshu to the power grid and the end user tariffs applicable to CRM Wuxi. It is also agreed that CRM Wuxi will facilitate CSMC Technologies Fab 2 Co., Ltd ("Fab 2"), a subsidiary of CRH, to consume part of the electricity supplied by CR Power Changshu under the agreement and Fab 2 shall bear the expenditure for the actual volume of electricity consumed by it. CRM Wuxi will only act as the payment agent for Fab 2 to pay for such utility charges. Details of the continuing connected transactions are stated in the Company's announcement dated 26 August 2010.

In accordance with paragraph 14A.37 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that save as these transactions, other continuing connected transactions of the Company conducted during the year ended 31 December 2011, were exempt from the reporting, announcement and independent shareholders' approval requirements under paragraph 14A.33 of the Listing Rules and that the above continuing connected transactions:

(i) have been entered into in the ordinary and usual course of the Company's business;

(ii) have been entered into either:

    (a) on normal commercial terms; or

    (b) where there was no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than those available to or from independent third parties; and

(iii) have been entered into on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole, and in accordance with the terms of the agreements governing such transactions.

Based on work performed, Deloitte Touche Tohmastu, the Company's independent auditor, has confirmed in a letter to the Board to the effect that the above transactions:

(a) have received the approval of the Board;

(b) are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;

(c) have been entered into in accordance with the relevant agreement governing the transactions; and

(d) have not exceeded the caps disclosed in the previous announcements of the Company.

Save for the following transactions, none of the related party transactions contained in Note 51 to the financial statements falls under the definition of "connected transactions" or "continuing connected transactions" within the meaning of the Listing Rules:

(1) The two trademark licence agreements dated 17 October 2003 entered into between the Company and CRNC and CRH respectively, under which the Company was granted irrevocable, royalty free and non-exclusive licences to use certain trade marks and the rights to sub-license the same to any member of the Group in consideration of nominal amount of HK$1 each.

(2) Significant transactions with related parties during the year:

Name of related company	Relationship	Nature of transactions	2011 HK$'000
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expenses paid	4,080
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expenses paid	8,185
Certain subsidiaries of CR Cement	Fellow subsidiaries	Sale of de-surplus gypsum	4,564
		Sales of ash and slag	24,582
		Purchase of limestone powder	3,790
		Sale of coal	623,213
CRC	Intermediate holding company	Interest expense paid in respect of loans	100,951

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2011.

MAJOR CUSTOMERS AND SUPPLIERS

Purchases from the Group's five largest suppliers together accounted for 36.3% of the Group's total purchases during the year. The five largest suppliers are 中國神華能源股份有限公司 (China Shenhua Energy Company Limited) (13.3%), 中國中煤能源股份有限公司 (China Coal Energy Company Limited) (7.4%), 內蒙伊泰集團 (Inner Mongolia Yital Group Company Limited) (6.0%), 大同煤炭集團 (Datong Coal Mine Group Company) (5.5%) and 新疆金風科技股份有限公司 (Goldwind Science and Technology Company Limited) (4.1%).

Sales to the Group's five largest customers together accounted for 59.5% of the Group's total turnover during the year. The five largest customers are 江蘇省電力公司 (Jiangsu Electric Power Company) (20.5%), 廣東電網公司(Guangdong Power Grid Company) (15.8%), 河南省電力公司 (Henan Provincial Power Company) (13.6%), 安徽省電力公司 (Anhui Electric Power Corporation) (4.5%) and 山東電力集團公司 (Shandong Electric Power Corporation) (4.0%).

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have any interest in any of the Group's five largest suppliers or customers.

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

The Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the year ended 31 December 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied, throughout the financial year, with the code provision set out in the Code on Corporate Governance Practices ("CGP Code") contained in Appendix 14 to the Listing Rules.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2011.

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 report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT AND RISK COMMITTEE

The financial statements have been reviewed by the Audit and Risk Committee. All of the five Audit and Risk Committee members are appointed from the Independent Non-executive Directors or Non-executive Directors, majority of which are Independent Non-executive Directors, with the Chairman of the Audit and Risk Committee having appropriate professional qualifications and experience in financial matters, including review of financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 December 2011 was audited by Messrs Deloitte Touche Tohmatsu.

A resolution will be submitted to the forthcoming annual general meeting of the Company to approve the retirement of Messrs Deloitte Touche Tohmatsu as the auditor of the Company, and to appoint PricewaterhouseCoopers as the auditor of the Company for the financial year 2012.

On behalf of the Board

Zhou Jun Qing
Chairman

Hong Kong, 19 March 2012

Management's Discussion and Analysis

BUSINESS REVIEW FOR 2011

We are engaged in the development, construction and operation of power plants, including large-scale efficient co-fired generation units and various clean and renewable energy projects as well as development, construction and operation of coal mines.

The Chinese economy faced a complex and rigorous domestic and international economic environment in 2011. The Chinese government adopted a series of macro-control measures to curb China's rapid inflation and high property prices, and the European debt crisis weakened exports from China. Despite these unfavourable market conditions, China's 2011 gross domestic product (GDP) still registered a year-on-year increase of 9.2%. According to the statistics of China Electricity Council (CEC), the national electricity supply was generally tight in 2011, power shortages in certain regions and periods were more serious, a total of 24 provincial power grid operators lacked electricity and the maximum power shortfall was more than 30 million kW. China's power consumption recorded an approximately 11.7% year-on-year increase in 2011.

Coal prices have been increasing since the fourth quarter of 2009. For instance, the price of Qinhuangdao 5,500 kcal Shanxi Premier Blend was RMB570/tonne in late August 2009 and rose to RMB805/tonne at the end of 2011, representing a significant increase of RMB235/tonne or 41.2%. There were no tariff adjustments for the entire year in 2010 and in April and May 2011, only some provinces saw a slight increase in tariffs, but coal prices continued to rise and very shortly offset this tariff compensation. The Chinese government further adjusted the tariffs in December 2011, but it was unable to improve the difficult situation the power industry was facing throughout the year, therefore, creating a very serious challenge to the Group.

As at the end of 2011, the total generation capacity in China increased to approximately 1,055.8GW, representing an approximate 9.3% or 90.4GW increase from the end of 2010. The total new capacity added for coal-fired, hydro and wind power projects amounted to approximately 55.8GW, 14.5GW and 15.5GW, respectively. New coal-fired generation capacity added during the year only represented 62.4% of the total new capacity additions, representing a drop of 1.9 percentage points from 2010.

As supply of new capacity, especially coal-fired capacity slowed down and power demand increased over 11.7% during the year in China, the average utilisation hours for coal-fired generation units in the country improved by 264 hours and reached 5,294 hours. Most power plants of the Group are large-scale efficient generation units which enable us to benefit from certain competitive strengths. We raised the generation volume by obtaining and securing fuel supply, bidding for excess power generation or replacing small generation units for power generation. Our average full-load equivalent utilisation hours for the generation units in 30 power plants with year-round operations reached 6,121 hours, exceeding the national average level by 827 hours.

Growth of generating capacity

As at 31 December 2011, our total attributable operational generation capacity increased to 22,230MW from 19,358MW as at 31 December 2010.

As at 31 December 2011, coal-fired attributable operational generation capacity amounted to 20,773MW, accounting for 93.4% of our total attributable operational generation capacity, representing a decrease of 2.1 percentage points compared to the end of last year. Wind, gas-fired and hydro capacity amounted to 1,234MW, 77MW and 147MW, respectively, and together accounting for 6.6% of our total attributable operational generation capacity, representing an increase of 2.0 percentage points compared to the end of last year which is attributable to the commissioning of wind capacity.

During the year, we commissioned five large-scale coal-fired generation units, including a 600MW heat and power co-generation unit in Nanjing Thermal Power Plant, one 300MW heat and power co-generation unit in Nanjing Chemical Industry Park Phase II both located in Jiangsu, 2 x 600MW supercritical generating units in Heze Power Plant in Shandong and a 600MW supercritical generating unit in Dengfeng Power Plant Phase II in Henan, together representing a 2,460MW increase in operational generation capacity. In addition, we commissioned a number of wind farms in Guangdong, Shandong, Hebei, Gansu and Liaoning, which collectively added a total of 588MW of new attributable operational wind generation capacity.

Generation volume

The total gross generation volume of our 50 consolidated operating power plants and wind farms amounted to 119,656,029MWh in 2011, representing an increase of 15.4% from 103,638,075MWh in 2010.

The total net generation volume of our 50 consolidated operating power plants and wind farms amounted to 112,080,283MWh in 2011, representing an increase of 15.8% from 96,785,044MWh in 2010.

On a same plant basis (using 30 coal-fired power plants which were in commercial operations for the entire year of 2010 and 2011), gross and net generation volumes increased by 1.0% and 1.1%, respectively. The average full-load equivalent utilisation hours for 2011 of the 30 coal-fired power plants amounted to 6,121 hours, representing an increase of 2.2% from 5,991 hours for 2010.

Fuel costs

Average unit fuel cost for our consolidated operating power plants in 2011 was RMB280.5/MWh, a year-on-year increase of 11.0%. Average standard coal cost for our consolidated operating power plants in 2011 increased by 13.7% on a year-on-year basis.

In 2011, the average net generation standard coal consumption rate of our coal-fired power plants was 325.99g/kWh representing a decrease of 4.60g/kWh or 1.4% from 330.59g/kWh in the previous year.

Tariff increase

In the second quarter of 2011, the National Development and Reform Commission ("NDRC") announced that on-grid tariffs for coal-fired power plants in a number of provinces in China were adjusted with adjustment magnitudes and effective dates varying from province to province. A number of provinces also received retroactive tariff adjustments effective from 1 January 2010. Our power plants located in Henan, Hebei, Hubei, Shandong, Guangdong, Liaoning, Inner Mongolia, Hunan and Anhui received tariff adjustments. On 1 December 2011, NDRC further announced to adjust on-grid tariffs for coal-fired power plants in all provinces.

Due to a sharp rise in coal price, in addition to the above tariff adjustments approved by the country, some provincial and municipal power grid operators raised the excess output tariff during the year to compensate for the cost pressures of power plants as a result of coal price increase in 2011. As a result of the above factors, the average tariff (exclusive of VAT) of our subsidiary/consolidated coal-fired power plants during the year was RMB371.2/MWh, representing an increase of 3.6% from 2010.

Environmental expenses

In 2011, environmental fees incurred by each of the subsidiaries were in the range of RMB13,000 to RMB29.65 million. The total amount of environmental fees incurred by our subsidiaries was RMB227 million, as compared with RMB196 million for 2010. The increase in environmental expenses was mainly due to the increase in coal-fired generation capacity from 18,488MW at the end of 2010 to 20,773MW at the end of 2011.

Development of renewable energy projects

In 2011, we continued to increase our investment in renewable energy projects, especially in the development and construction of wind farms. At the end of 2011, our attributable operational wind generation capacity reached 1,234MW and wind power capacity under construction reached 451MW.

At the end of 2011, we obtained preliminary approvals from the government for the construction of a 2,970MW of wind capacity. At the same time, we have signed wind power investment & development agreements with 22 provinces and autonomous regions in China, with contracted reserves of wind power capacity of 30,000MW.

In addition, we actively developed other clean energy and renewable energy projects in certain targeted markets, such as waste-to-energy and solar power generation.

Development of coal mine operations

In 2011, our coal mine operations in Shanxi, Jiangsu, Henan and Hunan provinces produced a total of approximately 16.37 million tonnes of coal (aggregation of each mine production volume on a 100% basis), representing an increase of 43.3% from 2010, among which, 13.11 million and 3.26 million tonnes were produced by our subsidiary coal mines and associate coal mines respectively. The production of coal mines in Lüliang District in Shanxi province reached 10.05 million tonnes in 2011, representing an increase of 55.5% from 2010 (aggregation of each mine production volume on a 100% basis).

On 11 March 2011, China Resources Coal Holdings Company Limited ("CR Coal Holdings"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement whereby it acquired a 56% equity interest in Shanxi Asian American-Daning Energy Co., Ltd. ("Shanxi Asian American-Daning") which operates the Daning Coal Mine for a total consideration of US$669 million. Shanxi Asian American-Daning also holds equity interests in three associated companies, namely Yangcheng Asian American-Daning Railroad Spur Operation Company Limited (陽城亞美大寧鐵路專線運營公司), Shanxi Lanhua Daning Power Generation Company Limited (山西蘭花大寧發電有限公司) and Lanhua Daning Coal Company Limited (山西蘭花煤炭有限公司). The total remaining reserves of the coal bed from which Daning Coal Mine produces coal is approximately 216 million tonnes. Pursuant to an approval issued by Shanxi provincial government in November 2009, Shanxi Asian American-Daning has been permitted to extract from an additional of two coal beds. Currently, the designed production of Daning Coal Mine is approximately 4 million tonnes per year.

On 30 July 2011, Asian-American Coal Inc. ("AACI(HK)"), a wholly owned subsidiary of CR Coal Holdings, and Shanxi Lanhua Science and Technology Company Ltd.("Shanxi Lanhua") signed a letter of intent, whereby AACI(HK) has agreed, subject to the signing of the final sale and purchase agreement, to transfer a 5% equity interest in Shanxi Asian American-Daning to Shanxi Lanhua for a total consideration of US$59,732,143. Prior to the transfer, AACI(HK) owns a 56% equity interest in Shanxi Asian American-Daning. Upon execution and completion of the final agreement, our effective interest in Daning Coal Mine will be reduced to 51%.

On 9 September 2011, Shanxi Asian American-Daning resumed commercial operations. The annual production of Shanxi Asian American-Daning was 1.35 million tonnes by the end of 2011.

PROSPECTS FOR 2012

According to CEC, despite the slowdown in macroeconomic growth trends, the annual electricity demand growth is still expected to reach 8.5%-10.5% in 2012. China is still facing power shortages in certain stages, regions and seasons, and the maximum power shortfall is expected to reach 30 to 40 million kW. In light of this, we expect national utilisation hours for coal-fired generation to remain at relatively high levels, and utilisation hours for power plants under China Resources Power to exceed this national level.

On 29 November 2011, the NDRC issued a notice imposing a temporary price intervention on thermal coal and strengthened the regulation on thermal coal prices (《關於對電煤實施臨時價格干預和加強電煤價格調控的公告》), which not only regulated the key contract coal price growths, contract coal quality and fulfillment rates in 2012, but also gave price ceiling guidelines on spot coal prices in major ports. Since the fourth quarter of 2011, demand for coal has dropped in response to the slowdown in domestic economic growth, resulting in a continuous decline in Qinhuangdao spot coal prices. We believe that the overall supply and price trend of coal will move in favour of the demand side.

In 2011, we successfully offset a portion of the cost we bear from the increase in coal prices by improving the operational efficiency of our power plants by reducing the net generation standard coal consumption rate. The average standard coal consumption rate of our operational power plants in 2011 was 325.99g/kWh, representing a decrease of 4.60g/kWh or 1.4% from 330.59g/kWh in 2010. In 2012, we will continue to improve our operational efficiency and adopt standardized lean management throughout all our operational plants to further enhance operational efficiency.

In 2011, we have obtained approvals from the Chinese government for the construction of Guangdong Haifeng Power Plant (2 x 1,000MW coal-fired generation units), Zhejiang Cangnan Power Plant (2 x 1,000MW coal-fired generation units) and Yichang Power Plant (2 x 300MW heat and power co-generation units). In light of China's regulatory environment in the coal-fired power generation sector, we will carefully screen our investment projects and ensure that only selected coal-fired projects that we consider as highly competitive and can create future value for our shareholders are pursued. Furthermore, we have also increased our investments in the clean and renewable energy sectors. In addition to wind farms, we are also exploring more opportunities to enter into other clean or renewable energy sectors such as the waste to energy sector.

We aim to further increase the production output of our coal mines, especially in Shanxi Province. The Daning Coal Mine in Jincheng, Shanxi which we acquired in 2011 has a designed production capacity of 4 million tonnes, and will form part of our full year operations in 2012 . Furthermore, the progress for resuming production of certain coal mines in Shanxi province were delayed and we will endeavor to have them resumed in 2012 as soon as possible.

We expect the production output of our coal mines and the coal consumption of our coal-fired power plants to continue to grow in the coming years. In response to this, we have made greater efforts to improve logistics management and arrangements accordingly.

In May 2011, we completed the issuance of a US$750 million perpetual subordinated guaranteed capital securities; and in November 2011, we issued a RMB4.0 billion medium term notes in China. We have been trying to identify and broaden our financing channels with an aim to secure long-term low cost capital to support our business development. It is also critical for us to continue to monitor our capital structure and balance sheet on an on-going basis to ensure a stable capital structure to support the Group's operations and various development plans. In this regard, we will increase our efforts and effectiveness in resource allocation, including both financial and human resources, to ensure that they are strictly reflected on our business strategies and focus on value creation for shareholders.

OPERATING RESULTS

The audited results of operations for the years ended 31 December 2010 and 2011 are as follows:

Consolidated Income Statement

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Turnover	**60,708,674**	48,578,313
Operating expenses		
Fuel	**(38,382,666)**	(29,670,607)
Repairs and maintenance	**(1,015,042)**	(766,677)
Depreciation and amortisation	**(5,502,030)**	(4,274,656)
Staff costs	**(3,247,286)**	(2,616,018)
Consumables	**(1,008,657)**	(777,010)
Sales related taxes and surcharges	**(424,735)**	(182,268)
Others	**(4,066,615)**	(3,168,003)
Total operating expenses	**(53,647,031)**	(41,455,239)
Other income	**1,248,732**	730,461
Other gains and losses	**1,230,015**	399,281
Profit from operations	**9,540,390**	8,252,816
Finance costs	**(3,515,563)**	(2,526,568)
Share of results of associates	**740,378**	790,346
Share of results of jointly controlled entities	**96,944**	289
Profit before taxation	**6,862,149**	6,516,883
Taxation	**(1,242,763)**	(755,046)
Profit for the year	**5,619,386**	5,761,837
Profit for the year attributable to:		
Owners of the Company	**4,450,576**	4,903,654
Non-controlling interests		
– Perpetual capital securities	**269,275**	—
– Others	**899,535**	858,183
	5,619,386	5,761,837
Earnings per share		
– basic	**HK$0.95**	HK$1.05
– diluted	**HK$0.94**	HK$1.04

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**5,619,386**	5,761,837
Other comprehensive income and expense:		
Exchange differences from translation	**1,724,851**	1,030,232
Share of changes in translation reserve of associates and jointly controlled entities	**763,786**	385,606
Fair value change on cash flow hedges	**(29,103)**	24,076
Other comprehensive income for the year	**2,459,534**	1,439,914
Total comprehensive income for the year	**8,078,920**	7,201,751
Total comprehensive income for the year attributable to:		
Owners of the Company	**6,711,817**	6,079,511
Non-controlling interests		
– Perpetual capital securities	**269,275**	—
– Others	**1,097,828**	1,122,240
	1,367,103	1,122,240
	8,078,920	7,201,751

Consolidated Statement of Financial Position

As at 31 December 2011

	2011 HK$'000	2010 HK$'000
Non-current assets		
Property, plant and equipment	**96,418,551**	84,273,757
Prepaid lease payments	**2,301,477**	1,891,805
Mining rights	**10,703,707**	9,939,938
Exploration and resources rights	**—**	148,218
Interests in associates	**18,294,014**	12,279,541
Interests in jointly controlled entities	**1,694,679**	935,595
Goodwill	**4,033,453**	3,796,731
Investments in investee companies	**1,101,266**	1,093,160
Deposits paid for acquisition of property, plant and equipment	**2,797,183**	1,145,815
Deposits paid for acquisition of mining/exploration rights	**1,295,175**	2,794,700
Deposit paid for land use rights	**—**	111,741
Other non-current deposits paid	**120,227**	158,170
Loans to an associate	**2,394,638**	—
Loans to a jointly controlled entity	**1,233,500**	—
Deferred taxation assets	**171,875**	107,084
	142,559,745	118,676,255
Current assets		
Inventories	**3,592,567**	2,006,017
Trade and bills receivables, other receivables and prepayments	**16,123,016**	10,763,185
Amounts due from associates	**593,992**	2,853,053
Amounts due from jointly controlled entities	**122,122**	1,417,034
Amounts due from related companies	**570,823**	159,293
Financial assets at fair value through profit or loss	**3,042**	3,544
Restricted bank balances	**—**	58,641
Pledged bank deposits	**303,977**	271,818
Bank balances and cash	**4,496,605**	6,801,707
	25,806,144	24,334,292

	2011 HK$'000	2010 HK$'000
Current liabilities		
Trade payables, other payables and accruals	**19,305,755**	14,682,456
Amounts due to associates	**669,548**	1,092,917
Amounts due to related companies	**2,036,924**	116,386
Taxation payable	**398,408**	149,198
Bank and other borrowings - repayable within one year	**26,418,243**	20,667,961
Derivative financial instruments	**147,559**	—
	48,976,437	36,708,918
Net current liabilities	**(23,170,293)**	(12,374,626)
Total assets less current liabilities	**119,389,452**	106,301,629
Non-current liabilities		
Bank and other borrowings - repayable after one year	**56,568,988**	54,243,192
Accrued retirement benefit cost	**231,859**	286,801
Derivative financial instruments	**210,354**	323,885
Deferred taxation liabilities	**579,455**	493,655
Deferred income	**226,631**	—
Deferred consideration payables	**—**	693,987
	57,817,287	56,041,520
	61,572,165	50,260,109
Capital and reserves		
Share capital	**4,745,092**	4,719,501
Share premium and reserves	**42,727,906**	37,444,717
Equity attributable to owners of the Company	**47,472,998**	42,164,218
Non-controlling interests		
Prepetual capital securities	**5,900,367**	—
Others	**8,198,800**	8,095,891
	14,099,167	8,095,891
	61,572,165	50,260,109

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**6,862,149**	6,516,883
Adjustments for:		
Amortisation of prepaid lease payments	**69,572**	65,121
Amortisation of mining rights	**285,980**	176,294
Depreciation for property, plant and equipment	**5,146,478**	4,033,241
Recognition of share-based payments	**153,734**	27,688
Impairment loss on investment in an investee company	**53,350**	—
Interest expense	**3,515,563**	2,526,568
Interest income	**(271,465)**	(187,645)
Fair value change on financial assets at fair value through profit and loss	**502**	2,300
Fair value change on derivative financial instruments	**4,925**	14,410
Share of results of associates	**(740,378)**	(790,346)
Share of results of jointly controlled entities	**(96,944)**	(289)
Dividends received from an investee company	**(51,956)**	(111,624)
Gain on disposal of a subsidiary	**—**	(127,477)
Net loss (gain) on disposal of property, plant and equipment	**53,345**	(153,680)
Operating cash flows before movements in working capital	**14,984,855**	11,991,444
Increase in inventories	**(1,469,559)**	(474,492)
Increase in trade and bills receivables, other receivables and prepayments	**(3,319,437)**	(1,505,908)
Increase in trade payables, other payables and accruals	**3,391,406**	1,444,601
Decrease in accrued retirement benefit cost	**(36,342)**	(19,145)
PRC Enterprise Income Tax paid	**(975,887)**	(616,047)
NET CASH FROM OPERATING ACTIVITIES	**12,575,036**	10,820,453

	2011 HK$'000	2010 HK$'000
INVESTING ACTIVITIES		
Dividends received from associates	**1,006,871**	921,971
Dividend received from an investee company	**51,956**	111,624
Interest received	**388,942**	272,675
Withdrawal in pledged bank deposits	**215,115**	301,402
Placement in pledged bank deposits	**(231,422)**	(111,164)
Release of restricted bank balances	**62,061**	1,444,964
Acquisition of property, plant and equipment and land use rights	**(12,199,050)**	(14,424,802)
Deposit paid for acquisition of property, plant and equipment and land use rights	**(2,655,881)**	(1,425,470)
Purchase and deposit paid for acquisition of mining rights and exploration and resources rights	**(173,958)**	(919,987)
Loan repaid from a non-controlling shareholder of a subsidiary	**16,205**	1,136
Advance to associates	**(41,018)**	(1,542,149)
Loan repaid from (advance to) a jointly controlled entity	**133,837**	(1,410,624)
Advance to a non-controlling shareholder of a subsidiary	**—**	(96,171)
Capital contribution for investments in associates	**(350,980)**	(2,618,317)
Net cash outflow on acquisition of interest in an associate	**(4,673,608)**	—
Deposit paid for capital contribution for an associate	**—**	(60,660)
Deposit paid for capital contribution for a jointly controlled entity	**—**	(19,568)
Investments in investee companies	**—**	(36,179)
Acquisitions of subsidiaries	**—**	(119,161)
Proceeds from disposal of property, plant and equipment	**239,994**	316,763
Advances to an investee company	**(57,975)**	(42,285)
Proceeds from disposal of a subsidiary	**—**	200,393
Net cash outflow from acquisition of assets through acquisition of subsidiaries	**—**	(320,727)
Capital contribution to jointly controlled entities	**(634,663)**	(822,556)
NET CASH USED IN INVESTING ACTIVITIES	**(18,903,574)**	(20,398,892)

	2011 HK$'000	2010 HK$'000
FINANCING ACTIVITIES		
Proceeds from issue of corporate bonds	**4,934,000**	10,479,293
Net proceeds from issue of perpetual capital securities	**5,789,305**	—
New bank and other borrowings raised	**34,944,441**	43,671,538
Repayment of bank and other loans	**(36,403,474)**	(36,394,972)
Capital contribution from non-controlling shareholders	**156,668**	148,972
Proceeds on issue of shares	**116,595**	159,281
Coupon paid on perpetual capital securities	**(204,658)**	—
Acquisition of additional interests in subsidiaries	**—**	(470,326)
Purchase of shares held by incentive plan	**(77,610)**	—
Repayment of advances from associates	**(366,723)**	(2,735,770)
(Advances to) repayment from group companies	**(404,923)**	272,163
Advances from an intermediate holding company	**3,700,700**	—
Loans repaid to an intermediate holding company	**(2,488,363)**	—
Advance from (Repayment of advances from) non-controlling shareholders of subsidiaries	**708,172**	(25,734)
Interest paid	**(3,950,587)**	(2,726,813)
Dividends paid	**(1,549,311)**	(1,770,924)
Dividends paid to non-controlling shareholders of subsidiaries	**(1,184,643)**	(684,528)
NET CASH FROM FINANCING ACTIVITIES	**3,719,589**	9,922,180
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(2,608,949)**	343,741
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**6,801,707**	6,261,931
EFFECT ON FOREIGN EXCHANGE RATE CHANGE	**303,847**	196,035
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTING BANK BALANCES AND CASH	**4,496,605**	6,801,707

Overview

Net profit for the Year 2011 amounted to approximately HK$4,451 million, representing a decrease of approximately 9.2% from HK$4,904 million in 2010.

In 2011, due to a 15.8% increase in net generation volume as a result of the commissioning of coal-fired generation units and wind farms together with the net generation volume increase on a same plant basis, average tariffs increase of 3.6% for subsidiary coal-fired power plants, and the coal production of subsidiary coal mines increase of 37.1%, turnover increased by 25.0% to HK$60,709 million from HK$48,578 million in 2010. However, operating costs significantly increased by 29.4% to approximately HK$53,647 million in 2011 from approximately HK$41,455 million in 2010, resulting in profit from operations only increasing by 15.6% to HK$9,540 million from last year. As a result of the increase in finance costs and tax expenses, as well as non-controlling interests, net profit during the year decreased by 9.2% compared to 2010.

Basis of preparation of financial statements and principal accounting policies

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants. In addition, the financial statements include applicable disclosure required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Group had net current liabilities as at 31 December 2011. The directors of the Company (the "Directors") are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of the financial statements. Hence, the financial statements have been prepared on a going concern basis.

Turnover and segment information

Turnover represents revenue arising on sales of electricity, heat generated by thermal power plants and sales of coal, net of value-added tax, during the year.

	2011 HK$'000	2010 HK$'000
Sales of electricity	**50,705,427**	41,718,794
Heat supply	**2,018,296**	1,429,117
Sales of coal	**7,984,951**	5,430,402
	60,708,674	48,578,313

Our turnover for the Year 2011 was HK$60,709 million, representing a 25.0% increase from HK$48,578 million in 2010. The increase in turnover was mainly due to (1) an increase in net generation volume of subsidiary power plants in 2011; the total net generation volume of our 50 consolidated operating power plants and wind farms amounted to 112,080,283 MWh in 2011, representing an increase of 15.8% from 96,785,044 MWh in 2010, (2) an increase in total coal volume produced by our subsidiary coal mines; the production of our subsidiary coal mines totally amounted to 13.11 million tonnes, representing an increase of 37.1% from 9.56 million tonnes in 2010, (3) an increase in average sales price of coal; the average sales price of coal of subsidiary coal mines (exclusive of VAT) during the year is RMB509.0 per tonne, representing an increase of 5.1% from 2010, and (4) an increase in average tariff; the average settlement tariff (exclusive of VAT) for subsidiary coal-fired power plants during the year is RMB371.2/MWh, representing an increase of 3.6% compared to last year.

The Group is currently engaged in two operating segments - sales of electricity (inclusive of supply of heat generated by thermal power plants) and coal mining.

Segment revenue and results

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

For the year ended 31 December 2011

	Sales of electricity HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Revenue				
External sales	**52,723,723**	**7,984,951**	**—**	**60,708,674**
Inter-segment sales	**—**	**447,793**	**(447,793)**	**—**
Total	**52,723,723**	**8,432,744**	**(447,793)**	**60,708,674**
Segment result	**6,099,666**	**3,621,985**	**—**	**9,721,561**
Unallocated corporate expenses				**(457,561)**
Interest income				**271,465**
Fair value change on derivative financial instruments				**4,925**
Finance costs				**(3,515,563)**
Share of results of associates				**740,378**
Share of results of jointly controlled entities				**96,944**
Profit before taxation				**6,862,149**

For the year ended 31 December 2010

	Sales of electricity HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Revenue				
External sales	43,147,911	5,430,402	—	48,578,313
Inter-segment sales	—	191,464	(191,464)	—
Total	43,147,911	5,621,866	(191,464)	48,578,313
Segment result	6,966,534	1,380,440	—	8,346,974
Unallocated corporate expenses				(394,870)
Interest income				187,645
Fair value change on derivative financial instruments				(14,410)
Gain on disposal of a subsidiary				127,477
Finance costs				(2,526,568)
Share of results of associates				790,346
Share of results of jointly controlled entities				289
Profit before taxation				6,516,883

Inter-segment sales are charged at prevailing market rates.

Geographical segments

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

Operating expenses

Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation, staff costs, consumables, sales related tax and surcharge, and other operating expenses. Other operating expenses include (among others) sustainable development funds, safety fees, discharge fees, professional fees, office rent, travelling expenses, entertainment expenses and write-off of pre-operating expenses. Operating expenses amounted to HK$53,647 million in 2011, representing a 29.4% increase from HK$41,455 million in 2010. The increase in operating expenses was mainly due to a significant increase in fuel costs, staff costs and repair and maintenance expenses as well as an increase in total depreciation expenses.

Fuel costs in 2011 amounted to approximately HK$38,383 million, representing an increase of HK$8,712 million or 29.4% from HK$29,671 million in 2010. Although the generation volume of our consolidated power plants increased by 15.8% over last year, the average standard coal cost for our consolidated power plants in 2011 has increased by 13.7% on a year-on-year basis, and as a result, the increase in fuel costs reached to 29.4%.

The total depreciation and amortisation expenses in 2011 increased by approximately HK$1,227 million or 28.7% to a total of approximately HK$5,502 million. This is mainly due to an increase in the total number of operating coal-fired power plants and wind farms during the year with our attributable operational capacity increased from 19,358MW as at the end of 2010 to 22,230MW as at the end of 2011.

In 2011, repair and maintenance costs increased by approximately HK$248 million or 32.4% to approximately HK$1,015 million. This was mainly due to the number of generation units which underwent repair and maintenance increase during the year. Apart from more units in the coal-fired power plant undergoing an overhaul, this also included expenses relating to technical upgrades in the coal mines of approximately HK$490 million. With more units undertaking overhaul, consumables increased from approximately HK$777 million in 2010 to HK$1,009 million, up 29.8%.

Staff costs increased sharply by approximately 24.1% or HK$631 million from approximately HK$2,616 million in 2010. This was due to a rapid increase in the number of employees with the expansion of the power and coal operations. As at the end of 2011, the Group had approximately 36,400 full-time employees, a significant increase from approximately 33,500 employees as at the end of 2010.

Sales related tax and surcharge increased by approximately 133.0% from HK$182 million in 2010 to approximately HK$425 million. This was attributed to a sharp increase of 25.0% in the turnover of the Group from power generation and coal mining during the year, increased internal loan interest income through centralized management of internal funds during the year and the imposition of urban construction tax and education surtax on foreign investment enterprises by the government since 1 December 2010.

Other operating expenses for the Year 2011 amounted to approximately HK$4,067 million, increased by HK$899 million or 28.4% from HK$3,168 million for the year of 2010. This is mainly due to the fact that our coal mine operations achieved rapid growth in the year of 2011 and production costs include (among others) sustainable development fund, safty fee and other fees, charges and funds levied by the Chinese government, as a result, our total other operating expenses increased during the year.

Other income and other gains and losses

During 2011, Other income and other gains and losses amounted to approximately HK$1,249 million and HK$1,230 million respectively, representing an increase of 71.0% and 2.1 times respectively from approximately HK$730 million and HK$399 million respectively in 2010.

Other income mainly included government grant and subsidies of approximately HK$425 million, interest income of approximately HK$271 million and income of approximately HK$100 million received under Clean Development Mechanism ("CDM"). Since the significant rise of coal price posed great difficulties for power plants in some areas, government grant and subsidies received in 2011 increased by a greater extent.

Other gains and losses were mainly affected by the appreciation of approximately 5% in RMB on a year-on-year basis and the significant increase in borrowings denominated in foreign currencies, as a result of which the total exchange gain increased by HK$1,049 million to HK$1,184 million from approximately HK$135 million in 2010.

Profit from operations

Profit from operations represents profit from subsidiaries before deduction of finance costs and non-controlling interests. Profit from operations amounted to approximately HK$9,540 million in 2011, representing a 15.6% increase from HK$8,253 million in 2010. The increase was mainly due to (1) an increase in profit contribution from our coal mine operations with our production volume from subsidiary coal mines increased by 37.1% to 13.11 million tonnes during the year; (2) increase in profit contribution from our wind farms with our total attributable operational wind capacity increased from 646MW as at the end of 2010 to 1,234MW as at the end of 2011; (3) increase in generation volume and average tariff of our consolidated power plants; (4) increase in other income and other gains and losses; but offset by (5) an increase of approximately 29.4% in total operating costs, including a significant increase of 13.7% in the average standard coal cost, which gave rise to a significant increase in fuel costs and increase in other operating costs (other than fuel costs).

Finance costs

Finance costs amounted to approximately HK$3,516 million in 2011, representing a 39.1% increase from HK$2,527 million in 2010. The increase in finance costs is due to a 20.2% increase in average bank and other borrowings (calculated using bank and other borrowings outstanding at the beginning and end of the year) from HK$65,698 million for 2010 to HK$78,949 million for 2011, and mainly due to average borrowing costs increased in 2011 as a result of the impact of the government's macroeconomic control policies.

	2011 **HK$'000**	2010 HK$'000
Interest on bank and other borrowings:		
— wholly repayable within five years	**3,248,543**	2,519,158
— not wholly repayable within five years	**255,378**	231,535
Interest on corporate bonds:		
— wholly repayable within five years	**227,315**	70,844
— not wholly repayable within five years	**259,615**	206,273
Others	**120,025**	13,167
	4,110,876	3,040,977
Less: Interest capitalised in property, plant and equipment	**(595,313)**	(514,409)
	3,515,563	2,526,568

Share of results of associates

Share of results of associates in 2011 amounted to HK$740 million, representing a decrease of 6.3% as compared to HK$790 million in 2010. The decrease is mainly due to a decrease in share of results of associate power plants as result of the rising coal price, which was partly offset by contribution from Shanxi Asian American-Daning.

Share of results of jointly controlled entities

Share of results of jointly controlled entities for 2011 amounting to approximately HK$96.9 million (2010: HK$0.3million) was mainly due to the Company's share of the contribution from Resources J Investment Company Holding Limited which is mainly engaged in construction and operation of 2 x 1000MW coal-fired generation units located in Hezhou, Guangxi Province.

Fair value change on derivative financial instruments

The Group uses derivative financial instruments (primarily interest rate swap) to hedge its exposure against changes in interest rate on bank borrowings. At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion and changes in fair value of some swaps that do not qualify for hedge accounting are recognised immediately in profit and loss. Fair value loss on derivative financial instruments in 2011 amounted to HK$4.93 million and represented the loss relating to the ineffective portion of cash flow hedge.

Taxation

Taxation charge in 2011 was approximately HK$1,243 million, representing a 64.6% increase from approximately HK$755 million in 2010. The increase in PRC enterprise income tax is mainly due to the income tax expenses of Shanxi CR Liansheng and Changshu. As Shanxi CR Liansheng increased production volume by 55.5% in 2011, and as coal mine operations pay a standard tax rate of 25%, income tax payable by Shanxi CR Liansheng also increased significantly. Income tax payable by Changshu increased significantly in 2011 due to the tax preferential treatments enjoyed by Changshu expired gradually during the year, which leads to increase in tax payable.

Details of the taxation charge for the years ended 31 December 2010 and 2011 are set out below:

	2011 **HK$'000**	2010 HK$'000
The charge comprises		
The Company and its subsidiaries in the PRC Enterprise Income Tax		
— current	**1,216,396**	682,662
— underprovision in prior years	**—**	7,120
	1,216,396	689,782
Deferred taxation	**26,367**	65,264
	1,242,763	755,046

No provision for Hong Kong Profits Tax has been made as the Group had no taxable profit in Hong Kong for both years.

PRC Enterprise Income Tax has been calculated based on the estimated assessable profits in accordance with the relevant tax rates applicable to certain subsidiaries in the PRC.

Profit for the year

	2011 HK$'000	2010 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration		
— Fees	**1,280**	1,202
— Other emoluments	**12,937**	17,889
— Pension costs	**478**	472
— Share-based compensations	**33,037**	393
	47,732	19,956
Salaries, wages and bonus	**2,569,729**	2,199,771
Pension costs, excluding directors	**509,128**	368,996
Share based compensations, excluding directors	**120,697**	27,295
Total staff costs	**3,247,286**	2,616,018
Amortisation of prepaid lease payments	**69,572**	65,121
Amortisation of mining rights (included in depreciation and amortisation)	**285,980**	176,294
Auditor's remuneration	**7,200**	4,952
Cost of inventories recognised as expenses	**39,391,323**	30,447,617
Depreciation of property, plant and equipment	**5,146,478**	4,033,241
Impairment loss on investment in an investee company	**53,350**	—
Minimum lease payments under operating leases in respect of:		
— land and buildings	**72,341**	80,377
— other assets	**6,214**	10,875
Pre-operating expenses of subsidiaries (included in other operating expenses)	**—**	44,170
Fair value change on financial assets at fair value through profit and loss (included in other gains and losses)	**502**	2,300
Fair value change on derivative financial instruments (included in other gains and losses)	**4,925**	14,410

	2011 HK$'000	2010 HK$'000
and after crediting:		
CDM income	**100,235**	88,203
Dividend income from investee companies	**51,956**	111,624
Government grant	**425,195**	69,100
Interest income	**271,465**	187,645
Sales of scrap materials	**198,354**	148,039
Service income from heat connection contracts	**15,860**	56,577
Gain on disposal of a subsidary (included in other gains and losses)	**—**	127,477
Net exchange gain (included in other gains and losses)	**1,183,620**	134,834
Net (loss) gain on disposal of property, plant and equipment (included in other gains and losses)	**(53,345)**	153,680
Expenses capitalised in construction in progress:		
Salaries, wages and bonus	**113,248**	118,595
Pension costs	**25,062**	24,310
Depreciation of property, plant and equipment	**11,537**	6,377

Profit for the year attributable to owners of the Company

As a result of the above, the Group's net profit has decreased to HK$4,451 million in 2011 from approximately HK$4,904 million in 2010, representing a 9.2% decrease year-on-year.

Earnings per share

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

	2011 HK$'000	2010 HK$'000
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	**4,450,576**	4,903,654

	Number of ordinary shares 2011	2010
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	**4,695,272,325**	4,659,998,240
Effect of dilutive potential ordinary shares:		
— share options	**42,626,981**	70,242,373
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,737,899,306**	4,730,240,613

	2011 HK$	2010 HK$
Basic earnings per share	**0.95**	1.05
Diluted earnings per share	**0.94**	1.04

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK$0.24 per share for the year of 2011 (2010: HK$0.27 per share).

	2011 HK$'000	2010 HK$'000
Dividends recognised as distribution during the year:		
2011 Interim, paid — HK$0.06 per share (2010: HK$0.06 per share)	**284,458**	282,612
2010 Final, paid — HK$0.27 per share (2009: HK$0.32 per share)	**1,278,745**	1,503,979
	1,563,203	1,786,591

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company on Friday, 8 June 2012, the final 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 Wednesday, 20 June 2012. The register of members of the Company will be closed from Thursday, 14 June 2012 to Wednesday, 20 June 2012 (both days inclusive), during which no share transfer will be registered. To qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 13 June 2012. The dividend will be payable on or about Tuesday, 26 June 2012, and the record date for determining shareholders who will be entitled to attend the forthcoming annual general meeting will be at the close of business of Thursday, 7 June 2012.

Capital structure management

The Group and the Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from prior year.

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

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

Liquidity and financial resources, borrowings, and charge of assets

The Group had net current liabilities as at 31 December 2011. The Directors are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements for at least the next 12 months commencing from the date of the financial statements.

The bank balances and cash as at 31 December 2011 denominated in local currency and foreign currencies amounted to approximately HK$1,341 million, RMB2,236 million and US$51 million.

The bank and other borrowings of the Group as at 31 December 2010 and 2011 were as follows:

	2011 **HK$'000**	2010 HK$'000
Secured bank loans	**1,039,999**	861,058
Unsecured bank loans	**5,997,182**	63,294,724
Corporate bonds and notes	**15,950,050**	10,653,559
Other loans	**—**	101,812
	82,987,231	74,911,153

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

	2011 **HK$'000**	2010 HK$'000
Within 1 year	**26,418,243**	20,667,961
More than 1 year, but not exceeding 2 years	**7,274,267**	24,441,275
More than 2 years, but not exceeding 5 years	**24,066,113**	16,226,073
More than 5 years	**25,228,608**	13,575,844
	82,987,231	74,911,153
The above secured bank loans are secured by:		
Pledge of assets (note)	**4,436,737**	1,843,895

Note: Certain bank loans were secured by the Group's land use rights, buildings, power generating plant and equipment and note receivables with carrying values of HK$447,107,000 (2010: HK$65,444,000), HK$134,923,000 (2010: HK$128,543,000), HK$3,854,707,000 (2010: HK$1,418,691,000) and nil (2010: HK$231,217,000), respectively.

The bank and other borrowings as at 31 December 2011 denominated in local currency and foreign currencies amounted to HK$17,650 million, RMB48,621 million and US$690 million, respectively.

As at 31 December 2011, bank and other borrowings of approximately HK$17,650 million and US$190 million (2010: HK$14,019 million and US$100 million) bore interest at a range from HIBOR plus 0.30% to HIBOR plus 2.30% per annum and LIBOR plus 1.34%, respectively. The remaining bank and other borrowings carried interest rates at a range from 1.34% to 7.40% (2010: 1.79% to 7.60%) per annum.

In May 2011, China Resources Power East Foundation Co., Ltd., a wholly owned subsidiary of the Company, issued US$750 million perpetual capital securities.

The Group uses interest rate swaps with net quarterly settlement to minimise its exposure to interest expenses of certain Hong Kong Dollar bank borrowings by swapping floating interest rates to fixed interest rates. As at 31 December 2011, loans of HK$11,941 million which were provided using floating rates were swapped to fixed interest rates at a range from 1.12% to 4.52% per annum.

As at 31 December 2011, the Group's ratio of net debt to shareholders' equity was 165.3%, with total debt to total capitalisation ratio of 57.4%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plan and operations.

During 2011, the Group's primary sources of funding included new bank loans raised, proceeds from issuances of perpetual capital securities and medium-term notes and net cash inflow from operating activities, which amounted to HK$34,944 million, HK$10,723 million and HK$12,575 million, respectively. The Group's funds were primarily used in repayment of bank loans, purchase for acquisition of property, plant and equipment and land use rights, net cash outflow for acquisition of interest in an associate and interest paid, which amounted to HK$36,403 million, HK$12,199 million, HK$4,674 million and HK$3,950 million, respectively.

Trade and bills receivables

	2011 HK$'000	2010 HK$'000
Trade receivables	**8,014,370**	6,006,705
Bills receivables	**988,163**	759,054
	9,002,533	6,765,759

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

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

	2011 HK$'000	2010 HK$'000
0 - 30 days	**7,236,940**	5,663,100
31 -60 days	**558,293**	271,699
Over 60 days	**219,137**	71,906
	8,014,370	6,006,705

Trade payables

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

	2011 HK$'000	2010 HK$'000
0 - 30 days	**4,110,078**	2,994,329
31 -60 days	**1,330,446**	483,608
Over 60 days	**492,105**	383,171
	5,932,629	3,861,108

Key financial ratios of the Group

	2011	2010
Current ratio (times)	**0.53**	0.66
Quick ratio (times)	**0.45**	0.61
Net debt to shareholders' equity (%)	**165.3**	161.5
EBITDA interest coverage (times)	**3.86**	4.38

Current ratio	=	balance of current assets at the end of the year / balance of current liabilities at the end of the year
Quick ratio	=	(balance of current assets at the end of the year - balance of inventories at the end of the year) / balance of current liabilities at the end of the year
Net debt to shareholders' equity	=	(balance of total bank and other borrowings at the end of the year - balance of bank balances and cash at the end of the year) / balance of equity attributable to owners of the Company at the end of the year
EBITDA interest coverage	=	(profit before taxation + interest expense + depreciation and amortisation) / interest expenditure (including capitalised interests)

Foreign exchange rate risk

We collect substantially all of our revenue in Renminbi ("RMB") and most of our expenditures including expenditures incurred in the operation of power plants as well as capital expenditures are also denominated in RMB. Dividends receivable from the Company's subsidiaries and associates can be collected in either RMB, US Dollar ("USD") or Hong Kong Dollar ("HKD").

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

As the functional currency of the Group is RMB and most of our revenue and expenditures are denominated in RMB, the Group does not use derivative financial instruments to hedge its exposure against changes in exchange rates of RMB against HKD and USD.

As at 31 December 2011, the Group had approximately HK$1,341 million and US$51 million cash at bank and HK$17,650 million and US$690 million bank and other borrowings on its consolidated statement of financial position, the remaining assets and liabilities of the Group were mainly denominated in RMB.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2011 (2010: Nil).

Employees

The Group had approximately 36,400 employees as at 31 December 2011 (2010: 33,500 employees).

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

Medium to Long-term Performance Evaluation Incentive Plan

The Company has adopted the Medium to Long-term Performance Evaluation Incentive Plan (the "Plan"). The Plan aims to link the performance of employees and the management and the overall operating results and the accomplishment of strategic objectives of the Company to the income of employees and the management through medium and long term performance appraisals. The Plan was effective from 25 April 2008 and shall continue in full force and effect for a term of 10 years unless terminated at the discretion of the Board at an earlier date.

Corporate Governance Report

INTRODUCTION

China Resources Power Holdings Company Limited (the "Company" or "CR Power", and together with its subsidiaries and other controlled entities, the "Group") and the directors of the Company (the "Directors")are committed to maintaining high standards of corporate governance. The Board acknowledges its responsibilities in establishing and maintaining a good and sound corporate governance structure and complying with the best corporate governance practices, in order to continuously improve its accountability and transparency and fully disclose its corporate governance principles and practices.

The Board has ultimate authority and oversight of the Group and regards good corporate governance as a critical element in the drive to improve the Group's performance and achieve the Group's vision of being a world class energy provider and one of the most admired employers in China. We strive to improve the overall standard of corporate governance on a continuous basis and maintain high standards of safety, performance and governance in order to enable us to discharge our statutory and fiduciary duty while pursuing our business objectives.

In 2011, CR Power has applied all of the principals and complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and except for the deviation of code provision A.2.7, A.5.7, B.1.7, C.1.4, C.1.5, CR Power also complied with all of the recommended best practices in the Code.

The following summarizes the Company's corporate governance practices and explains the above deviations of recommended best practices.

A.1 The Board

The Board is responsible for the optimization of the Company's corporate governance, and is ultimately accountable for the Company's strategic planning, operating activities and operating results.

The responsibilities of the Board include (but not limited to) the following:

(1) determine the strategies, objectives, policies, and business plans of the Company and supervise the execution of the Company's strategies;

(2) supervise and control the operating and financial performance of the Company, and set appropriate risk control policies and procedures to ensure that the strategic objectives of the Company are fully implemented;

(3) monitor the performance of the senior management and set appropriate remuneration of senior members of management; and

(4) perfect the corporate governance structure in order to enhance communication with Shareholders.

The Company has in place internal guidelines setting forth matters that require the Board's approval.

In the period under review, the Company strictly complied with the Code principle and Code provisions A.1.1 to A.1.8 and the recommended best practices as described as follows:

A.1.1 The Board met 5 times in the period under review. Each meeting involved the active participation in person of a majority of Directors entitled to be present. Other Directors actively participated in the meetings through conference call.

In the period under review, Mr. Wang Yu Jun, Mr. Zhang Shen Wen, Mr. Li She Tang, Ms. Wang Xiao Bin, Mr. Du Wen Min, Mr. Shi Shan Bo, Mr. Wei Bin, Dr. Zhang Hai Peng, Mr. Anthony H. Adams, Mr. Chen Ji Min and Mr. Ma Chiu-Cheung, Andrew, Ms. Elsie Leung and Dr. Raymond Ch'ien were Directors throughout the year.

During 2011, Mr. Wang Shuai Ting resigned as an Executive Director and Chairman of the Board on 29 April 2011. Mr. Song Lin was appointed as an Executive Director and Chairman of the Board on 29 April 2011 and resigned on 21 October 2011. Ms. Zhou Jun Qing was appointed as an Executive Director and Chairman of the Board on 21 October 2011.

The above Directors' attendance at the meetings of the Board is as follows:

	Number of meetings attended/ Number of meetings held during the office of directorship	Attendance during the office of directorship
Executive Directors		
Song Lin	3/3	100%
Zhou Jun Qing	0/0	—
Wang Shuai Ting	2/2	100%
Wang Yu Jun	4/5	80%
Zhang Shen Wen	4/5	80%
Li She Tang	4/5	80%
Wang Xiao Bin	5/5	100%
Non-executive Directors		
Du Wen Min	2/5	40%
Shi Shan Bo	5/5	100%
Wei Bin	2/5	40%
Zhang Hai Peng	3/5	60%
Independent Non-executive Directors		
Anthony H. Adams	4/5	80%
Chen Ji Min	5/5	100%
Ma Chiu-Cheung, Andrew	5/5	100%
Elsie Leung Oi-sie	4/5	80%
Raymond K. F. Ch'ien	4/5	80%

A.1.2 In the period under review, arrangements were in place to ensure that all Directors were given an opportunity to include matters in the agenda for regular Board meetings. The Board was supported by four committees to ensure that it is well equipped to discharge its responsibilities and to assist the Board in carrying out its responsibilities: the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee and the Substainability Committee. Each committee has its own terms of reference. The Chairmen of respective committees reported to the Board regularly and made recommendations on matters discussed when appropriate. Members of senior management may attend committee meetings upon invitation from the relevant Chairman.

A.1.3 In the period under review, notice of at least 14 days was given of a regular Board meeting, giving all Directors an opportunity to attend as early as possible. For all other Board meetings, reasonable notice was given.

A.1.4 In the period under review, all Directors had access to advice and services from the Company Secretary or other professionals with a view to ensure that Board procedures and all applicable rules and regulations were followed.

A.1.5 Minutes of Board meetings and meetings of Board Committees were kept by the Company Secretary and were arranged to be reviewed by the Directors present at the meetings before signing by the Chairman of the respective meetings. Such minutes will be made available by the Company for inspection at any reasonable time on reasonable notice by any Director when he/she deems necessary.

A.1.6 Minutes of Board meetings and meetings of Board Committees recorded in detail the matters considered by the Board and decisions reached. Draft and final versions of minutes of Board meetings and meetings of Board Committees were sent to all Directors for their comments within a reasonable time after the Board or Committee meetings were held.

A.1.7 The Company has policies and procedures in place to ensure that Directors may seek professional advice from independent third parties when the Directors deem necessary at the Company's expense in order to assist Directors to discharge their duties to the Company.

A.1.8 Directors are required to notify the Chairman of any contracts, offices (including other directorships) held, interests in other companies or transactions which may involve real or potential conflicts, and at each Board meeting, declare any conflicts or changes to their independence. A Director who has a conflict with respect to a matter will not, without the Chairman's approval, receive relevant Board papers, be present during any discussion or vote on that matter.

A.1.9 The Company has arranged corporate liability insurance coverage in respect of legal actions against its Directors.

A.1.10 The Board Committees have adopted, so far as practicable, the principles, procedures and arrangements set out in A.1.1 to A.1.8 in the Code.

A.2 The Chairman and the President

The role of the Chairman and the President are separate to ensure a balance of power and authority. The Chairman's primary responsibilities include deciding on the meeting schedule and agenda, formulating Board policies, ensuring Board effectiveness, promoting the Company and maintaining the Company's corporate governance. The President has delegated authority from, and is responsible to, the Board for managing the Group's business, including the implementation of the strategies and initiatives adopted by the Board.

In the period under review, the Company strictly complied with the Code principle and Code provision A.2.1 to A.2.3 and most of the recommended best practices except for A.2.7 as described as follows:

A.2.1 The roles of the Chairman and the President are separate and are currently assumed by Ms. Zhou Jun Qing (appointed by the Board on 21 October 2011) and Mr. Wang Yu Jun, respectively. The roles of Chairman and President of the Company are separate and the division of responsibilities between the Chairman and the President has been clearly established and set out in writing.

The Chairman of the Board is responsible for providing leadership for the Board. His or her duties are mainly to ensure the effective operation of the Board, and the establishment of and compliance with the corporate governance practices and procedures. The Chairman is also responsible for ensuring that appropriate procedures are adopted to guarantee effective communications with shareholders, and that the shareholders' opinions are circulated among all Board members.

The President of the Company is responsible for managing the Company's business and coordinating overall business operations, implementing major strategies approved by the Board and making day-to-day operation decisions.

None of the members of the Board has any connections (including financial, business, family relationship and other material/related relationships) with each other (including between the Chairman and the President).

A.2.2 The Chairman ensured that all Directors were properly briefed on issues arising at Board meetings with the help of Executive Directors.

A.2.3 The Chairman ensured that all Directors who were present at a Board meeting received adequate information, which must be complete and reliable, in a timely manner prior to the meeting with the help of Executive Directors.

A.2.4 The Chairman's responsibility is to provide leadership for the board. The Chairman should ensure that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The Chairman, with the help of the Executive Directors and Company Secretary, is primarily responsible for drawing up and approving the agenda for each Board meeting taking into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda.

A.2.5 The Chairman takes responsibility for ensuring that good corporate governance practices and procedures are established.

A.2.6 The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and takes the lead to ensure that the Board acts in the best interests of the Company.

A.2.7 The Chairman, Mr. Song Lin and Ms. Zhou Jun Qing, held meetings with Independent Non-executive Directors during the year with the presence of the executive Directors. This represents a deviation of the recommended best practices and is an aspect of corporate governance noted for improvement for in 2012.

A.2.8 The Chairman ensures that appropriate steps are taken to provide effective communication with shareholders and that views of shareholders are communicated to the Board as a whole.

A.2.9 The Chairman facilitates the effective contribution of Non-executive Directors and ensures constructive relations between executive and Non-executive Directors. During the year, Independent Non-executive Directors were invited to visit coal-fired power plants in Jiangsu, China and meet with local team of management and staff. This is to facilitate Independent Non-executive Directors to gain first hand understanding of the industry and business operations of the Company in order to enable Directors to discharge their duties and responsibilities to the Company and shareholders as a whole.

A.3 Board Composition

The Board's composition is determined in accordance with the following principles, the Company's Articles of Association and relevant governance requirements:

➢ the Company should appoint and maintain Independent Non-executive Directors representing at least more than one third of the Board;

➢ the role of Chairman and President must be held by separate persons;

➢ the Board should comprise Directors with an appropriate range and mix of skills, experience, expertise and diversity;

➢ the performance of the Board and its members should be reviewed annually and objectively; and

➢ all Directors must submit themselves for re-election at regular intervals.

In the period under review, the Company strictly complied with the above principle and Code provision A.3.1 and the recommended best practices as described as follows:

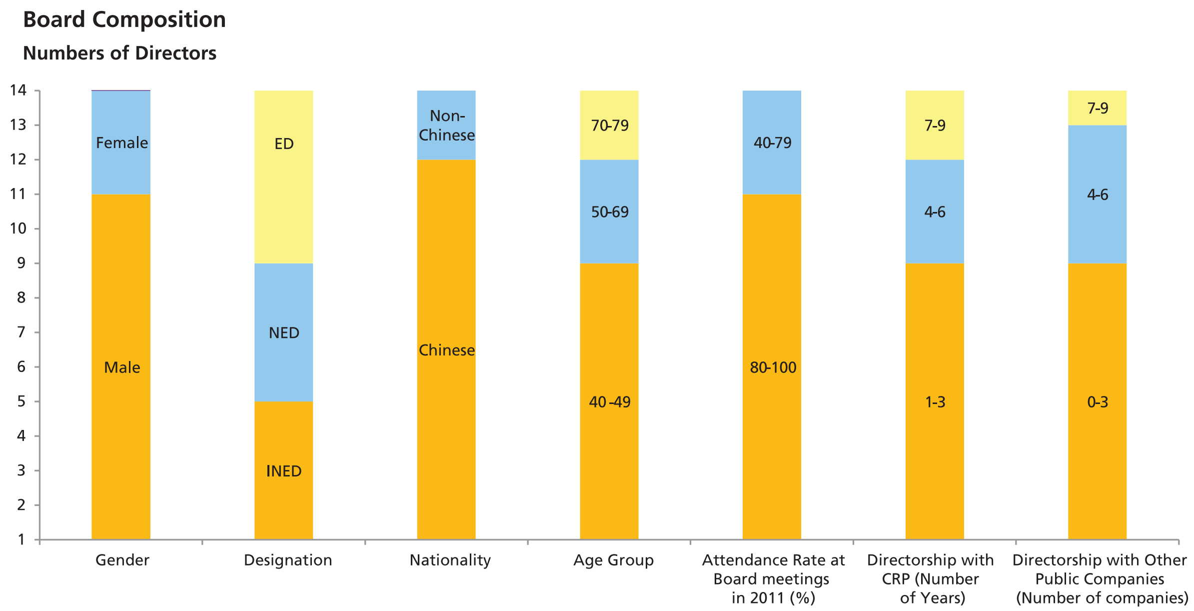
At the date of this report, the Board consists of 14 Directors, 5 of whom are executive Directors, 4 are Non-executive Directors and 5 are Independent Non-executive Directors. The number of Independent Non-executive Directors has exceeded the requirement of Rule 3.10 of the Listing Rules, i.e. the number of Independent Non-executive Directors exceeds three. The list of Directors and their biographies are set out in the Directors and Senior Management on page 12 to page 17 of this Annual Report, and are available on the Company's website.

Set out below are details of the composition of the Board and its Committees as at the date of this report:

Director	Board Designation	Committee Membership: Sustainability	Committee Membership: Audit and Risk	Committee Membership: Remuneration	Committee Membership: Nomination
Zhou Jun Qing	E, Chairman	√			Chairman
Wang Yu Jun	E				
Zhang Shen Wen	E				
Li She Tang	E				
Wang Xiao Bin	E				
Du Wen Min	NE			√	√
Shi Shan Bo	NE		√		
Wei Bin	NE				
Zhang Hai Peng	NE				
Anthony H. Adams	INED	Chairman	√	√	
Chen Ji Min	INED		√		√
Ma Chiu-Cheung, Andrew	INED	√	Chairman	√	
Elsie Leung Oi-sie	INED		√	Chairman	√
Raymond K. F. Ch'ien	INED	√		√	√

Note:

E: Executive Director
NE: Non-executive Director
INED: Independent Non-executive Director



A.3.1 The Independent Non-executive Directors are expressly identified in all corporate communications that disclose the names of Directors of the Company.

A.3.2 Independent Non-executive Directors accounted for more than one-third of the members of the Board.

A.3.3 The Company posts the names and biographical details of the Board members on its website (www.cr-power.com), with their designations in the Board clearly stated.

A.4 Appointment, Re-election and Removal of Directors

The Board's Nomination Committee sets and reviews the criteria for new Director appointments having regard to the overall composition of the Board.

The Board seeks to ensure that its membership is such that each Director:

- is a person of integrity;
- has sufficient time available and abilities to perform his or her role effectively;
- brings an independent and questioning mind to his or her role which enable him or her to exercise sound judgment;
- enhances the breadth and depth of skills and knowledge of the Board as a whole; and
- enhances the experience and diversity of the Board as a whole.

The service term of every Director is 3 years. Retiring Directors are eligible for re-appointment or re-election. The staggered structure enables the Board to change its composition in an orderly manner over time while maintaining leadership, stability and continuity, and allows for regular evaluation of the mix of skills and experience, as required.

On 29 April 2011, Mr. Wang Shuai Ting resigned as an executive Director and Chairman and was replaced by Mr. Song Lin who was appointed for a term of 3 years from 29 April 2011, and re-elected at the next annual general meeting (AGM) held on 8 June 2011. Mr. Song resigned as an executive Director and Chairman on 21 October 2011 and was replaced by Ms. Zhou Jun Qing for a term of 3 years from 21 October 2011, subject to the retirement and re-election at the AGM to be held in 2012. Reasons for the resignation were given in the relevant announcements of the Company.

Mr. Anthony H. Adams, Dr. Raymond K. F. Ch'ien, Ms. Leung Oi-Sie, Elsie, Mr. Zhang Shen Wen and Ms. Wang Xiao Bin will retire from office by rotation at the AGM to be held on 8 June 2012 and being eligible, offer themselves for re-election. Pursuant to Article 98 of the Articles of Association of the Company, Ms. Zhou Jun Qing, who is newly appointed Director on 21 October 2011, shall retire from office at the AGM and being eligible, offer herself for re-election.

In the period under review, the Company strictly complied with the above principle and Code provision A.4.1 to A.4.2 and the recommended best practices (where applicable) as described as follows:

A.4.1 Each Non-executive Director receives a letter formalizing his or her appointment and that letter outlines the key terms and conditions of the appointment. All Directors are subject to regular re-election.

In accordance with Article 120 of the Company's Articles of Association, one-third of the Directors, including executive Directors, Non-executive Directors as well as Independent Non-executive Directors, shall retire by rotation at each AGM of the Company, provided that every Director shall be subject to retirement by rotation at least every three years and a retiring director shall be eligible for re-election. Pursuant to Article 120 of the Articles of Association, Ms. Wang Xiao Bin, Mr. ZHANG Shen Wen, Mr. Shi Shan Bo, Mr. Chen Ji Min and Mr. Ma Chiu-Cheung, Andrew, retired from office by rotation and were re-elected at the AGM on 8 June 2011.

A.4.2 In accordance with the Company's Articles of Association, all new Directors appointed to fill a casual vacancy or being a new member of the Board shall be subject to election by shareholders at the next general meeting after their appointment (in the case of filling casual vacancy) or next AGM (in the case of addition to the Board). Pursuant to Article 98 of the Articles of Association, Mr. Song Lin, who was newly appointed Director on 29 April 2011, and Mr. Wang Yu Jun, Mr. Li She Tang, Mr. Du Wen Min, Mr. Wei Bin and Dr. Zhang Hai Peng, who were newly appointed Directors on 9 July 2010, retired from office and were re-elected at the AGM on 8 June 2011.

A.4.3 No Independent Non-executive Director currently has served more than 9 years. If an Independent Non-executive Director serves more than 9 years, any further appointment of such Independent Non-executive Director will be subject to a separate resolution to be approved by shareholders.

A.4.4 The Company has established a Nomination Committee which is comprised of 5 members, including 3 Independent Non-executive Directors, 1 executive Director and 1 Non-executive Director. During 2011, the Nomination Committee met once to review, discuss and consider the role, responsibility and functions of the Committee. Mr. Wang Shuai Ting, Mr. Chen Ji Min, Dr. Raymond K. F. Ch'ien and Ms. Leung Oi-Sie, Elsie attended the meeting during the office of the directorship.

A.4.5 Nomination Committee's major responsibilities are to formulate and implement the policy for nominating candidates for election by Shareholders, and to assess the independence of Independent Non-executive Directors based on the criteria such as reputation for integrity, accomplishment and experience, professional and educational background, and potential time commitments.

A.4.6 Nomination Committee's terms of reference are available on the Company's website.

A.4.7 The Company ensures that the Nomination Committee is provided with sufficient resources to discharge its duties.

A.4.8 In future, if the Board proposes a resolution to elect an individual as an Independent Non-executive Director at the general meeting, it will set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the Company believes the individual should be elected and the reasons why it considers the individual to be independent.

A.5 Responsibilities of Directors

The Board plays a central supporting and supervisory role in the Company's corporate governance structure, provides leadership and guidance to the Group's activities and oversees the work of the management and its execution of the Company's business strategies.

In the period under review, the Company strictly complied with the above principle and Code provision A.5.1 to A.5.4 and complied with all the recommended best practices except for A.5.7 as described as follows:

A.5.1 Every newly appointed Director receives a formal and tailored induction on the first occasion of his/her appointment in order to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements.

A.5.2 The Non-executive Directors actively participated in Board meetings of the Company and the Company's Audit and Risk Committee, Remuneration Committee, Nomination Committee and Substainability Committee comprise a majority of Independent Non-executive Directors. The Directors were encouraged to participate in continuous professional development program at the Company's expense to remain abreast of developments impacting the business. The Independent Non-executive Directors were also invited to visit the Group's operations in different locations to broaden their knowledge of the Group's business.

A.5.3 Directors' attendance of Board meetings and committee meetings is set out on page 57, 62, 64 and 67 of this annual report. Each executive Director and Non-executive Director ensured that he/she gave sufficient time and attention to the affairs of the Company.

A.5.4 The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with their obligations regarding dealings in securities of the Company under the Model Code throughout the year ended 31 December 2011.

The Company has also established written guidelines for senior management and employees in certain functions in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, senior management and relevant employees reminding them to comply with the guidelines 60 days prior to the publication of the annual results and 30 days prior to the publication of the interim results.

A.5.5 The Company's executive and Non-executive Directors participated in various development programs to develop and refresh their knowledge and skills to help ensure that their contribution to the Board remains informed and relevant. Directors are encouraged to participate in professional training programs and the Company will organize and fund such training programs.

A.5.6 Each Director has disclosed to the Company at the time of his or her appointment, and on a periodic basis, the number and nature of offices held in public companies or organizations and other significant commitments, with the identity of the public companies or organizations and an indication of the time involved.

A.5.7 Non-executive Directors actively participated in Board meetings and Committee meetings. In order to develop a balanced understanding of the views of shareholders, a number of executive Directors participated in roadshows and investor forums to meet with institutional investors during the year. A number of executive and Non-executive Directors attended the AGM held on 8 June 2011. All Directors are encouraged to attend general meetings in the future to enhance communication with shareholders. For the Company's report on communication with shareholders, please refer to page 68 to 70 of the annual report.

A.5.8 Non-executive Directors actively participated in Board meetings and Committee meetings and made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. The Board plans to carry out a formal evaluation of its performance in 2012.

A.6 Supply and Access to Information

In the period under review, the Company strictly complied with Code provision A.6.1 to A.6.3 as described as follows:

A.6.1 In respect of regular Board meetings and Committee meetings, the Company's policy is to provide a 14-day notice prior to the meeting setting out the intended agenda. As much as practicable, an agenda and accompanying board papers are delivered in full to all Directors at least three days before the intended date of a Board or Board Committee meeting.

A.6.2 To enable Directors to make decisions based upon the related data on hand, the management is required to provide complete and reliable information and provide briefing to the Board in respect of the matters and issues under consideration. Starting from 1 April 2012, the Company will supply Directors monthly management report to keep Board members informed of the latest development and performance of the Company.

A.6.3 All Directors are entitled to have access to board papers and related materials.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

B.1 The level and ma ke-up of remuneration and disclosure

In the period under review, the Company strictly complied with the Code provision B.1.1 to B.1.5 and the recommended best practices except for B.1.7 as described as follows:

B.1.1 The Board has established a Remuneration Committee. The primary functions of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration packages of the Directors and senior management, and to evaluate and make recommendations on employee benefit arrangements. As at the date of this report, members of the Remuneration Committee include Ms. Elsie Leung, Mr. Anthony H. Adams, Mr. Ma Chiu- Cheung, Andrew and Dr. Raymond K. F. Ch'ien and Mr. Du Wen Min. Ms. Elsie Leung is the Chairman of the Remuneration Committee. All five members of the Remuneration Committee are Non-executive Directors with four being Independent Non-executive Directors.

In 2011, the Remuneration Committee held two meetings to review, discuss and consider the role, responsibility and functions of the Committee and each member attended meetings during the office of directorship.

B.1.2 The Remuneration Committee had consulted the Chairman and/or President about their proposals relating to the remuneration of other executive Directors. The Company has a policy that the Remuneration Committee may seek professional advice from independent third parties if it thinks necessary at the expense of the Company.

B.1.3 The terms of reference of the Remuneration Committee (formulated by the Company and adopted by the Board) have incorporated the specific duties set out in the Code provision.

B.1.4 The terms of reference of the Remuneration Committee are set out in the Company's website: www.cr-power.com.

B.1.5 The Remuneration Committee was provided with sufficient resources to discharge its duties. The Company has a policy that the Remuneration Committee may seek professional advice from independent third parties if it thinks necessary at the expense of the Company in order to enable it to properly discharge its duties and responsibilities.

B.1.6 A significant proportion of executive Directors' remuneration is structured so as to link rewards to corporate and individual performance. The Company sets its strategic and performance targets on a three year rolling forward basis. Based on the Company's overall performance targets, the Company assigns responsibilities and sets performance benchmarks and evaluation methods for each executive Director, members of the senior management team and other managerial staff. The total remuneration of executive Directors and senior management comprises three key components, namely basic salary, annual bonus and the Medium to Long-term Performance Evaluation Incentive Plan. The actual performance of the Company and each executive Director and senior management team members' own performance against performance targets determine the component paid under the Medium to Long-term Performance Evaluation Incentive Plan. Please refer to Note 9 under the section "Notes to the Financial Statements" in this Annual Report on page 119 to page 120 for details on Directors' remuneration.

B.1.7 The Company has not disclosed details of any remuneration payable to members of senior management, on an individual and named basis, in the annual report and accounts which represents a deviation of the recommended best practices.

B.1.8 The Board has no disagreement with the Remuneration Committee on remuneration or compensation arrangements with regards to executive Directors and senior management.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. It is also the Board's responsibility to oversee the preparation of the annual accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year.

In the period under review, the Company strictly complied with the Code provision C.1.1 to C.1.3 as described as follows:

C.1.1 Directors were provided with financial information and the related information of the Company as would enable them to make an informed assessment before the publication of the interim results and the annual results, respectively.

C.1.2 The Directors acknowledge that they are responsible for overseeing the preparation of financial statements of each financial period, which gives a true and fair view of the operating results and financial conditions of the Company. More information about the external auditor's responsibilities is set out in the Auditor's Report of this Annual Report.In preparing the financial reports for the year ended 31 December 2011, the Directors have selected appropriate accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable, and prepared accounts on a going concern basis.

C.1.3 The Directors acknowledge that their responsibility to present a balanced, clear and understandable assessment extend to annual and interim reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The Company has not resolved to announce and publish financial results on a quarterly basis and has not adopted recommended best practices C.1.4 and C.1.5.

C.2 Internal Controls

The Board has the overall responsibility to maintain sound and effective internal controls for the Group and to review their effectiveness to safeguard shareholders' investment and the Group's assets. To this end, an internal control and risk management system has been established to provide reasonable, though not absolute, assurance against material misstatement or loss, and manage or mitigate rather than eliminate risks of failure to achieve business objectives.

In the period under review, the Company strictly complied with the above principle and Code provision C.2.1 to C.2.2 as described as follows:

C.2.1 The Company's target is to establish an efficient and effective internal control system which comprises the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

The Company believes that the control environment sets the tone of an organization and provides a foundation of all other components of internal control. It includes integrity, business ethics, management's philosophy and operating style, the way management assigns authority and responsibility, and attention and direction provided by the Board, all of which form and create a control environment.

The Company emphasizes on professional integrity and high business ethics. It creates handbooks and manuals for management and staff, explaining our fundamental value and corporate culture, which is based on honesty and integrity and focuses on value creation.

The Company and its subsidiaries provide regular training to its management and staff. The training sessions not only cover the technical and operational aspects of our businesses, but also on business ethics and corporate value.

The Company has created a Code for Managers that sets out the respective responsibilities and rights and reporting procedures of the management team, mainly for the general managers, deputy general managers and chief financial officers of every project, requiring managers to perform their duties with integrity to effectively safeguard the rights and interests of the shareholders, the Company and its staff and the society, so as to achieve the mission of maximization of shareholder value and staff value. The Company has also laid out an evaluation and remuneration policy which encourages our management team to focus on return and value creation for shareholders.

The Company has an internal audit department that is independent of the activities it audits, which is responsible for the monitoring of the Company's internal control. The internal audit team is led by the Company's Chief Audit Officer and consists of 15 professionals as members. The internal auditors have unrestricted access and authority to review the information on the business and internal control matters of the Company. The Chief Audit Officer reports directly to the Chairman of the Audit and Risk Committee and administratively to the President. The internal auditors can employ outside resources when necessary. During 2011, the internal audit department completed 35 internal audits and follow-up audits on a number of subsidiaries and branches of the Company, and presented their findings and recommendations to the Audit and Risk Committee and the Board.

The Directors have reviewed the effectiveness of the system of internal controls (including financial, operational and compliance controls and risk management functions) of the Company and its subsidiaries. The Directors believe that in order to manage the risk of failure in achieving the Company's goals and objectives to an ultimate extent, the Company should improve continuously its internal control system.

C.2.2 On 12 March 2012, the Audit and Risk Committee reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and believes that as the Group expands rapidly in China, the Group will monitor on an ongoing basis its total resources in the accounting and financial reporting function, and continues to increase its investment and budgets for staff recruitment and training and information technology system.

In the annual assessment of the effectiveness and adequacy of the internal controls, the Company takes into consideration the recommended best practices contained in C.2.3 to C.2.5.

C.3 Audit and Risk Committee

In the period under review, the Company strictly complied with the Code provision C.3.1 to C.3.6 as described as follows:

C.3.1 Full minutes of Audit and Risk Committee meetings were kept by a duly appointed secretary of the meeting. Minutes of the Audit and Risk Committee meetings were sent to all members of the committee for their comment within a reasonable time after the meeting.

C.3.2 The Audit and Risk Committee comprises five Non-executive Directors and none of them was a former partner of the Company's existing auditing firm.

C.3.3 The Company's Audit and Risk Committee comprises four Independent Non-executive Directors and one Non-executive Director, namely Mr. Ma Chiu-Cheung, Andrew, Mr. Anthony H. Adams, Mr. Chen Ji Min and Ms. Elsie Leung Oi-sie and Mr. Shi Shan Bo with its term of reference adopted by the Board. Mr. Ma Chiu-Cheung, Andrew is the Chairman of the Committee. Mr. Ma Chiu-Cheung, Andrew is a Certified Public Accountant in Hong Kong, and a fellow member of the Institute of Chartered Accountants in England & Wales, Hong Kong Institute of Certified Public Accountants, The Taxation Institute of Hong Kong and The Hong Kong Institute of Directors.

C.3.4 The main duties of the Audit and Risk Committee include the following:

- To investigate any activity within its terms of reference with full access to all books, records, facilities and personnel. It is authorised to seek information it requires from any employee and all employees are required to co-operate with any request made by the Audit and Risk Committee;
- To obtain independent legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary to carry out its duties;
- To be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal

The above Directors' attendance at the meetings of the Committee is as follows:

Audit and Risk Committee	**Number of meetings attended/Number of meetings held during office of directorship**	**Attendance during the office of directorship**
Shi Shan Bo	4/4	100%
Anthony H. Adams	4/4	100%
Chen Ji Min	4/4	100%
Ma Chiu-Cheung, Andrew (Chairman)	4/4	100%
Elsie Leung Oi-sie	3/4	75%

The terms of reference of the Audit and Risk Committee have incorporated all the duties set out in the Code provision.

For the period from 1 January 2011 to the date of this report, the Audit and Risk Committee has performed its duties, including reviewing the Company's interim and annual results, financial controls and internal control, the internal control report prepared by the Company's internal audit department and the statement relating to internal control system as set out in the corporate governance report. On 12 March 2012, the Audit and Risk Committee reviewed the financial statements of the Company for the year ended 31 December 2011, including the major accounting issues raised by external auditors.

The terms of the reference of the Audit and Risk Committee are available on the Company's website.

C.3.5 In 2011, there was no disagreement between the Board and Audit and Risk Committee on the selection and appointment of the internal and external auditors, fees and terms of engagement of auditors and proposal in relation to the appointment of auditors. The Audit and Risk Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements. Prior to the commencement of the audit of the Group's 2011 accounts, the Audit and Risk Committee received written confirmation from the external auditor on its independence and objectivity. The external auditor is refrained from engaging in non-audit services except for limited tax-related services or specific approved items. The Audit and Risk Committee reviews the external auditor's statutory audit scope and non-audit services and approves its fees.

	2011 HKD'000	2010 HKD'000
Audit services	**7,200**	4,952
Non-audit services	**850**	1,895*
Total	**8,050**	6,847

* Inclusive of fee charged on professional services provided for US$ bond issuance in 2010.

C.3.6 The Audit and Risk Committee was provided with sufficient resources to discharge its duties in 2011.

C.3.7 The terms of reference of the Audit and Risk Committee have incorporated all the duties contained in the recommended best practices.

D. DELEGATION BY THE BOARD

D.1 Management functions

In the period under review, the Company strictly complied with the principle set out in the Code and Code provision D.1.1 to D.1.2 as described as follows:

D.1.1&D.1.2 The Board is mainly responsible for formulating and approving the business strategies, objectives, policies and plans of the Company, and monitoring the execution of the Company's strategies. It is also responsible for overseeing the operating and financial performance of the Company and establishing appropriate risk control policies and procedures in order to ensure that the strategic objectives of the Company are materialized. In addition, the Board is also responsible for improving the corporate governance structure and enhancing communications with shareholders.

The Board has delegated the responsibilities of the execution of strategies and decision making for day-to-day operation of the Company to the management team headed by the President. The management reports regularly to the Board on the operating and financial performance of the Company.

D.1.3 The responsibilities of the Board are contained in the Board Charter which is available on the Company's website.

D.1.4 The Company has formal letter of appointment for all Directors setting out the key terms and conditions relative to their appointment.

D.2 Board committees

D.2.1&D.2.2 The Company has established written terms of reference for the committees (namely, Audit and Risk, Nomination, Remuneration and Substainability Committees) of the Board. Details on the duties and terms of reference of the Board committees are available on the Company's website (www.cr-power.com).

The terms of reference of each Board Committee requires it to report back to the Board on their decisions and recommendations.

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

E.1.1 In respect of each substantially separate issue at a general meeting, a separate resolution was proposed by the Chairman of the meeting, including the election of individual Directors. The poll voting results and the minutes of the meetings are available on the Company's website.

Matters resolved at the 2011 AGM

- Received the audited financial statements for the year ended 31 December 2010 together with the Reports of the Directors and the Auditor
- Approved payment of the final dividend of HK$0.27 per share for the year ended 31 December 2010
- Re-elected Mr. Song Lin, Mr. Wang Yu Jun, Mr. Zhang Shen Wen, Mr. Li She Tang, Ms. Wang Xiao Bin, Mr. Du Wen Min, Mr. Shi Shan Bo, Mr. Wei Bin, Dr. Zhang Hai Peng, Mr. Chen Ji Min and Mr. Ma Chiu-Cheung, Andrew as Directors
- Re-appointed Deloitte Touche Tohmatsu as Auditor of the Company and authorisation of the Board to fix the Auditor's remuneration
- Granted a general mandate to the Board for the share repurchase of an amount not exceeding 10 per cent of the aggregate nominal amount of the Company's issued share capital as at the date of 2011 AGM

- Granted a general mandate to the Directors to issue new shares of the Company not exceeding 20% of the issued share capital

- Approved to extend the general mandate granted to the Directors to issue new shares of the Company by addition thereto of the shares repurchased by the Company

E.1.2 The general meeting is the ideal venue for the interchange of ideas between the Board, the management and shareholders. We therefore encourage shareholders to attend AGM to discuss matters of business substance with the Board and management and to give us valuable advice on both operational and governance matters. At the AGM held on 8 June 2011 at 10:00 am , there were a total of 31 individual shareholders, authorized representatives of corporate shareholders as well as proxies participated and the number of shares voted represented 83.9 per cent of the total number of the Company's issued shares.

Moreover, a number of Directors, including the then Chairman Mr. Song Lin (who was also the Chairman of the Remuneration Committee and the Nomination Committee at the time) and the Chairman of the Audit and Risk Committee Mr. Ma Chiu-Cheung, Andrew, Independent Non-executive Director Mr. Anthony H. Adams, Non-executive Director Mr. Wei Bin, together with executive Director Ms. Wang Xiao Bin attended the 2011 AGM. The Directors and management of the Company took the opportunity to communicate with the shareholders present, and answer their queries with respect to the Company's operations and industries. The external auditor attended the AGM and was available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition, the Company, the Board and management highly value the opinions and requirements of our shareholders. The Company communicates with shareholders through various channels including publication of interim and annual reports, press releases and announcements of the latest business development, operating results and financing, etc. of the Company on its corporate website in a timely manner. Shareholders may also access the latest information released by the Company electronically.

An Investor Relations team has been designated to maintain purposeful dialogue and ongoing relationships with investors and analysts. We strive to provide quality information to shareholders as well as our many stakeholders regarding the latest developments at the Company whilst ensuring that relevant information is equally and simultaneously provided and accessible to all interested parties.

E.1.3 The notices to shareholders were sent at least 20 clear business days before the AGM.

E.2 Voting by Poll

In the period under review, the Company strictly complied with the Code principle and Code provision E.2.1. The Chairman explained the detailed procedures for conducting a poll at the commencement of the AGM.

Investor Relations Activities

The Company also enhances communication with shareholders through various investor relations activities. Details of major investor relations activities in 2011 are set out below.

We consistently pay close attention to investor relations activities and always believe that maintaining communications with the shareholders and provision of timely and accurate information are critical in creating shareholder value. During the meetings with investors, we explain not only the development and trend of the power industry and related industries and update shareholders on our operational conditions, strategic planning and future outlook, we also place great emphasis on listening to investors' feedback, concerns and expectations so as to improve our management and operations.

In 2011, executive Directors and management team actively participated in 16 investor forums and conferences organized by major international securities companies. In addition, executive Directors and the management also conducted roadshows in Hong Kong, Singapore, and main financial centers in the US and Europe after the announcements of our interim and final results.

In order to enhance the understanding of investors towards our business operations, we also arranged visits to power plants, wind farms and coal mines for fund managers and securities analysts upon request. These activities enabled our investors to have the opportunity of site visit and direct contact with front-line managers and staff, thereby having a better understanding of our operations, and in the meantime, our front-line managers were also able to get a better understanding of shareholders' expectations, which helped to improve our internal management and thus enhance profitability.

In 2011, there were more than 100 requests for company visits and teleconferences from different investors, together with the investor conferences and roadshows which we attended or conducted, we met approximately more than 300 fund managers and securities analysts from all over the world. The active level of investor relations activities during last year proved the level of interests from capital markets in obtaining more information and knowing more about the Company.

Through emails or designated telephone lines, we also provide shareholders and potential investors with a channel to obtain the latest information of the Company and have their queries answered in a timely manner. We announce our net power generation volume and coal production volume via press releases on a monthly basis.

We always welcome shareholders' views and input. Shareholders and other stakeholders may at any time address their concerns to the Company Secretary by mail or email. The contact details are set out in the Information for Investors of this Annual Report.

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF
CHINA RESOURCES POWER HOLDINGS COMPANY LIMITED
華潤電力控股有限公司
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Resources Power Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 73 to 186, which comprise the consolidated and Company's statements of financial position as at 31 December 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 March 2012

Consolidated Income Statement

For the year ended 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
Turnover	5	**60,708,674**	48,578,313
Operating expenses			
Fuel		**(38,382,666)**	(29,670,607)
Repairs and maintenance		**(1,015,042)**	(766,677)
Depreciation and amortisation		**(5,502,030)**	(4,274,656)
Staff costs		**(3,247,286)**	(2,616,018)
Consumables		**(1,008,657)**	(777,010)
Sales related taxes and surcharges		**(424,735)**	(182,268)
Others		**(4,066,615)**	(3,168,003)
Total operating expenses		**(53,647,031)**	(41,455,239)
Other income		**1,248,732**	730,461
Other gains and losses		**1,230,015**	399,281
Profit from operations		**9,540,390**	8,252,816
Finance costs	6	**(3,515,563)**	(2,526,568)
Share of results of associates		**740,378**	790,346
Share of results of jointly controlled entities		**96,944**	289
Profit before taxation		**6,862,149**	6,516,883
Taxation	7	**(1,242,763)**	(755,046)
Profit for the year	8	**5,619,386**	5,761,837
Profit for the year attributable to:			
Owners of the Company		**4,450,576**	4,903,654
Non-controlling interests			
– Perpetual capital securities		**269,275**	—
– Others		**899,535**	858,183
		1,168,810	858,183
		5,619,386	5,761,837
Earnings per share	12		
– basic		**HK$0.95**	HK$1.05
– diluted		**HK$0.94**	HK$1.04

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**5,619,386**	5,761,837
Other comprehensive income and expense:		
Exchange differences from translation	**1,724,851**	1,030,232
Share of changes in translation reserve of associates and jointly controlled entities	**763,786**	385,606
Fair value change on cash flow hedges	**(29,103)**	24,076
Other comprehensive income for the year	**2,459,534**	1,439,914
Total comprehensive income for the year	**8,078,920**	7,201,751
Total comprehensive income for the year attributable to:		
Owners of the Company	**6,711,817**	6,079,511
Non-controlling interests		
– Perpetual capital securities	**269,275**	—
– Others	**1,097,828**	1,122,240
	1,367,103	1,122,240
	8,078,920	7,201,751

Consolidated Statement of Financial Position

At 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	13	**96,418,551**	84,273,757
Prepaid lease payments	14	**2,301,477**	1,891,805
Mining rights	15	**10,703,707**	9,939,938
Exploration and resources rights	16	**—**	148,218
Interests in associates	18	**18,294,014**	12,279,541
Interests in jointly controlled entities	19	**1,694,679**	935,595
Goodwill	20	**4,033,453**	3,796,731
Investments in investee companies	21	**1,101,266**	1,093,160
Deposits paid for acquisition of property, plant and equipment		**2,797,183**	1,145,815
Deposits paid for acquisition of mining/exploration rights	22	**1,295,175**	2,794,700
Deposit paid for land use rights		**—**	111,741
Other non-current deposits paid	23	**120,227**	158,170
Loans to an associate	24	**2,394,638**	—
Loans to a jointly controlled entity	25	**1,233,500**	—
Deferred taxation assets	38	**171,875**	107,084
		142,559,745	118,676,255
Current assets			
Inventories	26	**3,592,567**	2,006,017
Trade and bills receivables, other receivables and prepayments	27	**16,123,016**	10,763,185
Amounts due from associates	28	**593,992**	2,853,053
Amounts due from jointly controlled entities	29	**122,122**	1,417,034
Amounts due from related companies	30	**570,823**	159,293
Financial assets at fair value through profit or loss	31	**3,042**	3,544
Restricted bank balances	32	**—**	58,641
Pledged bank deposits	32	**303,977**	271,818
Bank balances and cash	32	**4,496,605**	6,801,707
		25,806,144	24,334,292
Current liabilities			
Trade payables, other payables and accruals	33	**19,305,755**	14,682,456
Amounts due to associates	34	**669,548**	1,092,917
Amounts due to related companies	35	**2,036,924**	116,386
Taxation payable		**398,408**	149,198
Bank and other borrowings - repayable within one year	36	**26,418,243**	20,667,961
Derivative financial instruments	37	**147,559**	—
		48,976,437	36,708,918
Net current liabilities		**(23,170,293)**	(12,374,626)
Total assets less current liabilities		**119,389,452**	106,301,629

Consolidated Statement of Financial Position

At 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Bank and other borrowings - repayable after one year	36	**56,568,988**	54,243,192
Accrued retirement benefit cost		**231,859**	286,801
Derivative financial instruments	37	**210,354**	323,885
Deferred taxation liabilities	38	**579,455**	493,655
Deferred income		**226,631**	—
Deferred consideration payables	47(b)	**—**	693,987
		57,817,287	56,041,520
		61,572,165	50,260,109
Capital and reserves			
Share capital	39	**4,745,092**	4,719,501
Share premium and other reserves		**42,727,906**	37,444,717
Equity attributable to the owners of the Company		**47,472,998**	42,164,218
Non-controlling interests			
– Perpetual capital securities	43	**5,900,367**	—
– Others		**8,198,800**	8,095,891
		14,099,167	8,095,891
		61,572,165	50,260,109

The financial statements on pages 73 to 186 were approved by the Board of Directors and authorised for issue on 19 March 2012 and are signed on its behalf by:

ZHOU JUN QING
DIRECTOR

WANG YU JUN
DIRECTOR

Statement of Financial Position

At 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	13	**5,112**	8,048
Investments in subsidiaries	17	**16,367,649**	16,947,445
Loans to subsidiaries	17	**12,160,610**	6,590,374
Interests in associates	18	**2,592,139**	2,473,729
Interests in jointly controlled entities	19	**631,212**	221,065
Deposit paid for establishment of an associate		**31,642**	29,892
Deposit paid for capital contribution for an investee company		**42,285**	—
Investment in an investee company		**70,265**	70,265
		31,900,914	26,340,818
Current assets			
Other receivables		**120,767**	73,248
Amount due from an associate	28	**12,111**	98,498
Amount due from a jointly controlled entity	29	**138**	11,849
Amounts due from related companies	30	**23,379,875**	18,594,558
Bank balances and cash	32	**1,380,662**	2,897,982
		24,893,553	21,676,135
Current liabilities			
Other payables and accruals		**171,910**	158,085
Amounts due to associates	34	**99**	—
Amounts due to related companies	35	**1,557**	1,190
Bank and other borrowings repayable within one year	36	**6,685,000**	1,800,000
Loan from a subsidiary	17	**5,835,750**	—
Derivative financial instruments	37	**147,559**	—
		12,841,875	1,959,275
Net current assets		**12,051,678**	19,716,860
Total assets less current liabilities		**43,952,592**	46,057,678
Non-current liabilities			
Bank and other borrowings repayable after one year	36	**18,863,868**	19,211,402
Derivative financial instruments	37	**210,354**	323,885
		19,074,222	19,535,287
		24,878,370	26,522,391
Capital and reserves			
Share capital	39	**4,745,092**	4,719,501
Share premium and other reserves	41	**20,133,278**	21,802,890
		24,878,370	26,522,391

ZHOU JUN QING
DIRECTOR

WANG YU JUN
DIRECTOR

Consolidated Statement of Changes In Equity

For the year ended 31 December 2011

	Attributable to the owners of the Company											Non-controlling interests			
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 41)	Special reserve HK$'000 (Note 41)	Capital reserve HK$'000	Shares held for Medium to Long-term Performance Evaluation Incentive Plan HK$'000 (Note 42)	Translation reserve HK$'000	Employee share-based com-pensation reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000	Perpetual capital securities HK$'000 (Note 43)	Others HK$'000	Total HK$'000	Total HK$'000
At 1 January 2010	4,683,431	16,487,148	987,041	40,782	35,249	(681,500)	3,270,366	319,127	(309,511)	12,761,846	37,593,979	—	7,561,403	7,561,403	45,155,382
Exchange difference arising from translation	—	—	—	—	—	—	766,175	—	—	—	766,175	—	264,057	264,057	1,030,232
Share of changes in translation reserve of associates and jointly controlled entities	—	—	—	—	—	—	385,606	—	—	—	385,606	—	—	—	385,606
Fair value change on cash flow hedge	—	—	—	—	—	—	—	—	24,076	—	24,076	—	—	—	24,076
Profit for the year	—	—	—	—	—	—	—	—	—	4,903,654	4,903,654	—	858,183	858,183	5,761,837
Total comprehensive income for the year	—	—	—	—	—	—	1,151,781	—	24,076	4,903,654	6,079,511	—	1,122,240	1,122,240	7,201,751
Shares issued upon exercise of options	36,070	123,211	—	—	—	—	—	—	—	—	159,281	—	—	—	159,281
Recognition of equity settled share-based payments	—	—	—	—	—	—		27,688	—	—	27,688	—	—	—	27,688
Transfer of share option reserve upon exercise of share options	—	69,731	—	—	—	—	—	(69,731)	—	—	—	—	—	—	—
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	26,513	26,513	26,513
Acquisition of additional interests in subsidiaries	—	—	—	—	(2,285)	—	—	—	—	—	(2,285)	—	(602,431)	(602,431)	(604,716)
Acquisition of assets	—	—	—	—	—	—	—	—	—	—	—	—	196,459	196,459	196,459
Acquisition of assets and additional interest in a subsidiary through acquisition of a subsidiary	—	—	—	—	(48,753)	—	—	—	—	—	(48,753)	—	143,771	143,771	95,018
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	148,972	148,972	148,972
Share of changes in capital reserve of an associate and a jointly controlled entity	—	—	—	—	125,721	—	—	—	—	—	125,721	—	150,436	150,436	276,157

Consolidated Statement of Changes In Equity

For the year ended 31 December 2011

	Attributable to the owners of the Company											Non-controlling interests			
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 41)	Special reserve HK$'000 (Note 41)	Capital reserve HK$'000	Shares held for Medium to Long-term Performance Evaluation Incentive Plan HK$'000 (Note 42)	Translation reserve HK$'000	Employee share-based com-pensation reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000	Perpetual capital securities HK$'000 (Note 43)	Others HK$'000	Total HK$'000	Total HK$'000
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(651,472)	(651,472)	(651,472)
Dividends paid	—	—	—	—	—	—	—	—	—	(1,770,924)	(1,770,924)	—	—	—	(1,770,924)
Transfer of reserves	—	—	158,569	—	—	—	—	—	—	(158,569)	—	—	—	—	—
Transfer (Note a)	—	—	—	—	133,692	—	—	—	—	(133,692)	—	—	—	—	—
Transfer upon utilisation (Note b)	—	—	—	—	(43,713)	—	—	—	—	43,713	—	—	—	—	—
At 31 December 2010	4,719,501	16,680,090	1,145,610	40,782	199,911	(681,500)	4,422,147	277,084	(285,435)	15,646,028	42,164,218	—	8,095,891	8,095,891	50,260,109
Exchange difference arising from translation	—	—	—	—	—	—	1,526,558	—	—	—	1,526,558	—	198,293	198,293	1,724,851
Share of changes in translation reserve of associates and jointly controlled entities	—	—	—	—	—	—	763,786	—	—	—	763,786	—	—	—	763,786
Fair value change on cash flow hedge	—	—	—	—	—	—	—	—	(29,103)	—	(29,103)	—	—	—	(29,103)
Profit for the year	—	—	—	—	—	—	—	—	—	4,450,576	4,450,576	269,275	899,535	1,168,810	5,619,386
Total comprehensive income for the year	—	—	—	—	—	—	2,290,344	—	(29,103)	4,450,576	6,711,817	269,275	1,097,828	1,367,103	8,078,920
Shares issued upon exercise of options	25,591	91,004	—	—	—	—	—	—	—	—	116,595	—	—	—	116,595
Recognition of equity settled share-based payments	—	—	—	—	—	—	—	153,734	—	—	153,734	—	—	—	153,734
Transfer of share option reserve upon exercise of share options	—	51,295	—	—	—	—	—	(51,295)	—	—	—	—	—	—	—
Issue of perpetual capital securities	—	—	—	—	—	—	—	—	—	—	—	5,835,750	—	5,835,750	5,835,750
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	156,668	156,668	156,668
Coupon paid on perpetual securities	—	—	—	—	—	—	—	—	—	—	—	(204,658)	—	(204,658)	(204,658)
Direct costs for issue of perpetual capital securities	—	—	—	—	—	—	—	—	—	(46,445)	(46,445)	—	—	—	(46,445)

Consolidated Statement of Changes In Equity

For the year ended 31 December 2011

	Attributable to the owners of the Company											Non-controlling interests			
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 41)	Special reserve HK$'000 (Note 41)	Capital reserve HK$'000	Shares held for Medium to Long-term Performance Evaluation Incentive Plan HK$'000 (Note 42)	Translation reserve HK$'000	Employee share-based com-pensation reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000	Perpetual capital securities HK$'000 (Note 43)	Others HK$'000	Total HK$'000	Total HK$'000
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(1,151,587)	(1,151,587)	(1,151,587)
Shares vested under Medium to Long-term Performance Evaluation Incentive Plan (Note 42)	—	—	—	—	—	170,756	—	(143,098)	—	(27,658)	—	—	—	—	—
Dividends paid	—	—	—	—	—	—	—	—	—	(1,549,311)	(1,549,311)	—	—	—	(1,549,311)
Purchase of shares under Medium to Long-term Performance Evaluation Incentive Plan (Note 42)	—	—	—	—	—	(77,610)	—	—	—	—	(77,610)	—	—	—	(77,610)
Transfer of reserves	—	—	402,244	—	—	—	—	—	—	(402,244)	—	—	—	—	—
Transfer (Note a)	—	—	—	—	301,082	—	—	—	—	(301,082)	—	—	—	—	—
Transfer upon utilisation (Note b)	—	—	—	—	(249,639)	—	—	—	—	249,639	—	—	—	—	—
At 31 December 2011	4,745,092	16,822,389	1,547,854	40,782	251,354	(588,354)	6,712,491	236,425	(314,538)	18,019,503	47,472,998	5,900,367	8,198,800	14,099,167	61,572,165

Notes:

(a) Pursuant to certain regulations in the People's Republic of China (the "PRC") relating to the mining industry, the Group is required to transfer an amount to the capital reserve account and such amount is calculated based on the volume of coal ore extracted each year and at the applicable rate per tonne of coal ore. Subjected to the rules in the PRC Companies Law the fund can only be used for the future improvement of the mining facilities and enhancement of safety production environment. The fund is not available for distribution to shareholders.

(b) During the year ended 31 December 2011, amount totalling HK$249,639,000 (2010: HK$43,713,000) has been spent on the relevant assets and expenditure as approved by the PRC government, the corresponding amount was then transferred to retained profits.

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 HK$'000	2010 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**6,862,149**	6,516,883
Adjustments for:		
Amortisation of prepaid lease payments	**69,572**	65,121
Amortisation of mining rights	**285,980**	176,294
Depreciation for property, plant and equipment	**5,146,478**	4,033,241
Recognition of share-based payments	**153,734**	27,688
Impairment loss on investment in an investee company	**53,350**	—
Interest expense	**3,515,563**	2,526,568
Interest income	**(271,465)**	(187,645)
Fair value change on financial assets at fair value through profit and loss	**502**	2,300
Fair value change on derivative financial instruments	**4,925**	14,410
Share of results of associates	**(740,378)**	(790,346)
Share of results of jointly controlled entities	**(96,944)**	(289)
Dividends received from an investee company	**(51,956)**	(111,624)
Gain on disposal of a subsidiary	**—**	(127,477)
Net loss (gain) on disposal of property, plant and equipment	**53,345**	(153,680)
Operating cash flows before movements in working capital	**14,984,855**	11,991,444
Increase in inventories	**(1,469,559)**	(474,492)
Increase in trade and bills receivables, other receivables and prepayments	**(3,319,437)**	(1,505,908)
Increase in trade payables, other payables and accruals	**3,391,406**	1,444,601
Decrease in accrued retirement benefit cost	**(36,342)**	(19,145)
PRC Enterprise Income Tax paid	**(975,887)**	(616,047)
NET CASH FROM OPERATING ACTIVITIES	**12,575,036**	10,820,453

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	NOTES	**2011** **HK$'000**	2010 HK$'000
INVESTING ACTIVITIES			
Dividends received from associates		**1,006,871**	921,971
Dividend received from an investee company		**51,956**	111,624
Interest received		**388,942**	272,675
Withdrawal in pledged bank deposits		**215,115**	301,402
Placement in pledged bank deposits		**(231,422)**	(111,164)
Release of restricted bank balances		**62,061**	1,444,964
Acquisition of property, plant and equipment and land use rights		**(12,199,050)**	(14,424,802)
Deposit paid for acquisition of property, plant and equipment and land use rights		**(2,655,881)**	(1,425,470)
Purchase and deposit paid for acquisition of mining rights and exploration and resources rights		**(173,958)**	(919,987)
Loan repaid from a non-controlling shareholder of a subsidiary		**16,205**	1,136
Advance to associates		**(41,018)**	(1,542,149)
Loan repaid from (advance to) a jointly controlled entity		**133,837**	(1,410,624)
Advance to a non-controlling shareholder of a subsidiary		**—**	(96,171)
Capital contribution for investments in associates		**(350,980)**	(2,618,317)
Net cash outflow on acquisition of interest in an associate	18	**(4,673,608)**	—
Deposit paid for capital contribution for an associate		**—**	(60,660)
Deposit paid for capital contribution for a jointly controlled entity		**—**	(19,568)
Investments in investee companies		**—**	(36,179)
Acquisitions of subsidiaries	46	**—**	(119,161)
Proceeds from disposal of property, plant and equipment		**239,994**	316,763
Advances to an investee company		**(57,975)**	(42,285)
Proceeds from disposal of a subsidiary	48	**—**	200,393
Net cash outflow from acquisition of assets through acquisition of subsidiaries	47	**—**	(320,727)
Capital contribution to jointly controlled entities		**(634,663)**	(822,556)
NET CASH USED IN INVESTING ACTIVITIES		**(18,903,574)**	(20,398,892)

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	NOTES	2011 HK$'000	2010 HK$'000
FINANCING ACTIVITIES			
Proceeds from issuances of corporate bonds	36	**4,934,000**	10,479,293
Net proceeds from issue of perpetual capital securities		**5,789,305**	—
New bank and other borrowings raised		**34,944,441**	43,671,538
Repayment of bank and other borrowings		**(36,403,474)**	(36,394,972)
Capital contribution from non-controlling shareholders		**156,668**	148,972
Proceeds on issue of shares		**116,595**	159,281
Coupon paid on perpetual capital securities		**(204,658)**	—
Acquisition of additional interests in subsidiaries without losing control		**—**	(470,326)
Purchase of shares held by Medium to Long-term Performance Evaluation Incentive Plan		**(77,610)**	—
Repayment of advances from associates		**(366,723)**	(2,735,770)
(Advances to) repayment from group companies		**(404,923)**	272,163
Loans advance from an intermediate holding company		**3,700,700**	—
Loans repaid to an intermediate holding company		**(2,488,363)**	—
Advance from (repayment of advances from) non-controlling shareholders of subsidiaries		**708,172**	(25,734)
Interest paid		**(3,950,587)**	(2,726,813)
Dividends paid		**(1,549,311)**	(1,770,924)
Dividends paid to non-controlling shareholders of subsidiaries		**(1,184,643)**	(684,528)
NET CASH FROM FINANCING ACTIVITIES		**3,719,589**	9,922,180
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,608,949)**	343,741
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**6,801,707**	6,261,931
EFFECT OF FOREIGN EXCHANGE RATE CHANGE		**303,847**	196,035
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTING BANK BALANCES AND CASH		**4,496,605**	6,801,707

1. GENERAL AND BASIS OF PREPARATION

The Company is a public company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The intermediate holding company as at 31 December 2011 is China Resources (Holdings) Company Limited ("CRH"), a company incorporated in Hong Kong. The directors regard the ultimate holding company to be China Resources National Corporation ("CRNC"), a company established in the People's Republic of China (the "PRC"). The address of the registered office and principal place of business of the Company is Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The financial statements are presented in Hong Kong dollars and the functional currency of the Company is Renminbi. The Company uses Hong Kong dollars as its presentation currency because the Company is a public company incorporated in Hong Kong with its shares listed on the Stock Exchange.

The Company is an investment holding company. The principal activities of its subsidiaries, associates and jointly controlled entities are set out in notes 17, 18 and 19, respectively.

The Group had net current liabilities as at 31 December 2011. The directors are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of the financial statements. Hence, the financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS"s)

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC) - INT 14	Prepayments of a minimum funding requirement
HK (IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS"s) *(continued)*

HKAS 24 Related party disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are government-related entities. In its annual financial statements for the year ended 31 December 2010, the Group had applied early the partial exemption from the disclosure requirements for government-related entities. In the current year, the Group has applied for the first time the revised definition of a related party as set out in HKAS 24 (as revised in 2009), which did not result in the identification of new related parties that were not identified as related parties under the previous Standard.

HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no impact on the Group's financial performance and positions for the current and prior years.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures - Transfers of financial assets[1]
	Disclosures - Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 7	Mandatory effective date of HKFRS 9 and transition and HKFRS 9 disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax - recovery of underlying assets[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[2]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2014.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS"s) *(continued)*

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future will not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on the analysis of the Group's financial instruments as at 31 December 2011.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS"s) *(continued)*

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK (SIC) - INT 12 "Consolidation - Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC) - INT 13 "Jointly controlled entities - Non-monetary contributions by venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's financial statements for the annual period beginning 1 January 2013. The directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS"s) *(continued)*

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HK(IFRIC) - INT 20 Stripping costs in the production phase of a surface mine

HK(IFRIC) - INT 20 "Stripping costs in the production phase of a surface mine" applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the Interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with HKAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part. Previously, the Group recognised the stripping cost in production phase as other operating expense.

HK(IFRIC) - INT 20 is effective for annual periods beginning on or after 1 January 2013 with transitional provisions. The directors anticipate that the Interpretation will be adopted in the Group's financial statements for the annual period beginning 1 January 2013.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the financial statements of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. (effective from 1 January 2010 onwards)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial instruments: Recognition and measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "Provisions, contingent liabilities and contingent assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Joint ventures

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of sales related taxes.

Revenue from sales of electricity and heat are recognised when electricity and heat has been delivered.

Revenue from sales of coal is recognised when coal is delivered and title has passed.

Service income is recognised when services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payment have been established.

The Group sells carbon credits known as Certified Emission Reductions ("CERs"), generated from the wind farms and other renewable energy facilities which have been registered as Clean Development Mechanism ("CDM") projects with CDM Executive Board ("CDM EB") of the United Nations under the Kyoto Protocol. Revenue in relation to the CERs is recognised when the following conditions are met:

- the counterparties have contractually agreed to purchase the CERs;
- the sales prices have been agreed; and
- relevant electricity has been generated.

The revenue related to CERs are recognised in profit and loss and recorded in trade receivables for the volume verified by the independent supervisors assigned by CDM EB as at the end of the financial reporting period and in accrued income included in trade receivables, other receivables and prepayments for the remaining volume.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment including building held for use in the production or supply of electricity, or for administrative purposes other than construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment loss, if any.

Subsequent costs, including repair and maintenance, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its subsidiaries and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress including property, plant and equipment in the course of construction for production or administrative purpose are carried at cost, less any recognised impairment loss. Cost include professional fee and for qualifying assets, borrowing cost capitalised in accordance with the Group's policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories which consist of coal, fuel, spare parts and consumables are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

The Group as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Benefits received or receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Mining rights

Mining rights are at cost less accumulated amortisation and accumulated impairment losses. Mining rights are amortised using the units of production method based on the proved and probable mineral reserves.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Exploration and resources rights

Exploration and resources rights are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and resources rights are stated at cost less any accumulated impairment losses. Exploration and resources rights include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable and relevant mining rights certificate is obtained, previously recognised exploration and resources rights are reclassified as mining rights or other fixed assets. These assets are assessed for impairment before reclassifications.

Impairment of exploration and resources rights

The carrying amount of the exploration and resources rights is reviewed annually and adjusted for impairment whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive).

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on future exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exist to indicate that, through a development in the specific area is likely to proceed, the carrying amount of the exploration and resources rights is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment tax credits

Tax benefit arising from the purchase of PRC produced plant and equipment for production in the PRC is recognised in the consolidated income statement when government approval is obtained and conditions for utilisation have been fulfilled.

Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effective of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

***Financial assets** (continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loans to an associate, loans to a jointly controlled entity, trade and other receivables, restricted bank deposits, pledged bank deposits, bank balances and cash, amounts due from associates/jointly controlled entities/related companies) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits which are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, the objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables that are assessed not to be impaired individually are, in addition, subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated equity.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to associates/related companies and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

Perpetual capital securities

Perpetual capital securities issued by the Group are classified as equity instruments and are initially recorded at the proceeds received. Direct costs for issue of perpetual capital securities are directly charged to retained earnings.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values except for those derivative financial instruments that are linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured, which are subsequently measured at cost less impairment at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives (primarily interest rate swap) as hedges of the cash flow of variable-rate bank borrowings (cash flow hedges).

At the inception of the hedging relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated income statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the Group's restoration, rehabilitation and environmental expenses are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Equity-settled share-based payment transactions

Share options/awarded shares granted to directors and employees of the Company, directors of CRH, employees of CRH and its subsidiaries for their service to the Group

The fair value of services received determined by reference to the fair value of share options and awarded shares granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in employee share-based compensation reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to employee share-based compensation reserve.

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting period or are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained profits.

At the time when the awarded shares are vested, the amount previously recognised in share award reserve for the amount of relevant treasury shares and the amount recognised in employee share-based compensation reserve will be transferred to retained profits.

Impairment losses on tangible and intangible assets other than goodwill and exploration and resources rights (see the accounting policy in respect of goodwill and exploration and resources rights above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Exchange differences arising from borrowing denominated in foreign currency are not regarded as an adjustment to borrowing costs and therefore are not included in borrowing costs eligible for capitalisation.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in the translation reserve.

Goodwill and fair value adjustments on identified assets acquired arising on an acquisitions of a foreign operation before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of the acquisition.

Retirement benefit contributions

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The directors determine the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions and on the assumption that the PRC government will continue to renew the mining rights certificate upon its expiration. It may also change significantly as a result of technical innovations and competitor actions in response to industry cycles. The depreciation charges will increase where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. As at 31 December 2011, the carrying amount of property, plant and equipment is HK$96,418,551,000 (2010: HK$84,273,757,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Impairment review of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, the carrying amount of goodwill is HK$4,033,453,000 (2010: HK$3,796,731,000). Details of the recoverable amount calculation are disclosed in note 20.

Provision for restoration, rehabilitation and environmental expenditure

The provision for restoration, rehabilitation and environmental costs for mining sites and facilities has been determined by the directors based on their best estimates. The directors estimated this liability for final reclamation and mine closure based upon detailed calculations of the amount and timing of future cash flows spending for a third party to perform the restored work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the expenditures expected to be required to settle the obligation. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the near future. The provision is reviewed regularly to verify that it properly reflects the present value of the obligation arising from the current and past mining activities. The carrying amount of the provision for restoration, rehabilitation and environment costs is HK$78,806,000 (2010: HK$42,200,000).

Provision for employee retirement benefits

The Group is obligated to pay employee retirement benefits for retired employees and early retired employees (i.e. retired before their statutory retirement dates) for their life time or upto their statutory retirement dates, respectively, of Jinzhou Eastern Power Co., Ltd. ("Jinzhou"), China Resources (Xuzhou) Coal and Power Ltd. ("Jiangsu Tianneng"), China Resources Power Hunan Liyujiang Co., Ltd. ("Hunan Liyujiang") and Shenyang China Resources Thermal Power Co., Ltd. ("Shenyang China Resources"). The directors of the Company use Projected Unit Credit Method to measure the employee retirement benefits. The estimation requires subjective assumptions, including the life expectancy of the employees and retired employees and the discount rate. Any change to the assumptions can materially affect the fair value of the provision for employee retirement benefits. As at 31 December 2011, total provision for the employee retirement benefits is HK$231,859,000 (2010: HK$286,801,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Mining rights and exploration and resources rights

Mining rights are amortised using the unit of production method based on the proved and probable mineral reserves.

Exploration and resources rights are assessed for impairment when facts and circumstances suggest the carrying amount may exceed its recoverable amount. The recoverable amount calculation requires estimation of the total proved and probable reserves of the coal mines.

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change. Reserve estimates are based on current production forecasts, prices and economic conditions. The directors exercise their judgement in estimating the total proved and probable reserves of the coal mines and on the assumption that the PRC government will continue to renew the mining rights certificate and the exploration and resources rights certificate upon its expiration at minimal charges. If the quantities of reserves are different from current estimates and significant charge would be incurred in renewal of the relevant mining rights certificate and the exploration and resources rights certificate upon its expiration, it will result in significant changes to amortisation and depreciation expenses of mining rights and affect the recoverable amount of exploration and resources rights, in which a material impairment loss may arise. As at 31 December 2011, the carrying amount of the mining rights and exploration and resources rights are HK$10,703,707,000 (2010: HK$9,939,938,000) and nil (2010: HK$148,218,000), respectively.

Recoverability of other receivables

The Group entered into an agreement with an independent third party ("Party A") to acquire the exploration right to an area of 36,100 hectares of a coal mine located in Inner Mongolia province. In December 2009, the Group brought a lawsuit against Party A and certain assets of Party A were frozen on the ground that Party A breached the agreement. The Group requested to terminate the agreement and to refund of the deposit paid. On 31 December 2011, Party A has accepted the mediation agreement issued by the civil court in Inner Mongolia that Party A no longer fulfilled the above-mentioned agreement and Party A has to refund the deposit in full amount to the Group on or before 31 March 2012, whereas, Party A also guarantees the amount by 54.5% equity interest in 內蒙古吉林郭勒二號露天煤礦有限公司(「吉林郭勒」) and 9.84% equity interest in a company listed on the Shanghai Stock Exchange. Both assets are owned by Party A. The recoverability of the amount depends on the net realisable value of the underlying assets, which in turn involves, inter-alia, considerable analyses of the recoverable amount of the asset guaranteed. In this regards, the management is satisfied that no impairment is considered necessary in respect of the deposit paid. As at 31 December 2011, the refundable deposits in relation to this exploration rights amounted to HK$1,412,709,000 is included in other receivables (Note 27).

Approval of operation and construction of power plants

The Group has not received relevant government approvals from the National Development and Reform Commission (the "NDRC") for certain of its power plant projects. The ultimate approval from the NDRC on these projects is a critical estimate and judgement of the directors. Such an estimate and judgement are based on initial approval documents received as well as their understanding of the projects. Based on historical experience, the directors believe that the Group will receive final approval from the NDRC on the related power plant projects. Deviation from this estimate and judgement could result in material adjustments to the carrying amount of property, plant and equipment.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Impairment review of deposits paid for acquisition of mining/exploration rights

Deposits paid for acquisition of mining/exploration rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In estimating the recoverable amounts of assets, various assumptions, including the government approval from the NDRC for the associated power plant in the region where the coal mines located, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position. As at 31 December 2011, the carrying amount of deposits paid for acquisition of mining/exploration rights is HK$1,295,175,000 (2010:HK$2,794,700,000).

5. TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue arising on sales of electricity, heat generated by thermal power plants and sales of coal, net of sales related taxes during the year.

	2011 **HK$'000**	2010 HK$'000
Sales of electricity	**50,705,427**	41,718,794
Heat supply	**2,018,296**	1,429,117
Sales of coal	**7,984,951**	5,430,402
	60,708,674	48,578,313

For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews operating results and financial information on a group company by company basis. Each company is identified as an operating segment. When the group company operates in similar business model with similar target group of customers, the Group's operating segments are aggregated, resulting in the Group having two reportable segments for financial reporting purposes, comprising sales of electricity (inclusive of supply of heat generated by thermal power plant) and coal mining.

5. TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2011

	Sales of electricity HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Revenue				
External sales	**52,723,723**	**7,984,951**	**—**	**60,708,674**
Inter-segment sales	**—**	**447,793**	**(447,793)**	**—**
Total	**52,723,723**	**8,432,744**	**(447,793)**	**60,708,674**
Segment profit	**6,099,666**	**3,621,895**	**—**	**9,721,561**
Unallocated corporate expenses				**(457,561)**
Interest income				**271,465**
Fair value change on derivative financial instruments				**4,925**
Finance costs				**(3,515,563)**
Share of results of associates				**740,378**
Share of results of jointly controlled entities				**96,944**
Profit before taxation				**6,862,149**

For the year ended 31 December 2010

	Sales of electricity HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Revenue				
External sales	43,147,911	5,430,402	—	48,578,313
Inter-segment sales	—	191,464	(191,464)	—
Total	43,147,911	5,621,866	(191,464)	48,578,313
Segment profit	6,966,534	1,380,440	—	8,346,974
Unallocated corporate expenses				(394,870)
Interest income				187,645
Fair value change on derivative financial instruments				(14,410)
Gain on disposal of a subsidiary				127,477
Finance costs				(2,526,568)
Share of results of associates				790,346
Share of results of jointly controlled entities				289
Profit before taxation				6,516,883

5. TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of central corporate expenses, interest income, finance costs, share of results of associates, share of results of jointly controlled entities, gain on disposal of subsidiaries and fair value change on derivative financial instruments. This is the measure reported to the chief operating decision marker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	2011 HK$'000	2010 HK$'000
Segment assets		
– Sales of electricity	**122,054,203**	103,701,103
– Coal mining	**21,196,907**	18,732,021
Total segment assets	**143,251,110**	122,433,124
Interests in associates	**18,294,014**	12,279,541
Interests in jointly controlled entities	**1,694,679**	935,595
Pledged bank deposits, restricted bank balances, bank balances and cash	**4,800,582**	7,132,166
Deferred taxation assets	**171,875**	107,084
Corporate assets, mainly representing assets held by head office and investment holding companies	**153,629**	123,037
Consolidated assets	**168,365,889**	143,010,547

5. TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

Segment liabilities

	2011 HK$'000	2010 HK$'000
Segment liabilities		
– Sales of electricity	**(17,181,986)**	(15,035,583)
– Coal mining	**(5,150,105)**	(1,675,761)
Total segment liabilities	**(22,332,091)**	(16,711,344)
Bank and other borrowings	**(82,987,231)**	(74,911,153)
Derivative financial instruments	**(357,913)**	(323,885)
Taxation payable	**(398,408)**	(149,198)
Deferred taxation liabilities	**(579,455)**	(493,655)
Corporate liabilities, mainly representing liabilities of head office and investment holding companies	**(138,626)**	(161,203)
Consolidated liabilities	**(106,793,724)**	(92,750,438)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, interests in jointly controlled entities, pledged bank deposits, restricted bank deposits, bank balances and cash, deferred taxation assets and unallocated corporate assets; and
- all liabilities are allocated to operating segments other than bank and other borrowings, derivative financial instruments, taxation payable, deferred tax liabilities and unallocated corporate liabilities.

Other segment information

2011

	Sales of electricity HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit and segment assets:				
Additions to non-current assets (Note)	12,130,654	1,259,607	2	13,390,263
Depreciation and amortisation	4,908,375	590,716	2,939	5,502,030
Net loss on disposal of property, plant and equipment	53,345	—	—	53,345
Amounts regularly provided to chief operating decision maker but not included in the measure of segment profit:				
Share of results of associates	(604,082)	(136,296)	—	(740,378)
Share of results of jointly controlled entities	(85,347)	(11,597)	—	(96,944)
Finance costs	1,804,594	724,597	986,372	3,515,563

5. TURNOVER AND SEGMENT INFORMATION *(continued)*

Other segment information *(continued)*

2010

	Sales of electricity HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit and segment assets:				
Additions to non-current assets (Note)	15,574,556	1,300,716	832	16,876,104
Depreciation and amortisation	4,021,900	249,662	3,094	4,274,656
Net gain on disposal of property, plant and equipment	(153,680)	—	—	(153,680)
Amounts regularly provided to chief operating decision maker but not included in the measure of segment profit:				
Share of results of associates	(800,736)	10,390	—	(790,346)
Share of results of jointly controlled entities	(636)	347	—	(289)
Finance costs	1,730,851	376,965	418,752	2,526,568

Note: Non-current assets excluded financial instruments and deferred tax assets.

Geographical information

The Group's operations are located in the PRC, other than Hong Kong. All of the Group's revenue from external customers are attributed to customers located in the PRC, other than Hong Kong. The Group's non-current assets excluding financial instruments and deferred taxation assets, which amounted to HK$137,653,354,000 as at 31 December 2011 (2010: HK$117,467,963,000) are located in the PRC, other than Hong Kong.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2011 HK$'000	2010 HK$'000
Customer A	**12,471,559**	8,533,418
Customer B	**9,606,057**	7,692,079
Customer C	**8,254,581**	7,212,391

Note: The revenue is from sales of electricity and heat generated by thermal power plants.

6. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on:		
Bank and other borrowings:		
– wholly repayable within five years	**(3,248,543)**	(2,519,158)
– not wholly repayable within five years	**(255,378)**	(231,535)
Corporate bonds		
– wholly repayable within five years	**(227,315)**	(70,844)
– not wholly repayable within five years	**(259,615)**	(206,273)
Others	**(120,025)**	(13,167)
	(4,110,876)	(3,040,977)
Less: Interest capitalised in property, plant and equipment (note)	**595,313**	514,409
	(3,515,563)	(2,526,568)

Note: Borrowing costs capitalised during the year arose on funds borrowed specifically for the purpose of obtaining qualifying assets and on the general borrowing pool and are calculated by applying a capitalisation rate of 4.97% (2010: 5.10%) per annum to expenditure on qualifying assets.

7. TAXATION

	2011 HK$'000	2010 HK$'000
Interest on:		
The charge comprises:		
The Company and its subsidiaries		
PRC Enterprise Income Tax		
– current	**1,216,396**	682,662
– underprovision in prior years	**—**	7,120
	1,216,396	689,782
Deferred taxation (Note 38)	**26,367**	65,264
	1,242,763	755,046

No provision for Hong Kong Profits Tax has been made as the Group had no taxable profit in Hong Kong or incur tax losses for both years.

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.

Pursuant to the relevant laws and regulations in the PRC, certain of the Company's PRC subsidiaries are exempted from PRC Enterprise Income Tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. This tax incentive will be expired in 2012. In addition, pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), certain wind power plants of the Group, which are set up after 1 January 2008, are entitled to a tax holiday of a two-year full exemption followed by a three-year 50% exemption commencing from their respective first profit-making year.

7. TAXATION *(continued)*

In addition, certain of the Company's PRC subsidiaries are entitled to a tax benefit ("Tax Benefit"), which is calculated as 40% of the current year's purchase of PRC produced plant and equipment for production use. The Tax Benefit is, however, limited to the amount of increase in enterprise income tax for the current year in which the plant and equipment are acquired as compared with the tax amount of the previous year. The portion of the Tax Benefit that is not utilised in the current year can be carried forward for future application for a period of not more than seven years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, certain subsidiaries of the Company will change the existing tax rates from 15% and 18% to 25% progressively over 5 years from 1 January 2008. The deferred tax reflect the tax rates that are expected to apply to the respective periods when the assets are realised or the liabilities are settled.

The tax charge can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2011 HK$'000	2010 HK$'000
Profit before taxation	**6,862,149**	6,516,883
Less: Share of results of associates	**(740,378)**	(790,346)
Share of results of jointly controlled entities	**(96,944)**	(289)
Profit before taxation attributable to the Company and its subsidiaries	**6,024,827**	5,726,248
Tax at applicable rate of 24% (2010: 22%)	**1,445,958**	1,259,774
Tax effect of income that is not taxable in determining current year taxable profit	**(17,676)**	(51,478)
Tax effect of expenses that are not deductible in determining current year taxable profit	**145,802**	121,507
Effect of tax exemptions and concessions granted to PRC subsidiaries	**(188,509)**	(217,903)
Reduction of tax in respect of Tax Benefits	**(191,298)**	(431,618)
Effect of different tax rates of subsidiaries	**27,037**	39,403
Tax effect of tax losses not recognised	**22,536**	10,731
Utilisation of tax losses previously not recognised	**(10,671)**	(11,741)
Deferred tax arising from withholding tax on undistributed profits of the PRC subsidiaries/associates	**5,293**	34,676
Underprovision in prior years	**—**	7,120
Others	**4,291**	(5,425)
Tax charge for the year	**1,242,763**	755,046

Note: Tax rate of 24% (2010: 22%) is adopted for the taxation reconciliation as such tax rate is applicable to most of the Group's operations in the PRC for the year.

8. PROFIT FOR THE YEAR

	2011 HK$'000	2010 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration		
– Fees	**1,280**	1,202
– Other emoluments	**12,937**	17,889
– Pension costs	**478**	472
– Share-based compensations	**33,037**	393
	47,732	19,956
Salaries, wages and bonus (Note a)	**2,569,729**	2,199,771
Pension costs, excluding directors (Note a)	**509,128**	368,996
Share-based compensations, excluding directors	**120,697**	27,295
Total staff costs	**3,247,286**	2,616,018
Amortisation of prepaid lease payments	**69,572**	65,121
Amortisation of mining rights (included in depreciation and amortisation)	**285,980**	176,294
Auditor's remuneration	**7,200**	4,952
Cost of inventories recognised as expenses	**39,391,323**	30,447,617
Depreciation of property, plant and equipment (Note a)	**5,146,478**	4,033,241
Fair value change on derivative financial instruments (included in other gains and losses)	**4,925**	14,410
Fair value change on financial assets at fair value through profit or loss (included in other gains and losses)	**502**	2,300
Impairment loss on investment in an investee company	**53,350**	—
Minimum lease payments under operating leases in respect of:		
– land and buildings	**72,341**	80,377
– other assets	**6,214**	10,875
Pre-operating expenses of subsidiaries (included in other operating expenses)	**—**	44,170
and after crediting:		
Included in other income		
CDM income	**100,235**	88,203
Dividend income from investee companies	**51,956**	111,624
Government grant (Note b)	**425,195**	69,100
Interest income	**271,465**	187,645
Sales of scrap materials	**198,354**	148,039
Service income from heat connection contracts	**15,860**	56,577
Included in other gains and losses		
Gain on disposal of a subsidiary (Note 48)	**—**	127,477
Net exchange gain	**1,183,620**	134,834
Net (loss) gain on disposal of property, plant and equipment	**(53,345)**	153,680
Expenses capitalised in construction in progress:		
Salaries, wages and bonus	**113,248**	118,595
Pension costs	**25,062**	24,310
Depreciation of property, plant and equipment	**11,537**	6,377

8. PROFIT FOR THE YEAR *(continued)*

Notes:

(a) Amount excluded expenses capitalised in construction in progress.

(b) During the year ended 31 December 2011, the Group received subsidies from the relevant PRC Government for the subsidies of supply of electricity and heat due to high operating cost, amounting to HK$233,813,000 (2010: HK$13,708,000). There were no unfulfilled conditions attached to these grants and, therefore, the Group recognised the grants upon receipts.

During the year ended 31 December 2011, the Group received government grants and subsidies related to property, plant and equipment and other environment improvement projects amounting to HK$142,046,000 (2010: HK$86,143,000) which are included in non-current liabilities as deferred income and are credited to profit or loss account on a straight line basis over the expected lives of the related assets and projects.

During the year ended 31 December 2011, the Group received subsidies and refund of value-added tax on sales from the relevant PRC Tax Authority to encourage the operations of environmental friendly electricity generation of HK$60,187,000 (2010: nil) and HK$26,510,000 (2010: nil). There were no unfulfilled conditions attached to these grants and, the Group has recognised the grants upon receipts.

During the year ended 31 December 2011, the Group received subsidies relating to closure of an exhausted coal mine and certain smaller power generating plant and equipment amounting to HK$27,715,000 (2010: nil) and HK$56,671,000 (2010: nil) respectively. The subsidy relating to the exhausted coal mine has been included in other gains and losses incurred for the year ended 31 December 2011. The small power generating plant and equipment was disposed of in prior year and hence the subsidies were recognised in other income.

During the year ended 31 December 2010, the Group received refund of value-added tax on sales from the relevant PRC Tax Authority to encourage the operations of certain PRC subsidiaries for growth in supply of electricity of HK$40,166,000 (2011: nil) and development of environmental friendly electricity generation of HK$8,016,000 (2011: nil). There were no unfulfilled conditions attached to these grants and, the Group has recognised the grants upon receipts.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(i) Details of directors' remuneration are as follows:

The emoluments paid or payable to each of the sixteen (2010: nineteen) directors were as follows:

For the year ended 31 December 2011

	Zhou Jun Qing HK$'000	Song Lin * HK$'000	Wang Shuai Ting * HK$'000	Zhang Shen Wen HK$'000	Wang Xiao Bin HK$'000	Li She Tang HK$'000	Wang Yu Jun HK$'000	Anthony H. Adams HK$'000	Chen Ji Min HK$'000	Ma Chiu Cheung Andrew HK$'000	Zhang Hai Peng HK$'000	Shi Shan Bo HK$'000	Du Wen Min HK$'000	Wei Bin HK$'000	Leung Oi-sie HK$'000	Chien K.F. HK$'000	Total 2011 HK$'000
Short-term benefits Fees	—	—	—	—	—	—	—	200	200	200	70	70	70	70	200	200	1,280
Other emoluments																	
Salaries and other benefits	439	962	1,127	1,863	1,656	1,899	1,954	—	—	—	—	—	—	—	—	—	9,900
Bonus (Note)	—	—	621	591	615	591	619	—	—	—	—	—	—	—	—	—	3,037
Post-employment benefits																	
Pension costs	44	116	30	72	72	72	72	—	—	—	—	—	—	—	—	—	478
Share-based compensation	—	—	8,467	6,445	6,562	6,404	5,022	—	68	69	—	—	—	—	—	—	33,037
Total emoluments	483	1,078	10,245	8,971	8,905	8,966	7,667	200	268	269	70	70	70	70	200	200	47,732

For the year ended 31 December 2010

	Song Lin HK$'000	Wang Shuai Ting HK$'000	Tang Cheng** HK$'000	Zhang Shen Wen HK$'000	Wang Xiao Bin HK$'000	Li She Tang HK$'000	Wang Yu Jun HK$'000	Jiang Wei** HK$'000	Chen Xiao Ying** HK$'000	Anthony H. Adams HK$'000	Wu Jing Ru HK$'000	Chen Ji Min HK$'000	Ma Chiu Cheung Andrew HK$'000	Zhang Hai Peng HK$'000	Shi Shan Bo HK$'000	Du Wen Min HK$'000	Wei Bin HK$'000	Leung Oi-sie HK$'000	Chien K.F. HK$'000	Total 2010 HK$'000
Short-term benefits Fees	—	—	—	—	—	—	—	72	39	200	62	200	200	34	49	34	34	139	139	1,202
Other emoluments																				
Salaries and other benefits	1,071	1,965	344	1,496	1,562	1,542	1,627	—	—	—	—	—	—	—	—	—	—	—	—	9,607
Bonus (Note)	1,694	821	3,257	464	1,046	502	298	200	—	—	—	—	—	—	—	—	—	—	—	8,282
Post-employment benefits																				
Pension costs	129	72	17	70	72	70	42	—	—	—	—	—	—	—	—	—	—	—	—	472
Share-based compensation	15	15	3	7	10	25	—	10	—	27	5	138	138	—	—	—	—	—	—	393
Total emoluments	2,909	2,873	3,621	2,037	2,690	2,139	1,967	282	39	227	67	338	338	34	49	34	34	139	139	19,956

* Resigned during the year ended 31 December 2011.

** Resigned during the year ended 31 December 2010.

Note: The bonus is determined having regard to the performance of individuals and market trends.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

(ii) Employees

Details of remunerations paid by the Group to the five highest paid individuals (including four (2010: five) directors, and one (2010: nil) employee) for the year are as follows:

	2011 **HK$'000**	2010 HK$'000
Salaries and other benefits	**7,957**	6,484
Pension costs	**315**	360
Bonus	**2,881**	7,320
Share-based compensation	**34,232**	67
	45,385	14,231

Emoluments of these five individuals are within the following bands:

	2011	2010
HK$2,000,001 to HK$2,500,000	**—**	1
HK$2,500,001 to HK$3,000,000	**—**	3
HK$3,500,001 to HK$4,000,000	**—**	1
HK$8,000,001 to HK$8,500,000	**1**	—
HK$8,500,001 to HK$9,000,000	**3**	—
HK$10,000,001 to HK$10,500,000	**1**	—

During the year, no remuneration has been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office. No directors have waived any remunerations during the year.

10. RETIREMENT BENEFIT SCHEMES

(a) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

During the year, the total amounts contributed by the Group to the scheme in Hong Kong and charged to the consolidated income statement represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme are as follows:

	2011 HK$'000	2010 HK$'000
Amount contributed and charged to the consolidated income statement	**2,322**	2,096

(b) PRC

(i) For certain retired employees and early retired employees of Jinzhou, Jiangsu Tianneng, Hunan Liyujiang and Shenyang China Resources employed by the vendors at respective acquisition dates (the "Pre-acquisition Employees"), the Group is obligated to pay employee retirement benefits for these retired employees and early retired employees (i.e. retired before their statutory retirement age) who reach the statutory retirement age within 5 years, have been working for more than 30 years or in accordance with the respective subsidiary of the Company's early retirement policy. These retired and early retired employees are entitled to certain monthly benefits for their life time or upto their statutory retirement age, respectively.

(ii) Other than Pre-acquisition Employees, the employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the respective local government in the PRC. The Group is required to contribute a specified percentage of payroll costs to the schemes to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions. The amounts charged to the consolidated income statement and capitalised in the construction in progress are HK$507,284,000 (2010: HK$367,372,000) and HK$25,062,000 (2010: HK$24,310,000), respectively.

The total costs charged to the consolidated income statement or capitalised in construction in progress in respect of the schemes in the PRC described in (ii) above during each of the year are as follows:

	2011 HK$'000	2010 HK$'000
Amount contributed and charged to the consolidated income statement	**507,284**	367,372
Amount contributed and capitalised in the construction in progress	**25,062**	24,310

11. DIVIDENDS

	2011 HK$'000	2010 HK$'000
Dividend recognised as distribution during the year		
Interim dividend for 2011 of HK$0.06 (2010: HK$0.06) per share on 4,740,959,000 (2010: 4,710,212,000) shares (Note)	**284,458**	282,612
2010 final dividend of HK$0.27 (2010: for 2009 of HK$0.32) per share on 4,736,094,000 (2010: 4,699,936,000) shares (Note)	**1,278,745**	1,503,979
	1,563,203	1,786,591
Final dividend proposed of HK$0.24 (2010: HK$0.27) per share	**1,139,673**	1,275,996

The proposed final dividend for 2011 is based on 4,748,638,629 shares (2010: 4,725,912,931 shares) in issue at 19 March 2012 and to be approved by shareholders in general meeting.

Note: During the year ended 31 December 2011, dividend recognised as distribution in the consolidated statement of changes in equity amounted to HK$1,549,311,000 (2010: HK$1,770,924,000), which is after elimination of HK$13,892,000 (2010: HK$15,667,000) paid for shares held by the Medium to Long-term Performance Evaluation Incentive Plan (formerly known as Restricted Share Award Scheme) (Note 42).

12. 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:

	2011 HK$'000	2010 HK$'000
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	**4,450,576**	4,903,654

	Number of ordinary shares 2011	2010
Weighted average number of ordinary shares excluding own shares held for share award scheme for the purpose of basic earnings per share	**4,695,272,325**	4,659,998,240
Effect of dilutive potential ordinary shares:		
– share options	**42,626,981**	70,242,373
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,737,899,306**	4,730,240,613

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Power generating plant and equipment HK$'000	Mining structures HK$'000	Motor vehicles, furniture, fixtures, equipment and others HK$'000	Construction in progress HK$'000	Total HK$'000
THE GROUP						
COST						
At 1 January 2010	13,228,310	48,445,487	664,702	1,001,326	17,867,098	81,206,923
Currency realignment	505,632	1,497,654	43,344	31,989	798,437	2,877,056
Acquisition of a subsidiary (Note 46)	35	14,220	—	—	—	14,255
Acquisition of assets (Note 47)	13,952	1,683	436,624	700	—	452,959
Additions	366,948	3,114,578	380,729	407,034	10,332,827	14,602,116
Transfer	692,934	8,291,892	28,297	114,821	(9,127,944)	—
Disposal of a subsidiary (Note 48)	—	(4,666)	—	(9,328)	(482,270)	(496,264)
Transfer to prepaid lease payments	(147,194)	—	—	—	—	(147,194)
Disposals and write off	(191,405)	(359,390)	—	(137,543)	—	(688,338)
At 31 December 2010	14,469,212	61,001,458	1,553,696	1,408,999	19,388,148	97,821,513
Currency realignment	1,143,712	3,256,258	36,012	124,692	842,640	5,403,314
Additions	462,018	5,426,835	440	500,238	6,453,715	12,843,246
Transfer	1,474,996	5,049,257	—	13,916	(6,538,169)	—
Disposals and write off	(74,713)	(367,430)	—	(174,724)	—	(616,867)
At 31 December 2011	17,475,225	74,366,378	1,590,148	1,873,121	20,146,334	115,451,206

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Buildings HK$'000	Power generating plant and equipment HK$'000	Mining structures HK$'000	Motor vehicles, furniture, fixtures, equipment and others HK$'000	Construction in progress HK$'000	Total HK$'000
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2010	2,034,807	7,236,658	75,794	306,954	—	9,654,213
Currency realignment	88,210	279,780	2,867	12,750	—	383,607
Provided for the year	786,152	2,959,452	96,527	197,487	—	4,039,618
Disposal of a subsidiary (Note 48)	—	(776)	—	(1,798)	—	(2,574)
Transfer to prepaid lease payments	(1,853)	—	—	—	—	(1,853)
Elimination on disposals and write off	(164,715)	(283,310)	—	(77,230)	—	(525,255)
At 31 December 2010	2,742,601	10,191,804	175,188	438,163	—	13,547,756
Currency realignment	68,218	576,457	3,601	2,136	—	650,412
Provided for the year	1,009,116	3,787,456	104,554	256,889	—	5,158,015
Elimination on disposals and write off	(43,279)	(258,146)	—	(22,103)	—	(323,528)
At 31 December 2011	3,776,656	14,297,571	283,343	675,085	—	19,032,655
CARRYING VALUES						
At 31 December 2011	13,698,569	60,068,807	1,306,805	1,198,036	20,146,334	96,418,551
At 31 December 2010	11,726,611	50,809,654	1,378,508	970,836	19,388,148	84,273,757

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Buildings	18 to 20 years
Power generating plant and equipment	15 to 18 years
Mining structures	10 to 20 years
Motor vehicles, furniture, fixtures, equipment and others	3 to 10 years

The carrying value of building shown above related to buildings situated on land outside Hong Kong held under medium term leases.

As at 31 December 2011, included in construction in progress is interest capitalised of HK$595,313,000 (2010: HK$514,409,000) not yet transferred to the appropriate categories of property, plant and equipment.

	Motor vehicles, furniture, fixtures, equipment and others HK$'000
THE COMPANY	
COST	
At 1 January 2010	19,096
Additions	832
At 31 December 2010	19,928
Additions	3
At 31 December 2011	19,931
ACCUMULATED DEPRECIATION	
At 1 January 2010	8,786
Provided for the year	3,094
At 31 December 2010	11,880
Provided for the year	2,939
At 31 December 2011	14,819
CARRYING VALUE	
At 31 December 2011	5,112
At 31 December 2010	8,048

Motor vehicles, furniture, fixtures, equipment and others are depreciated on a straight-line basis over the estimated useful life ranged from 3 to 10 years.

14. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments are situated in the PRC and held under medium term leases.

Analysed for reporting purposes as:

	2011 HK$'000	2010 HK$'000
Current, including in trade and bills receivables, other receivables and prepayments	**75,632**	71,487
Non-current	**2,301,477**	1,891,805
	2,377,109	1,963,292

The prepaid lease payments are amortised over the terms of the leases.

15. MINING RIGHTS

	THE GROUP HK$'000
COST	
At 1 January 2010	206,932
Additions	781,733
Transfer from deposits paid for acquisition of mining and exploration rights (Note 22)	1,118,911
Acquisition of a subsidiary (Note 46)	169,628
Acquisition of assets (Note 47(b))	7,375,092
Transfer from exploration and resources rights (Note 16)	209,410
Currency realignment	274,774
At 31 December 2010	10,136,480
Additions	173,958
Transfer from deposits paid for acquisition of mining and exploration rights (Note 22)	214,845
Transfer from exploration and resources rights (Note 16)	149,964
Currency realignment	527,496
At 31 December 2011	11,202,743
ACCUMULATED AMORTISATION	
At 1 January 2010	18,719
Currency realignment	1,529
Amortisation for the year	176,294
At 31 December 2010	196,542
Currency realignment	16,514
Amortisation for the year	285,980
At 31 December 2011	499,036
CARRYING VALUE	
At 31 December 2011	10,703,707
At 31 December 2010	9,939,938

15. MINING RIGHTS *(continued)*

Amortisation is provided to write off the cost of the mining rights using the units of production method based on the proved and probable reserve of the coal mines.

In June 2008, the Group entered into an agreement with an independent third party to acquire the mining right to an area of 1,590 hectares of a coal mine located in Hunan province. During the year ended 31 December 2011, the Group completed the transaction and obtained the relevant mining right certificate at consideration RMB100,849,000 (equivalent to approximately HK$118,516,000) and the balance of deposit paid as at 31 December 2010 of RMB22,819,000 (equivalent to approximately HK$26,816,000) has been transferred to mining right (Note 22e).

During the year ended 31 December 2009, the Group entered into several agreements with independent parties to acquire the mining rights to an aggregate area of 10,580 hectares of a coal mine located in Shanxi province. During the year ended 31 December 2010, certain of these acquisitions were completed (Note 47(b)), while the remaining balance amounting to RMB160,000,000 (equivalent to HK$188,029,000) has been transferred from deposits paid for acquisition of mining/exploration rights upon the completion of the acquisition during the year (Note 22(d)). The licence period of mining rights amounting to HK$9,633,887,000 (2010: HK$9,163,085,000) ranged from 1 to 3 years remaining as at the date of acquisition of the mining rights. The licence period of the other mining rights held by the Group ranged from 5 to 10 years. In the opinion of the directors, the Group will be able to renew the mining rights with relevant government authorities continuously at minimal charges.

16. EXPLORATION AND RESOURCES RIGHTS

	THE GROUP HK$'000
Carrying value	
At 1 January 2010	355,468
Currency realignment	2,160
Transfer to mining rights (Note 15)	(209,410)
At 31 December 2010	148,218
Currency realignment	1,746
Transfer to mining rights (Note 15)	(149,964)
At 31 December 2011	—

As at 31 December 2011, the exploration rights had been transferred to mining rights upon receipt of the mining rights certificates.

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES

	THE COMPANY	
	2011	2010
	HK$'000	HK$'000
Unlisted shares/capital contribution, at cost	**16,367,649**	16,947,445
Loans to subsidiaries (note i)	**12,160,610**	6,590,374
	28,528,259	23,537,819
Loan from a subsidiary (note ii)	**5,835,750**	—

Notes:

(i) The amounts are unsecured, bear interest at rate offered by the People's Bank of China and have no fixed terms of repayment. In the opinion of the directors, the Company will not demand for the repayment of the amounts within the twelve months from the end of the reporting period. Accordingly, the amounts are shown as non-current.

(ii) The amount is unsecured, bear fixed interest rate at 7.25% per annum and repayable on demand.

Details of the Company's principal subsidiaries are set out below:

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital		Proportion of nominal value of issued capital/registered capital held by the Company				Principal activities
				Directly		Indirectly		
		2011	2010	**2011**	2010	**2011**	2010	
				%	%	**%**	%	
Resources Shajiao C Investments Limited 香港潤朗沙角投資有限公司	Hong Kong	Ordinary shares - HK$9,999 Special share - HK$1*	Ordinary shares - HK$9,999 Special share - HK$1*	**—**	—	**90**	90	Investment holding
China Resources Power (Jiangsu) Investment Company Limited 華潤電力(江蘇)投資有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital and paid-up capital - RMB1,500,000,000	Registered capital and paid-up capital - RMB1,500,000,000	**—**	—	**100**	100	Investment holding
Nanjing Chemical Industry Park Heat-Power Co., Ltd. 南京化學工業園熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - US$21,800,000	Registered and paid-up capital - US$21,800,000	**—**	—	**90**	90	Operation of a power station

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital 2011	2010	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
Jiang Su Nanre Power Generation Co. Ltd. 江蘇南熱發電有限責任公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB650,000,000	Registered and paid-up capital - RMB650,000,000	–	–	100	100	Operation of a power station
China Resources Power Dengfeng Co., Ltd. 華潤電力登封有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered capital RMB1,260,000,000 paid-up capital RMB1,240,500,000	Registered and paid-up capital - RMB1,130,011,245	–	–	85	85	Operation of a power station
China Resources (Luoyang) Thermal Power Co., Ltd. 洛陽華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB80,000,000	Registered and paid-up capital - RMB80,000,000	–	–	51	51	Operation of a power station
China Resources Power (Changshu) Co., Ltd. 華潤電力（常熟）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - US$173,519,981	Registered and paid-up capital - US$173,519,981	–	–	100	100	Operation of a power station
China Resources Power Hunan Liyujiang Co., Ltd. 湖南華潤電力（鯉魚江）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB573,660,000	Registered and paid-up capital - RMB573,660,000	–	–	60	60	Operation of a power station
China Resources Power Hubei Co., Ltd. 華潤電力湖北有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital RMB2,690,000,000 paid-up capital - RMB1,282,000,000	Registered capital RMB2,690,000,000 paid-up capital - RMB1,282,000,000	–	–	100	100	Operation of a power station

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital 2011	2010	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
China Resources (Jiaozuo) Thernal Power Co., Ltd. 焦作華潤熱電有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB267,540,000	Registered capital - RMB267,540,000 Paid-up capital - RMB194,748,500	–	–	100	100	Operation of a power station
China Resources Power Performance Co., Ltd.	The British Virgin Islands	Share - HK$0.01	Share - HK$0.01	100	100	–	–	Investment holding
Tangshan China Resources Thermal Power Co., Ltd. 唐山華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB270,490,000	Registered and paid-up capital - RMB270,490,000	–	–	80	80	Operation of a power station
China Resources Power Henan Shouyangshan Co., Ltd. 河南華潤電力首陽山有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,237,500,000	Registered and paid-up capital - RMB1,237,500,000	–	–	85	85	Operation of a power station
Yixing China Resources Thermal Power Co., Ltd. 宜興華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB144,425,000	Registered and paid-up capital - RMB144,425,000	–	–	55	55	Operation of a power station
China Resources Power Hunan Co., Ltd. 華潤電力湖南有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB1,361,000,000	Registered and paid-up capital - RMB1,361,000,000	–	–	100	100	Operation of a power station
Henan China Resources Power Gu Cheng Co., Ltd. 河南華潤電力古城有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB740,500,000	Registered and paid-up capital - RMB740,500,000	–	–	100	100	Operation of a power station

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital 2011	Issued and fully paid share capital/ registered capital and paid-up capital 2010	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
華潤電力（唐山曹妃甸）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB783,000,000	Registered and paid-up capital - RMB783,000,000	–	–	90	90	Operation of a power station
China Resources Power Project Service Co., Ltd. 華潤電力工程服務有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - HK$50,000,000	Registered and paid-up capital - HK$50,000,000	100	100	–	–	Power station project consultancy services
CR Power Fuel (Henan) Co., Ltd. 華潤電力燃料（河南）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - HK$140,390,000	Registered and paid-up capital - HK$140,390,000	–	–	100	100	Sale of coal
湖南華潤煤業有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - US$29,990,000	Registered and paid-up capital - US$29,990,000	–	–	100	100	Coal mining
Shantou Dan Nan Wind Power Co., Ltd. 汕頭丹南風能有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - US$10,000,000	Registered and paid-up capital - US$10,000,000	–	–	55	55	Operation of a power station
Guangzhou China Resources Thermal Power Co. Ltd. 廣州華潤熱電有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB1,100,000,000	Registered and paid-up capital - RMB875,000,000	–	–	100	100	Operation of a power station
China Resources Concord (Beijing) Thermal Power Co. Ltd. 華潤協鑫（北京）熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and capital paid-up - RMB247,100,000	Registered and capital paid-up - RMB247,100,000	–	–	51	51	Operation of a power station

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital 2011	2010	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
Fuyang China Resources Power Co., Ltd. 阜陽華潤電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered capital - RMB1,259,000,000 Paid-up capital - RMB919,000,000	Registered capital - RMB1,259,000,000 Paid-up capital - RMB919,000,000	—	—	55	55	Operation of a power station
Yunnan China Resources Power (Honghe) Co., Ltd. 雲南華潤電力（紅河）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB279,400,000	Registered and paid-up capital - RMB279,400,000	—	—	70	70	Operation of a power station
偃師華潤運輸有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB11,000,000	Registered and paid-up capital - RMB11,000,000	—	—	55	55	Provision of local logistic services
China Resources Power Maintenance Henan Co., Ltd. 華潤電力檢修（河南）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB10,100,000	Registered and paid-up capital - RMB10,100,000	—	—	100	100	Provision of power station maintenance services
攀枝花華潤水電開發有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital RMB50,000,000	Registered and paid-up capital RMB50,000,000	—	—	70	70	Development of a power station
深圳南國能源有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB50,000,000	Registered and paid-up capital - RMB50,000,000	—	—	100	100	Investment holding
China Resources Power Investment Co., Ltd. ("CR Investment") 華潤電力投資有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB15,800,000,000 Paid-up capital - RMB13,082,904,478	Registered capital - RMB15,800,000,000 Paid-up capital - RMB13,082,904,478	100	100	—	—	Investment holding
China Resources Cangzhou Co-generation Co., Ltd. 滄州華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB550,000,000	Registered and paid-up capital - RMB550,000,000	—	—	95	95	Operation of a power station

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital 2011	Issued and fully paid share capital/ registered capital and paid-up capital 2010	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
Jinzhou Eastern Power Co., Ltd. 華潤電力（錦州）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB764,922,500	Registered and paid-up capital - RMB764,922,500	–	–	100	100	Operation of a power station
Xuzhou Huaxin Power Generation Co., Ltd. 徐州華鑫發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB480,000,000	Registered and paid-up capital - RMB480,000,000	–	–	72	72	Operation of a power station
China Resources (Xuzhou) Coal and Power Ltd. 華潤天能（徐州）煤電有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB95,526,310	Registered and paid-up capital - RMB95,526,310	–	–	100	100	Exploration and sale of coal and operation of a power station
China Resources Wind Power (Shantou) Co., Ltd. 華潤電力風能（汕頭）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB73,460,329 paid-up capital - RMB73,430,000	Registered capital - RMB73,460,329 paid-up capital - RMB73,430,000	–	–	100	100	Operation of a power station
China Resources Power Xingning Co., Ltd. 華潤電力興寧有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB337,500,000	Registered and paid-up capital - RMB337,500,000	–	–	100	100	Operation of a power station
China Resources Wind Power (Chengde) Co., Ltd. 華潤電力風能（承德）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB176,320,000	Registered and paid-up capital - RMB176,320,000	–	–	100	100	Operation of a power station
China Resources Power (Jining) Co., Ltd. 華潤電力（濟寧）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB195,000,000	Registered and paid-up capital - RMB195,000,000	90	90	–	–	Development of a power station

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital 2011	Issued and fully paid share capital/ registered capital and paid-up capital 2010	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
China Resources Power (Heze) Co., Ltd. 華潤電力（荷澤）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB1,240,000,000 Paid-up capital - RMB451,255,981	Registered capital - RMB1,240,000,000 Paid-up capital - RMB211,383,900	**90**	100	**—**	—	Development of a power station
China Resources Power (Lianyuan) Co., Ltd. 華潤電力（漣源）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB578,000,000	Registered and paid-up capital - RMB578,000,000	**—**	—	**100**	100	Operation of a power station
Shenyang China Resources Thermal Power Co., Ltd. 瀋陽華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB566,380,000	Registered and paid-up capital - RMB566,380,000	**—**	—	**54**	54	Operation of a power station
China Resources Jinniu Thermal Power Co., Ltd. 內蒙古華潤金牛熱電有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB552,000,000	Registered and paid-up capital - RMB552,000,000	**—**	—	**100**	100	Operation of a power station
China Resources Wind Power (Yantai) Co., Ltd. 華潤電力風能（煙臺）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered capital - RMB198,585,700 Paid-up capital - RMB194,468,645	Registered capital - RMB198,585,700 Paid-up capital - RMB165,420,124	**—**	—	**95**	95	Operation of a power station
China Resources Wind Power (Shantouchaonan) Co., Ltd. 華潤電力風能（汕頭潮南）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB457,949,500 Paid-up capital - RMB360,042,240	Registered capital - RMB295,460,000 Paid-up capital - RMB250,032,702	**—**	—	**100**	100	Operation of a power station
華潤電力（六枝）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - USD49,000,000 Paid-up capital - USD7,500,000	Registered capital - USD49,000,000 Paid-up capital - USD7,500,000	**100**	100	**—**	—	Development of a power station

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital		Proportion of nominal value of issued capital/registered capital held by the Company				Principal activities
				Directly		Indirectly		
		2011	2010	2011 %	2010 %	2011 %	2010 %	
Henan Tianzhong Coal Mining Co., Ltd 河南天中煤業有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB200,000,000 paid-up capital - RMB199,979,411	Registered capital - RMB200,000,000 paid-up capital - RMB199,979,411	—	—	100	100	Coal mining
China Resources Power (Wenzhou) Co., Ltd 華潤電力（溫州）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - USD49,000,000	Registered and paid-up capital - USD49,000,000	100	100	—	—	Development of a power station
南京華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB728,000,000	Registered and paid-up capital - RMB728,000,000	—	—	65	65	Operation of a power station
山西華潤聯盛能源投資有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered capital - RMB6,700,000,000 paid-up capital - RMB3,800,000,000	Registered and paid-up capital - RMB3,800,000,000	—	—	51	51	Coal mining
四川華潤鴨嘴河水電開發有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered capital - RMB473,750,000 paid-up capital -RMB444,703,579	Registered and paid-up capital - RMB270,618,000	—	—	51	51	Development of a power station
Xuzhou Huaxing Investment Co., Ltd. ("Xuzhou Huaxing") (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB405,610,000	Registered and paid-up capital - RMB405,610,000	—	—	51	51	Investment holding
雲南華潤電力（西雙版納）有限公司 (Sino-Foreign Equity JointVenture)	PRC	Registered and paid-up capital - RMB20,000,000	Registered and paid-up capital - RMB20,000,000	—	—	95	95	Development of a power station
華潤電力（宜昌）有限公司▲ (Wholly Foreign Owned Enterprise)	PRC	Registered capital - USD30,000,000 Paid-up capital - USD14,994,296	—	100	—	—	—	Development of a power station

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital 2011	2010	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
華潤電力風能（惠來）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital -RMB 152,860,000 Paid-up capital - RMB120,025,763	Registered and paid-up capital - RMB120,025,763	–	–	100	100	Operation of a power station
華潤電力風能（威海）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital -RMB 191,630,000 Paid-up capital - RMB128,732,760	Registered and paid-up capital - RMB128,732,760	–	–	100	100	Operation of a power station
華潤電力風能（陽江）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB320,434,500 Paid-up capital - RMB235,155,861	Registered and paid-up capital - RMB158,005,841	–	–	100	100	Operation of a power station
華潤電力風能（煙台蓬萊）有限公司 (Sino-Foreign Owned Enterprise)	PRC	Registered capital - RMB179,880,000 Paid-up capital - RMB171,505,465	Registered capital - RMB179,880,000 Paid-up capital - RMB127,912,645	–	–	95	95	Operation of a power station
華潤電力風能（承德禦道口）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB511,376,400 Paid-up capital - RMB379,585,074	Registered and paid-up capital - RMB168,110,532	–	–	100	100	Operation of a power station
湖南華潤煤業唐洞煤礦有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB15,000,000	Registered and paid-up capital - RMB15,000,000	–	–	77.77	77.77	Coal mining
華潤電力風能內蒙古巴音錫勒有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB171,420,000	Registered and paid-up capital - RMB171,420,000	–	–	100	100	Operation of a power station
華潤電力風能（汕頭濠江）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB75,730,000 Paid-up capital - RMB56,002,238	Registered capital - RMB75,730,000 Paid-up capital - RMB56,002,238	–	–	100	100	Operation of a power station
華潤電力風能（承德圍場）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB162,616,100	Registered and paid-up capital - RMB162,616,100	–	–	100	100	Development of a power station

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO (FROM) SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital and paid-up capital 2011	Issued and fully paid share capital/ registered capital and paid-up capital 2010	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
華潤電力風能（瓜州）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB664,500,000 Paid-up capital - RMB418,059,847	Registered capital - RMB664,500,000 Paid-up capital - RMB418,059,847	–	–	100	100	Development of a power station
華潤電力風能（蓬萊大柳行）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB196,600,000 Paid-up capital - RMB128,723,570	Registered capital - RMB196,600,000 Paid-up capital - RMB128,723,570	–	–	100	100	Development of a power station
華潤電力風能（阜新）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB228,854,322	Registered and paid-up capital - RMB228,854,322	–	–	100	100	Development of a power station
華潤電力風能（建平）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB237,001,100	Registered and paid-up capital - RMB168,433,400	–	–	100	100	Development of a power station
華潤電力（江蘇）燃料有限公司 (Wholly Foreign Owned Enterprise)▲	PRC	Registered and paid-up capital - RMB10,000,000	–	–	–	100	–	Trading of coal
銅山華潤電力有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB1,500,000,000	Registered and paid-up capital - RMB1,500,000,000	–	–	54.5	54.5	Operation of a power station

* The special share carries same rights as ordinary shares.

▲ Newly incorporated during the year ended 31 December 2011.

\# During the year ended 31 December 2011, the Group's interest in Heze was diluted from 100% to 90% as a result of the capital contributions by the other shareholders of Heze.

The above table lists the subsidiaries of the Company which in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Save as disclosed in note 36, none of the subsidiaries had issued any debt securities at the end of the year or at any time during the year.

18. INTERESTS IN ASSOCIATES

	THE GROUP 2011 HK$'000	THE GROUP 2010 HK$'000
Cost of investment in associates - unlisted	**15,398,189**	9,792,459
Share of post-acquisition profits and other comprehensive income and reserves, net of dividend received	**2,895,825**	2,487,082
	18,294,014	12,279,541

	THE COMPANY 2011 HK$'000	THE COMPANY 2010 HK$'000
Cost of investment in associates - unlisted	**2,592,139**	2,473,729

Included in the Group's cost of investment in associates is goodwill of HK$910,790,000 (2010: HK$910,790,000) arising on acquisition of certain associates.

Details of the principal associates held by the Group are as follows:

Name of associate	Place of registration	Registered and paid-up capital 2011	Registered and paid-up capital 2010	Attributable equity interest held by the Group 2011 %	Attributable equity interest held by the Group 2010 %	Attributable equity interest held by the Company 2011 %	Attributable equity interest held by the Company 2010 %	Principal activities
Guangdong Guanghope Power Co., Ltd. ("Guangdong Guanghope") 廣東廣合電力有限公司 (Sino-Foreign Co-operative Joint Venture)*	PRC	Registered capital - RMB2,240,816,893 Paid-up capital - RMB1,398,632,200	Registered capital - RMB2,240,816,893 Paid-up capital - RMB1,398,632,200	**36**	36	**—**	—	Operation of a power station
Hebei Harv Power Generation Company Limited 河北衡豐發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB777,000,000	Registered and paid-up capital - RMB777,000,000	**25**	25	**—**	—	Operation of a power station
Zhejiang Wenzhou Telluride Power Generating Company Limited 浙江溫州特魯萊發電有限責任公司 (Sino-Foreign Co-operative Joint Venture)	PRC	Registered and paid-up capital - RMB796,120,000	Registered and paid-up capital - RMB796,120,000	**40**	40	**—**	—	Operation of a power station

18. INTERESTS IN ASSOCIATES *(continued)*

Name of associate	Place of registration	Registered and paid-up capital 2011	Registered and paid-up capital 2010	Attributable equity interest held by the Group 2011 %	Attributable equity interest held by the Group 2010 %	Attributable equity interest held by the Company 2011 %	Attributable equity interest held by the Company 2010 %	Principal activities
China Resources (Xuzhou) Electric Power Company Limited** 徐州華潤電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB863,110,000	Registered and paid-up capital - RMB863,110,000	**50**	50	**—**	—	Operation of a power station
Hengshui Hengxing Power Generation Company Limited 衡水恒興發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB475,000,000	Registered and paid-up capital - RMB475,000,000	**25**	25	**—**	—	Operation of a power station
河南永華能源有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB300,000,000	Registered and paid-up capital - RMB300,000,000	**49**	49	**—**	—	Exploration and sale of coal
鄭州華轅煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB750,000,000	Registered and paid-up capital - RMB750,000,000	**49**	49	**—**	—	Exploration and sale of coal
Yangzhou No. 2 Power Generation LL Co. 揚州第二發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,692,000,000	Registered and paid-up capital - RMB1,692,000,000	**45**	45	**45**	45	Operation of a power station
Guizhou Hualong Coal Mining Co., Ltd. 貴州華隆煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered capital - RMB800,000,000 Paid-up capital - RMB600,000,000	Registered capital - RMB175,000,000 Paid-up capital - RMB100,000,000	**49**	49	**49**	49	Coal mining
Jiangsu Zhenjiang Generator Company Limited 江蘇鎮江發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,482,200,000	Registered and paid-up capital - RMB1,482,200,000	**42.5**	42.5	**—**	—	Operation of a power station
Zhangjiagang Shazhou Power Corporation 張家港沙州電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,000,000,000	Registered and paid-up capital - RMB1,000,000,000	**20**	20	**—**	—	Operation of a power station

18. INTERESTS IN ASSOCIATES *(continued)*

Name of associate	Place of registration	Registered and paid-up capital 2011	Registered and paid-up capital 2010	Attributable equity interest held by the Group 2011 %	Attributable equity interest held by the Group 2010 %	Attributable equity interest held by the Company 2011 %	Attributable equity interest held by the Company 2010 %	Principal activities
Guodian Changzhou Power Corporation 國電常州發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,000,000,000	Registered and paid-up capital - RMB1,000,000,000	**25**	25	**—**	—	Operation of a power station
徐州垞城電力有限責任公司 # (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB360,000,000	Registered and paid-up capital - RMB360,000,000	**53.75**	53.75	**—**	—	Operation of a power station
太原華潤煤業有限公司 (「太原華潤煤業」) ## (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB4,000,000,000	Registered and paid-up capital - RMB4,000,000,000	**49**	49	**—**	—	Coal mining
Shanxi Asian American-Daning Energy Co. Ltd. ###	PRC	Registered and paid-up capital - USD53,600,000	—	**56**	—	**—**	—	Coal mining

Notes:

* One of the Company's subsidiaries entered into a joint venture contract and supplemental agreements with Guangdong Province Shajiao (Plant-C) Power Generation Corporation for the construction, operation and management of the Guangdong Province Shajiao C Power Station in Guangdong Province of the PRC, which are undertaken by Guangdong Guanghope, a co-operative joint venture company established in the PRC. The co-operation period which commenced on 15 June 1992 and will expire in June 2016 which is 20 years after the contract completion date of construction of the power station in June 1996. Upon expiry of the co-operation period, all the remaining assets of Guangdong Guanghope will revert to the PRC partner without compensation.

** Under the shareholder's agreement of China Resources (Xuzhou) Electric Power Company Limited, two third of the board members' approval is required to decide certain key financial and operating matters. However, the Group has the right to appoint 4 out of 7 directors of the entity. The directors of the Company consider that the Group does not have control over China Resources (Xuzhou) Electric Power Company Limited but is able to exercise significant influence in the operation thereof. China Resources (Xuzhou) Electric Power Company Limited is an associate of Xuzhou Huaxing, a subsidiary of the Group.

The Group holds 53.57% interest in 徐州垞城電力有限責任公司. Under the shareholder's agreement of 徐州垞城電力有限責任公司, the Company required two third of the board's approval to decide certain key financial and operating matters. However, then Group has the right to appoint 4 out of 7 directors of the entity. The directors of the Company consider that the Group does not have control over 徐州垞城電力有限責任公司 but is able to exercise significant influence in the operation thereof.

18. INTERESTS IN ASSOCIATES *(continued)*

Notes:

The Group holds 49% interest in 太原華潤煤業. Under the shareholder's agreement entered into by the three shareholders of 太原華潤煤業, two third of the board members' approval is required to decide certain key financial and operating matters. However, the Group has the right to appoint 4 out of 9 directors of the entity. The directors of the Company consider that the Group does not have control over 太原華潤煤業 but is able to exercise significant influence in the operation thereof. Pursuant to a joint venture agreement dated 15 April 2010 made between the Group and one of shareholders of the associate, an independent third party, the shareholder granted a call option at nil consideration to the Group to acquire its 31% equity interest in the associate, 太原華潤煤業 on 16 April 2012 at a pre-determined consideration. The consideration is determined based on the capital contributed by the shareholder attributable to 31% equity interest plus the interest at an annual rate of 6.12%, reduced by the dividend received by the shareholder in respect of the 31% equity interest. In the opinion of the directors, the call option is linked to and must be settled by delivery of the equity shares of 太原華潤煤業 and its fair value cannot be reliably measured, and hence was measured at cost less impairment.

During the year, China Resources Coal Holdings Company Limited, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to acquire 100% of the share capital of AACI SAADEC (HK) Holdings Limited for a consideration of US$669,000,000 (equivalent to approximately HK$5,207,718,000). The principal asset of AACI SAADEC (HK) Holdings Limited is 56% equity interest in Shanxi Asian American-Daning Energy Co., Ltd. ("Shanxi Asian American-Daning") which operates the Shanxi Asian American-Daning Coal Mine, a coal mine located at Yangcheng County, Jincheng City, Shanxi Province, the PRC. The acquisition was completed on 11 March 2011. Up to 31 December 2011, the Group paid USD602,100,000 (equivalent to HK$4,673,608,000). The deferred consideration payables amounting to USD66,900,000 (equivalent to HK$520,482,000) was included in trade payables, other payables and accruals (see Note 33) which will be paid on 14 March 2012. Upon completion of the acquisition, Shanxi Asian American-Daning was accounted for as an associate company of the Group. Pursuant to the shareholders' agreement of Shanxi Asian American-Daning, the Group has the right to appoint 4 out of 7 directors of the entity. However, 5 out of 7 of the board members' approval is required in respect of certain key financial and operating matters. The directors of the Company consider that the Group does not have control over Shanxi Asian American-Daning but is able to exercise significant influence in the operation thereof.

The above table lists the associates of the Group which in the opinion of the directors of the Company, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

The summarised financial information in respect of the Group's associates is set out below:

	2011 RMB'000	2010 RMB'000
Total assets	**57,816,944**	55,250,641
Total liabilities	**(31,363,011)**	(31,489,185)
Net assets	**26,453,933**	23,761,456
Group's share of net assets of associates	**14,092,602**	9,674,051
Turnover	**28,621,407**	25,754,452
Profit for the year	**2,975,041**	2,458,353
Other comprehensive income	**810,783**	848,241
	HK$'000	HK$'000
Group's share of net assets of associates	**17,383,224**	11,368,751
Group's share of profits of associates for the year	**740,378**	790,346
Group's share of other comprehensive income of associates for the year	**723,439**	368,626

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Cost of investment in jointly controlled entities - unlisted	**1,476,787**	822,556
Share of post-acquisition profits and other comprehensive income and reserves, net of dividend received	**217,892**	113,039
	1,694,679	935,595

	THE COMPANY	
	2011	2010
	HK$'000	HK$'000
Cost of investment in jointly controlled entities - unlisted	**631,212**	221,065

Details of the principal jointly controlled entities held by the Group are as follows:

Name of jointly controlled entities	Place of registration	Registered and paid-up capital 2011	Registered and paid-up capital 2010	Attributable equity interest held by the Group 2011 %	Attributable equity interest held by the Group 2010 %	Attributable equity interest held by the Company 2011 %	Attributable equity interest held by the Company 2010 %	Principal activities
山西華潤煤業有限公司 (「山西華潤煤業」)# Shan Xi China Resources Coal Company Limited	PRC	Registered and paid-up capital - RMB800,000,000	Registered and paid-up capital - RMB800,000,000	**50**	50	**—**	—	Coal mining
天津中海華潤船運有限公司 (「天津中海華潤」)# Tianjin Zhonghai Huarun Marine Company Limited	PRC	Registered and paid-up capital - RMB557,283,156	Registered and paid-up capital - RMB557,283,156	**49**	49	**—**	—	Provision of logistic services
潤捷能源投資有限公司 Resources J Investment Company Holding Limited ("Recourses J")##	HK	Registered capital - USD2,000,000 paid-up capital - HKD12,436,867	Registered capital - USD2,000,000 paid-up capital - HKD7,765,302	**50**	50	**50**	50	Investment holding

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

Notes:

The jointly controlled entities set out above are incorporated during the year.

\# Under the shareholders' agreement and the Memorandum and Articles of 山西華潤煤業 and 天津中海華潤, over two third of the board members' approval is required to decide certain key financial and operating matters. The Group and the respective joint venture shareholder each hold 50% of the voting right in each of the entities and hence the directors of the Company consider that the Group and the respective joint venture shareholder exercise joint control over 山西華潤煤業 and 天津中海華潤.

Pursuant to a joint venture agreement dated 15 April 2010 made between the Group and the joint venturer of 山西華潤煤業, an independent third party, the venture granted a call option at nil consideration to the Group to acquire its 50% equity interest in the jointly controlled entity, 山西華潤煤業 on 16 April 2012 at a pre-determined consideration. The consideration is determined based on the capital contributed by joint venturer attributable for 50% equity interest plus the interest at an annual rate at 6.12%, reduced by the dividend received by joint venturer in respect of the 50% equity interest. The call option is linked to and must be settled by delivery of the equity shares of 山西華潤煤業 and its fair value cannot be reliably measured, and hence was measured at cost less impairment.

\## During the year ended 31 December 2010, the Group and an independent third party entered into a share subscription agreement ("Share Subscription Agreement") and pursuant to which they formed a company, namely Resources J, of which the Group holds 50% of its issued share capital and the Group controlled 50% of the voting power in general meeting. Resources J holds 100% interest in China Resources Power (Hezhou) Co., Ltd. ("CRP Hezhou"), a company engaged in development of a power station in the PRC, indirectly. Resources J is jointly controlled by the Group and the joint venturer by virtue of contractual arrangements among shareholders. Therefore, Resources J is classified as a jointly controlled entity of the Group.

Pursuant to Call Option Agreement entered into between the Group and the joint venturer dated 19 August 2010, the joint venturer granted the Group a call option at a consideration of HK$1 to acquire 16% equity interest ("Call Option Shares") in the jointly controlled entity, Resources J at a pre-determined consideration. The consideration is determined based on the capital contributed by joint venturer attributable for Call Option Shares plus the interest at a compound annual interest at 5.5%, reduced by the dividend received by joint venturer in respect of the Call Option Shares and the interest on dividend received by the joint venturer in respect of the Call Option Shares. The call option may be exercised on any business day within the period from 17 December 2015 to 1 January 2016 ("Call Option Period"). In the opinion of the directors, the call option is linked to and must be settled by delivery of the equity shares of Resources J and its fair value cannot be reliably measured, and hence was measured at cost less impairment.

Pursuant to Put Option Agreement entered into between the Group and the joint venturer dated 19 August 2010, the Group granted the joint venturer two put options at a consideration of HK$1. The first put option is to sell the 16% equity interest ("First Put Option Shares") in Resources J at a pre-determined consideration. The first put option may be exercised on any business day within the period of 15 business days starting on the date that the Call Option Period expires, from 2 January 2016 to 17 January 2016. The second put option is to sell the 34% equity interest ("Second Put Option Shares") in Resources J at a pre-determined consideration. The second put option may only be exercised on any business day within a period of 15 business days starting on the 5th anniversary date of the commencement of the commercial operation of CRP Hezhou, when the first and the second power plants of CRP Hezhou having passed the 168 hour reliability test, as supported by certain document(s) issued by Southern Grid or its authorised branch, or any other competent authority in China after the test is passed. The consideration is determined based on the capital contributed by joint venturer attributable for First/Second Put Options Shares plus the interest at a compound annual interest at 5.5%, reduced by the dividend received by joint venturer in respect of the First/Second Put Option Shares and the interest on dividend received by the joint venturer in respect of the First/Second Put Option Shares. In the opinion of the directors, the put options are linked to and must be settled by delivery of the equity shares of Resources J and its fair value cannot be reliably measured, and hence was measured at cost less impairment.

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

The summarised financial information in respect of the Group's interests in jointly controlled entities is set out below:

	2011 RMB'000	2010 RMB'000
Total assets	**7,453,865**	4,005,662
Total liabilities	**(4,673,514)**	(2,407,923)
Net assets	**2,780,351**	1,597,739
Group's share of net assets of jointly controlled entities	**1,373,878**	796,129
Turnover	**147,762**	257,558
Profit for the year	**104,573**	516
Other comprehensive income	**75,408**	16,981
	HK$'000	HK$'000
Group's share of net assets of jointly controlled entities	**1,694,679**	935,595
Group's share of profits of jointly controlled entities for the year	**96,944**	289
Group's share of other comprehensive income of jointly controlled entities for the year	**40,347**	16,980

20. GOODWILL

	THE GROUP HK$'000
COST	
At 1 January 2010	3,756,835
Arising on acquisition of a subsidiary (Note 46)	39,896
At 31 December 2010	3,796,731
Exchange realignment	236,722
At 31 December 2011	4,033,453

For the purpose of impairment review, goodwill set out above is allocated to the cash generating units ("CGUs"), the subsidiaries operating power plants in different provinces in the PRC.

The recoverable amounts of each of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

During the year, the Group performed impairment review for goodwill based on cash flow forecasts covering a period of shorter than the useful life of the property, plant and equipment and operation period of the CGU. The first 5 years derived from the most recent financial budgets approved by management using discount rate of 8% (2010: 8%) for CGU engaged in operating of power station, while the forecast beyond 5 years is based on the financial budget which assumes no growth. The value in use calculated by using the discount rate is higher than the carrying amount of the goodwill allocated to the CGUs and accordingly, no impairment loss was considered necessary.

The carrying amounts of significant portion of goodwill allocated to individual CGU is as follows:

	2011 HK$'000	2010 HK$'000
Jinzhou	**1,512,259**	1,438,876

Pre-tax discount rates used for value in use calculation is 8% (2010: 8%). In the opinion of directors, any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Jinzhou to exceed the aggregate recoverable amount of Jinzhou.

21. INVESTMENTS IN INVESTEE COMPANIES

The Group's investments in investee companies represent investment in unlisted equity securities issued by nine (2010: nine) limited liability entities registered in the PRC. They are measured at cost less impairment at the end of the reporting periods as the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

At the end of the reporting period, the investments in investee companies are stated at cost less impairment.

22. DEPOSITS PAID FOR ACQUISITION OF MINING/EXPLORATION RIGHTS

The deposit paid for acquisition of mining/exploration rights comprise:

	2011 HK$'000	2010 HK$'000
Exploration rights of coal mines located in Inner Mongolia province - project A (note a)	**1,171,825**	1,116,421
Exploration rights of coal mines located in Inner Mongolia province - project C (note b)	**123,350**	117,518
Exploration rights of coal mines located in Inner Mongolia province - project B (note c)	**—**	1,345,916
Mining rights of coal mines located in Shanxi province (note d)	**—**	188,029
Mining rights of coal mines located in Hunan province (note e)	**—**	26,816
	1,295,175	2,794,700

Notes:

(a) In January 2008, the Group entered into an agreement with a local government authority in PRC to acquire the exploration and resources rights to an area of 21,000 hectares of a coal mine located in Inner Mongolia province with consideration amounted to RMB6,900,000,000 (equivalents to HK$8,108,742,000). Up to 31 December 2011, consideration amounted to RMB950,000,000 (equivalent to HK$1,171,825,000) (2010: RMB950,000,000 (equivalent to HK$1,116,421,000)) had been paid by the Group, with outstanding consideration amounted to approximately RMB5,950,000,000 (equivalent to HK$7,339,325,000) (2010: RMB5,950,000,000 (equivalent to HK$6,992,321,000)).

(b) In September 2008, the Group entered into an agreement with an independent third party to acquire the exploration and resources rights to an area of 9,310 hectares of a coal mine located in Inner Mongolia province with consideration amounted to RMB1,369,000,000 (equivalent to HK$1,688,662,000). Up to 31 December 2011, consideration amounted to RMB100,000,000 (equivalent to HK$123,350,000) (2010: RMB100,000,000 (equivalent to HK$117,518,000)) had been paid by the Group, with outstanding consideration amounted to approximately RMB1,269,000,000 (equivalent to HK$1,565,312,000) (2010: RMB1,269,000,000 (equivalent to HK$1,491,303,000)).

(c) In June 2008, the Group entered into an agreement with Party A (see Note 4), an independent third party, to acquire the exploration and resources rights to an area of 36,100 hectares of a coal mine located in Inner Mongolia province with consideration amounted to RMB1,851,559,000 (equivalent to approximately HK$2,175,915,000). Up to 31 December 2011, consideration amounted to RMB1,145,285,000 (equivalent to approximately HK$1,412,709,000) (2010: RMB1,145,285,000 (equivalent to approximately HK$1,345,916,000) had been paid by the Group. In December 2009, CR Investment brought a lawsuit against Party A on the ground that Party A breached the agreement. CR Investment requested to terminate the agreement and to refund of the deposit paid.

On 31 December 2011, Party A has accepted the mediation agreement issued by the civil court in Inner Mongolia that Party A no longer fulfilled the above-mentioned agreement and Party A has to refund the deposit in full amount to CR Investment on or before 31 March 2012. As a result, the amount of HK$1,412,709,000 is transferred to other receivables (Note 27).

22. DEPOSITS PAID FOR ACQUISITION OF MINING/EXPLORATION RIGHTS *(continued)*

Notes: *(continued)*

(d) During the year ended 31 December 2009, the Group entered into several agreements with independent parties to acquire the mining rights to an aggregate area of 10,580 hectares of a coal mine located in Shanxi province and paid deposits amounting to RMB6,550,632,000 (equivalent to HK$7,439,815,000) as at 31 December 2009. During the year ended 31 December 2010, certain of these acquisitions were completed and the deposits paid amounting to RMB5,609,172,000 (equivalents to HK$6,370,561,000) (Note 47b) and RMB781,460,000 (equivalents to HK$913,792,000) (Note 15) were transferred to mining rights. During the year ended 31 December 2011, the remaining balances amounting to RMB160,000,000 (equivalents to HK$188,029,000) has been transferred to mining rights upon the completion of the acquisition (Note 15).

(e) In June 2008, the Group entered into an agreement with an independent third party to acquire the mining right to an area of 1,590 hectares of a coal mine located in Hunan province with consideration amounted to RMB276,213,000 (equivalents to approximately HK$324,600,000). During the year ended 31 December 2010, an amount of RMB175,414,000 (equivalent to approximately HK$205,119,000) (Note 15) is transferred to mining rights when the Group completed the acquisition and obtained the relevant mining right certificate. During the year ended 31 December 2011, the Group completed the remaining transaction and obtained the relevant mining right certificate and the balance of deposit paid as at 31 December 2010 of RMB22,819,000 (equivalent to approximately HK$26,816,000) has been transferred to mining right during the year (Note 15).

The counterparties are either local provincial government or companies with strong financial background. In the opinion of the directors of the Company, the deposit paid for acquisition of mining/exploration rights are of good credit quality.

23. OTHER NON-CURRENT DEPOSITS PAID

THE GROUP

The other non-current deposits paid comprise:

	2011 **HK$'000**	2010 HK$'000
Deposit paid for capital contribution for an investee company (Note) (Note 30(b))	**42,285**	—
Deposit paid for capital contribution for an associate	—	60,660
Deposit paid for capital contribution for a jointly controlled entity	—	19,568
Deposit paid for establishment of an associate	**77,942**	77,942
	120,227	158,170

Note: During the year ended 31 December 2011, the Group has decided to utilise the amount due from an investee company as capital contribution to the investee. As at 31 December 2011, the capital injection is still under progress. Thus, the balance is transferred from amount due from an investee company to deposit paid for capital contribution to an investee (Note 30(b)).

24. LOANS TO AN ASSOCIATE

As at 31 December 2011, the loans to an associate are unsecured, carry interest at the rate offered by the People's Bank of China ("PBOC") to 120% of the rate offered by the PBOC and were overdue since 30 June 2010. The associate owns the exploration rights of certain coal mines in Shanxi province. The balances are classified as non-current assets as the management expects the loans will be repaid after one year from the end of the reporting period due to tightened credit control for bank loans for the industry in the PRC, where the associate operates in. The management expects the loans are fully recoverable after considering the financial position of the associate.

25. LOANS TO A JOINTLY CONTROLLED ENTITY

As at 31 December 2011, the loans to a jointly controlled entity are unsecured, carry interest at the rate offer by the PBOC and were overdue since 30 June 2010. The jointly controlled entity owns the exploration rights of certain coal mines in Shanxi province. The balances are classified as non-current assets as the management expects the loans will be repaid after one year from the end of the reporting period due to tightened credit control for bank loans for the industry in the PRC, where the jointly controlled entity operates in. The management expects the loans are fully recoverable after considering the financial position of the jointly controlled entity.

26. INVENTORIES

THE GROUP

	2011 **HK$'000**	2010 HK$'000
Coal	**2,770,975**	1,464,120
Fuel oil	**55,937**	149,248
Spare parts and consumables	**765,655**	392,649
	3,592,567	2,006,017

At the end of the reporting period, all inventories were stated at cost.

27. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

THE GROUP

	2011 **HK$'000**	2010 HK$'000
Trade receivables	**8,014,370**	6,006,705
Bills receivables	**988,163**	759,054
	9,002,533	6,765,759

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

27. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

The following is an aged analysis of trade receivables included in trade and bills receivables, other receivables and prepayments, presented based on the invoice date at the end of the reporting period:

	2011 HK$'000	2010 HK$'000
0 - 30 days	**7,236,940**	5,663,100
31 - 60 days	**558,293**	271,699
Over 60 days	**219,137**	71,906
	8,014,370	6,006,705

As at 31 December 2011, included in trade receivables is an amount of HK$12,475,000 (2010: HK$48,346,000) which is trade receivables from fellow subsidiaries and is aged within 30 days.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$219,137,000 (2010: HK$71,906,000) which are past due at the end of reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 30 days (2010: 30 days) past due.

The Group does not provide any allowance for all trade receivables because historical experience is such that receivables are generally recoverable. Management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality because of their satisfactory settlement history.

Bills receivables represent 銀行承兑匯票 ("banker's acceptances"), i.e. time drafts accepted and guaranteed for payment by PRC banks. The Group accepts the settlement of trade receivables by customers using banker's acceptances accepted by PRC banks on a case by case basis.

These banker's acceptances are issued to or endorsed to the Group and are due within six months from the date of issuance. Those banks accepting the banker's acceptances, which are state-owned banks or commercial banks in the PRC, are the primary obligors for payment on the due date of such banker's acceptances.

Included in the Group's prepayments are prepayments for purchase of coal and fuel amounted to HK$1,680,551,000 (2010: HK$1,536,736,000). In addition, other receivables and prepayments included an amount of VAT recoverables of HK$2,406,001,000 (2010: HK$933,564,000) and advances to power grid companies of HK$385,872,000 (2010: HK$422,573,000). The power grid companies are government-owned entities.

Included in the Group's other receivables is an amount of RMB1,145,285,000 (equivalent to approximately HK$1,412,709,000). According to the mediation agreement issued by the civil court, Party A (see Note 4) is required to refund the amount to the Group on or before 31 March 2012 in respect of the termination of the acquisition agreement (Note 22(b)). In addition, the amount is secured by 54.5% equity interest in吉林郭勒and 9.84% equity interest in a company listed on the Shanghai Stock Exchange. Both of the secured assets are owned by Party A. 吉林郭勒 owns a coal mine in Inner Mongolia Province. The management is satisfied that no impairment is considered necessary in respect of the deposit paid HK$1,412,709,000.

28. AMOUNTS DUE FROM ASSOCIATES

THE GROUP

	2011 HK$'000	2010 HK$'000
Loans to an associate (Note a)	—	2,281,420
Dividend receivable from associates (Note b)	328,804	359,816
Amounts due from associates (Note b)	265,188	211,817
	593,992	2,853,053

Notes:

(a) The loans to an associate as at 31 December 2010 were unsecured, carry interest at rates ranging from the rate offered by the PBOC to 120% of the rate offered by the PBOC and were due on 30 June 2010. The Group did not provide any allowance for the balance because the management expected the loans were recoverable considering the financial position of the associate. As at 31 December 2011, the loans are classified as non-current assets as the management expects the loans will not be repaid within one year from the end of the reporting period (Note 24).

(b) The dividend receivable from associates and amounts due from associates are unsecured, non-interest bearing and repayable on demand. Included in amounts due from associates is interests receivable on loans to an associate amounting to HK$82,483,000 (2010: HK$129,084,000). In the opinion of directors, the amounts will be repayable within one year from the end of the reporting period.

The Group does not provide any allowance for amounts due from associates because historical experience is that such amounts due from associates are generally recoverable. Management closely monitors the credit quality of amounts due from associates and considers the amounts that are neither past due nor impaired to be of good credit quality. The Group does not hold any collateral over these balances.

THE COMPANY

	2011 HK$'000	2010 HK$'000
Amount due from an associate	12,111	98,498

The amount due from an associate is unsecured, non-interest bearing and repayable on demand.

The Company does not provide any allowance for amount due from an associate because historical experience is that such amount due from an associate is generally recoverable. Management closely monitors the credit quality of amount due from an associate and considers the amount is neither past due nor impaired to be a good credit quality. The Company does not hold any collateral over this balance.

29. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

THE GROUP

	2011 HK$'000	2010 HK$'000
Loans to a jointly controlled entity (note a)	**—**	1,175,180
Amounts due from jointly controlled entities (note b)	**122,122**	241,854
	122,122	1,417,034

Notes:

(a) The loans to a jointly controlled entity as at 31 December 2010 were unsecured, carry interest at the rate offered by the PBOC and were due on 30 June 2010. The Group did not provide any allowance for the balance because the management expected the loans were recoverable considering the financial postition of the jointly controlled entity. As at 31 December 2011, the loans are classified as non-current assets as the management expects the loans will not be repaid within one year (Note 25) from the end of the reporting period.

(b) The amounts due from jointly controlled entities are unsecured, non-interest bearing and repayable on demand. Included in amounts due from jointly controlled entities amounting to HK$97,411,000 (2010: HK$46,403,000) is interests receivable on loans to a jointly controlled entity.

The Group does not provide any allowance for amounts due from jointly controlled entities because historical experience is that such amounts due from jointly controlled entities are generally recoverable. Management closely monitors the credit quality of amounts due from jointly controlled entities and considers the amounts are neither past due nor impaired to be a good credit quality. The Group does not hold any collateral over these balances.

THE COMPANY

	2011 HK$'000	2010 HK$'000
Amount due from a jointly controlled entity	**138**	11,849

The amount due from a jointly controlled entity is unsecured, non-interest bearing and repayable on demand.

The Company does not provide any allowance for amount due from a jointly controlled entity because historical experience is that such amount due from a jointly controlled entity is generally recoverable. Management closely monitors the credit quality of amount due from a jointly controlled entity and considers the amount is neither past due nor impaired to be a good credit quality. The Company does not hold any collateral over this balance.

30. AMOUNTS DUE FROM RELATED COMPANIES

THE GROUP

	2011 HK$'000	2010 HK$'000
Amounts due from fellow subsidiaries (Note a)	**425,276**	18,950
Amount due from an investee company (Note b)	**57,975**	42,285
Amounts due from non-controlling shareholders of subsidiaries (Note c)	**87,572**	98,058
	570,823	159,293

Notes:

(a) The amounts due from fellow subsidiaries are unsecured, non-interest bearing and repayable on demand. In the opinion of directors, the amounts will be repayable within one year from the end of the reporting period.

(b) The amount due from an investee company is unsecured, non-interest bearing and repayable on demand. During the year ended 31 December 2011, the Group has decided to utilise an amount of HK$42,285,000 as capital contribution to the investee. As at 31 December 2011, the capital injection is still under progress. Thus, the amount is transferred to deposit paid for capital contribution to an investee (Note 23).

(c) The amounts due from non-controlling shareholders of subsidiaries comprise:

	2011 HK$'000	2010 HK$'000
Loans to non-controlling shareholders of subsidiaries	**65,067**	—
Amounts due from non-controlling shareholders of subsidiaries	**22,505**	98,058
	87,572	98,058

As at 31 December 2011, the loans to non-controlling shareholders of subsidiaries were unsecured, carried interest at 5.58% and are repayable on demand.

The amounts due from non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand.

30. AMOUNTS DUE FROM RELATED COMPANIES *(continued)*

The Group does not provide any allowance for amounts due from related companies because historical experience is such that amounts due from related companies are generally recoverable. Management closely monitors the credit quality of amounts due from related companies and considers the amounts are neither past due nor impaired to be a good credit quality because of satisfactory settlement history. The Group does not hold any collateral over these balances.

THE COMPANY

	2011 HK$'000	2010 HK$'000
Amounts due from subsidiaries (Note a)	**23,379,875**	18,552,273
Amount due from an investee company (Note b)	**—**	42,285
	23,379,875	18,594,558

Notes:

(a) The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. In the opinion of directors, the amounts will be repayable within one year from the end of the reporting period.

(b) The amount due from an investee company was unsecured, non-interest bearing and repayable on demand. During the year ended 31 December 2011, the Company decided to utilise the amount of HK$42,285,000 as capital contribution to the investee. As at 31 December 2011, the capital injection is still under progress. Thus, the amount is transferred to deposit paid for capital contribution to an investee (Note 23).

The Company does not provide any allowance for amounts due from related companies because historical experience is such that amounts due from related companies are generally recoverable. Management closely monitors the credit quality of amounts due from related companies and considers the amounts are neither past due nor impaired to be a good credit quality. The Company does not hold any collateral over these balances.

31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP	
	2011 HK$'000	2010 HK$'000
Financial assets at fair value through profit or loss held for trading are analysed below:		
Listed equity securities in the PRC	**3,042**	3,544

The classification of the measure of the financial assets at fair value through profit or loss at 31 December 2011 and 2010 using the fair value hierarchy of Level 1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets.

32. RESTRICTED BANK BALANCES/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank balances

The restricted bank balances at 31 December 2010 represented the bank balances of the Company's subsidiaries, China Resources (Xuzhou) Coal and Power Ltd. (the "CR Xuzhou") amounting to RMB49,900,000 (equivalent to HK$58,641,000). CR Xuzhou was acquired by the Company from the Xuzhou provincial government during the year ended 31 December 2007. In May 2008, CR Xuzhou was involved in a lawsuit in connection with coal mining overstep the boundary prior to the acquisition by the Company, with bank balances amounted to RMB80,609,000 (equivalent to HK$91,550,000) being frozen at the order of the civil court. During the year ended 31 December 2010, the frozen balance has been brought down to RMB49,900,000 (equivalent to HK$58,641,000). Pursuant to the State Owned Asset Transfer Agreement entered between the Xuzhou provincial government and the Company in connection for the acquisition of CR Xuzhou, the Xuzhou provincial government will compensate the Company for any loss arising from litigation or event occurred prior to the acquisition. The bank balances have been released during the year ended 31 December 2011 as the lawsuit has been revoked by the civil court. As at 31 December 2011, the plantiff is applying for appeal to the civil court. In the opinion of the directors, the aforementioned lawsuit will not have material adverse effect on the financial position of the Group.

Pledged bank deposits

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$303,977,000 (2010: HK$271,818,000) have been pledged to secure short-term bank loans and are therefore classified as current assets.

Bank balances and cash

The bank balances and bank deposits of the Group and the Company carried interest at rates ranging from 0.01% to 1.31% per annum (2010: 0.01% to 1.17% per annum).

33. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

THE GROUP

The following is an aged analysis of trade payables, included in trade payables, other payables and accruals, presented based on the invoice date at the end of the reporting period:

	2011 HK$'000	2010 HK$'000
0 - 30 days	**4,110,078**	2,994,329
31 - 90 days	**1,330,446**	483,608
Over 90 days	**492,105**	383,171
	5,932,629	3,861,108
The other payables and accruals include:		
Accrued purchases of coal and fuel	**1,521,534**	655,547
Payables in respect of purchase of property, plant and equipment and construction	**7,890,093**	7,110,903
Accrued wages	**592,762**	608,534
Payable in respect of employee settlement cost	**526,590**	491,624
Other tax payables	**805,124**	512,696
Provision for restoration, rehabilitation and environmental expenditure	**78,806**	42,200
Deferred consideration payables	**965,609**	—
Other payables and accruals	**992,608**	1,399,844
	13,373,126	10,821,348
Trade payables, other payables and accruals	**19,305,755**	14,682,456

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

As at 31 December 2011, included in deferred consideration payables is an amount of HK$445,127,000 (2010 : HK$693,987,000) which is payable to the former shareholders of a subsidiary, which arises from acquisition of asset (Note 47(b)) during the year ended 31 December 2010, the amount was grouped in non-current liabilities as at 31 December 2010. The remaining balance is payable to the former shareholder of AACI SAADEC (HK) Holdings Limited in respect of the acquisition in an associate (Note 18).

As at 31 December 2010, included in other payables was an amount of HK$85,105,000 due to a non-controlling shareholder of a subsidiary in respect of service fees for provision of production technology consultation services.

Other payables are unsecured, interest free and repayable on demand.

34. AMOUNTS DUE TO ASSOCIATES

THE GROUP

	2011 HK$'000	2010 HK$'000
Loans from associates (note a)	**516,269**	1,092,917
Amounts due to associates (note b)	**153,279**	—
	669,548	1,092,917

Notes:

(a) The loans from associates are unsecured, carries interest at the rate set by PBOC for loan of the same maturity minus 1% or 3% per annum, and repayable within one year, the effective interest rates (which is also equal to contracted interest rates) on the loan from an associate was 3.72% (2010: 3.72% to 5%) per annum.

(b) The amounts due to associates are unsecured, non-interest bearing and repayable on demand.

THE COMPANY

	2011 HK$'000	2010 HK$'000
Amount due to an associate	**99**	—

The amount due to an associate at 31 December 2011 was unsecured, non-interest bearing and repayable on demand.

35. AMOUNTS DUE TO RELATED COMPANIES

THE GROUP

	2011 HK$'000	2010 HK$'000
Amounts due to fellow subsidiaries	**1,537**	792
Amounts due to a holding company	**20**	398
Loans from an intermediate holding company (note a)	**1,238,337**	—
Amounts due to non-controlling shareholders of subsidiaries	**797,030**	115,196
	2,036,924	116,386

Note:

(a) The loans from an intermediate holding company are unsecured, carry fixed interest at 6.10% per annum and repayable within one year from the end of the reporting period.

35. AMOUNTS DUE TO RELATED COMPANIES *(continued)*

THE COMPANY

	2011 HK$'000	2010 HK$'000
Amounts due to fellow subsidiaries	**1,537**	792
Amount due to an intermediate holding company	**20**	398
	1,557	1,190

The amounts due to related companies are unsecured, non-interest bearing and repayable on demand.

36. BANK AND OTHER BORROWINGS

THE GROUP

	2011 HK$'000	2010 HK$'000
Secured bank loans (Note a)	**1,039,999**	861,058
Unsecured bank loans (Note a)	**65,997,182**	63,294,724
Corporate bonds and notes (Note b)	**15,950,050**	10,653,559
Other loans (Note c)	**—**	101,812
	82,987,231	74,911,153
Carrying amount repayable:		
Within 1 year	**26,418,243**	20,667,961
More than 1 year, but not exceeding 2 years	**7,274,267**	24,441,275
More than 2 years, but not exceeding 5 years	**24,066,113**	16,226,073
More than 5 years	**25,228,608**	13,575,844
	82,987,231	74,911,153
Less: Amount due within 1 year shown under current liabilities	**(26,418,243)**	(20,667,961)
Amount due after 1 year	**56,568,988**	54,243,192
The above secured bank loans are secured by:		
Pledge of assets (Note d)	**4,436,737**	1,843,895

36. BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) As at 31 December 2011, included in bank borrowings were amounts of HK$6,685,000,000 and HK$12,535,118,000 which bear interest at HIBOR plus 0.30% per annum to HIBOR plus 1.50% per annum and at a range from HIBOR plus 0.59% per annum to HIBOR plus 2.30% per annum, respectively. The floating-rate bank borrowings are unsecured and repayable in 2012 and 2016, respectively.

As at 31 December 2010, included in bank borrowings were amounts of HK$1,800,000,000 and HK$12,998,960,000 which bore interest at a range from HIBOR plus 0.88% per annum to HIBOR plus 1.2% per annum and at a range from HIBOR plus 0.30% per annum to HIBOR plus 1.50% per annum, respectively. The floating-rate bank borrowings were unsecured and repayable in 2011 and 2015, respectively.

The remaining bank borrowings carry interest at fixed rates ranging from 1.34% to 7.40% (2010: 1.79% to 6.12%) per annum.

(b) Corporate bonds and notes include fixed rate bonds and notes issued by the Group as follows:

(i) issued by CR Investment, a wholly-owned subsidiary of the Company, in the PRC:

RMB4,000,000,000 (equivalent to HK$4,934,000,000) - 5.6% due November 2018 (issued in November 2011)

The maturity of the corporate bonds is 7 years from the date of issue.

(ii) issued by CR Investment, a wholly-owned subsidiary of the Company, in the PRC:

RMB3,300,000,000 (equivalent to HK$4,070,550,000) - 4.70% due January 2020 (issued in January 2010)

RMB500,000,000 (equivalent to HK$616,750,000) - 4.95% due January 2020 (issued in January 2010)

The maturity of the corporate bonds is 10 years from the date of issue, subject to the right of sale-back described below. The corporate bonds are divided into two tranches, amounting to RMB3,300,000,000 (equivalent to HK$4,070,550,000) ("Tranche 1") and RMB500,000,000 (equivalent to HK$616,750,000) ("Tranche 2"), and carry coupon rates of 4.70% and 4.95% for Tranche 1 and Tranche 2, respectively. At the end of the fifth and seventh year from the issue of corporate bonds for Tranche 1 and Tranche 2, respectively, the issuer has the right to adjust the coupon rate ("New Coupon Rate") and the corporate bonds holders have the right to sell the corporate bonds held by them, in whole or in part, to China Resources Power Investment Company Limited at a total consideration equivalent to the total face value of the corresponding corporate bonds to be sold within 5 business days after the announcement of the New Coupon Rate.

(iii) issued by the Company and listed on the Stock Exchange:

US$500,000,000 (equivalent to HK$3,886,085,000) - 3.75% due August 2015 (issued in August 2010)

The notes will mature on 3 August 2015 but may be redeemed before then at the option of the Company, in whole but not in part, at any time at the (a) the principal amount of such note or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such note, together with the present values of the interest payable for the period from the date fixed for redemption to the maturity date, discounted to redemption date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.3%, as determined by an independent investment bank of international repute. The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong. The notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each note, together with interest accrued to the date for redemption, upon a change of controlling shareholder with respect to the Company.

(iv) issued by the Company in Hong Kong:

RMB1,000,000,000 (equivalent to HK$1,233,500,000) - 2.90% due November 2013 (issued in November 2010)

RMB1,000,000,000 (equivalent to HK$1,233,500,000) - 3.75% due November 2015 (issued in November 2010)

The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong or the PRC.

36. BANK AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

(c) As at 31 December 2010, included in other loans was an amount of HK$94,014,000 lent by安徽省能源集團有限公司, the holding company of安徽省皖能股份有限公司（「皖能」）which is a non-controlling shareholder of a subsidiary, Fuyang China Resources Power Co., Ltd., through a bank in the PRC which bore fixed rate at 4.5135% per annum, and were repaid during the year.

During the year ended 31 December 2011, total effective interest expenses incurred on other loans is HK$1,337,000 (2010: HK$8,910,000).

(d) Certain bank loans are secured by the Group's land use rights, buildings, power generating plant and equipment and note receivables with carrying values of HK$447,107,000 (2010: HK$65,444,000), HK$134,923,000 (2010: HK$128,543,000), HK$3,854,707,000 (2010: HK$1,418,691,000) and nil (2010: HK$231,217,000), respectively.

THE COMPANY

	2011 HK$'000	2010 HK$'000
Unsecured bank loans (note a)	**19,220,118**	14,798,960
Corporate bonds (note b)	**6,328,750**	6,212,442
	25,548,868	21,011,402
Carrying amount repayable:		
Within 1 year	**6,685,000**	1,800,000
More than 1 year, but not exceeding 2 years	**3,989,562**	6,685,000
More than 2 years, but not exceeding 5 years	**14,874,306**	12,526,402
	25,548,868	21,011,402
Less: Amount due within 1 year shown under current liabilities	**(6,685,000)**	(1,800,000)
Amount due after 1 year	**18,863,868**	19,211,402

Notes:

(a) As at 31 December 2011, included in bank borrowings are amounts of HK$6,685,000,000 and HK$12,535,118,000 which bear interest at HIBOR plus 0.30% per annum to HIBOR plus 1.50% per annum and at a range from HIBOR plus 0.59% per annum to HIBOR plus 2.30% per annum, respectively. The bank borrowings are unsecured and repayable in 2012 and 2016, respectively.

As at 31 December 2010, included in bank borrowings were amounts of HK$1,800,000,000 and HK$12,998,960,000 which bore interest at a range from HIBOR plus 0.88% per annum to HIBOR plus 1.2% per annum and at a range from HIBOR plus 0.30% per annum to HIBOR plus 1.50% per annum, respectively. The bank borrowings were unsecured and repayable in 2011 and 2015, respectively.

(b) As at 31 December 2011 and 31 December 2010, the corporate bonds are fixed rate bonds issued by the Company as follows:

(i) US$500,000,000 (equivalent to HK$3,903,392,000) - 3.75% due August 2015 (issued in August 2010)

The notes will mature on 3 August 2015 but may be redeemed before then at the option of the Company, in whole but not in part, at any time at the (a) the principal amount of such note or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such note, together with the present values of the interest payable for the period from the date fixed for redemption to the maturity date, discounted to redemption date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.3%, as determined by an independent investment bank of international repute. The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong. The notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each note, together with interest accrued to the date for redemption, upon a change of controlling shareholder with respect to the Company.

(ii) RMB1,000,000,000 (equivalent to HK$1,175,180,000) - 2.90% due November 2013 (issued in November 2010)

RMB1,000,000,000 (equivalent to HK$1,175,180,000) - 3.75% due November 2015 (issued in November 2010)

The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong or the PRC.

36. BANK AND OTHER BORROWINGS *(continued)*

The Group and the Company's borrowings that are denominated in currencies other than the functional currency, Renminbi, of the relevant entities are set out below:

Currency	THE GROUP **2011** **HK$'000**	THE GROUP 2010 HK$'000	THE COMPANY **2011** **HK$'000**	THE COMPANY 2010 HK$'000
US dollars	**5,348,238**	4,703,938	**5,338,463**	4,683,352
Hong Kong dollars	**17,674,329**	14,019,000	**17,674,329**	14,019,000

At 31 December 2011, the interest rate risk of the Group and the Company's borrowings of HK$11,941,000,000 (2010: HK$6,619,000,000) was hedged using interest rate swaps (floating to fixed interest swaps) (see Note 37 for details).

37. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives under hedge accounting

	THE GROUP AND THE COMPANY **2011** **HK$'000**	THE GROUP AND THE COMPANY 2010 HK$'000
Cash flow hedges - Interest rate swaps	**357,913**	323,885
Analysed for reporting purposes:		
Current	**147,559**	—
Non-current	**210,354**	323,885
	357,913	323,885

37. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Cash flow hedges

The Group uses interest rate swaps (net quarterly settlement) to minimise its exposure to interest expenses of certain of its floating-rate Hong Kong Dollar bank borrowings by swapping floating interest rates to fixed interest rates. The interest rate swaps and the corresponding bank borrowings have the similar terms and the directors of the Company considered that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps at 31 December 2011 and 31 December 2010 are set out below:

Notional amount	Maturity	Swaps
HK$500,000,000	25 October 2012	From HIBOR to 4.52%
HK$500,000,000	25 October 2012	From HIBOR to 4.48%
HK$500,000,000	26 October 2012	From HIBOR to 4.48%
HK$335,000,000	8 November 2012	From HIBOR to 4.285%
HK$500,000,000	29 October 2012	From HIBOR to 4.415%
HK$500,000,000	29 October 2012	From HIBOR to 4.38%
HK$500,000,000	25 October 2012	From HIBOR to 4.50%
HK$400,000,000	31 December 2012	From HIBOR to 3.97%
HK$200,000,000	28 February 2013	From HIBOR to 3.36%
HK$1,000,000,000	6 May 2015	From HIBOR to 2.12%
HK$1,184,000,000	6 May 2015	From HIBOR to 2.115%
HK$500,000,000	8 June 2015	From HIBOR to 2.075%
HK$500,000,000	22 February 2016#	From HIBOR to 2.285%
HK$702,000,000	17 March 2016#	From LIBOR to 2.325%
HK$3,120,000,000	16 June 2016#	From HIBOR to 1.605%
HK$1,000,000,000	20 September 2016#	From HIBOR to 1.120%

The interest rate swaps were entered into during 2011.

As at 31 December 2011, the gross fair value gain and fair value loss during the year from the interest rate swaps under cash flow hedge amounted to HK$143,271,000 (2010: HK$75,352,000) and HK$172,374,000 (2010: HK$51,276,000), respectively, and resulted a net fair value loss of HK$29,103,000 (2010: fair value gain of HK$24,076,000) has been deferred in equity and are expected to be released to the profit or loss when the hedged interest expense is charged to profit or loss quarterly. Fair value gain and fair value loss of interest rate swaps for ineffective portion, amounting to HK$544,000 (2010: HK$664,000) and HK$5,469,000 (2010: HK$15,074,000) respectively. The net change in fair value amounting to HK$4,925,000 (2010: HK$14,410,000), was recognised in profit or loss in the current year.

The classification of the measure of the derivative financial instruments at 31 December 2011 and 2010 using the fair value hierarchy is Level 2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

38. DEFERRED TAXATION

THE GROUP

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK$'000	Fair value of mining rights HK$'000	Fair value of prepaid lease payments HK$'000	Fair value of property, plant and equipment HK$'000	Distributable profits of PRC subsidiaries, associates and jointly controlled entities HK$'000	Retirement benefit obligations HK$'000	Trade and other receivables HK$'000	Mining fund HK$'000 (note)	Others HK$'000	Total HK$'000
At 1 January 2010	(119,157)	(25,801)	(69,432)	(114,177)	(102,096)	74,547	13,316	—	39,903	(302,897)
Exchange realignment	(3,373)	(1,704)	(2,390)	(3,824)	—	1,330	416	—	729	(8,816)
(Charge) credit to profit or loss for the year	(30,734)	6,096	3,877	10,478	(34,676)	(5,596)	—	—	(14,709)	(65,264)
Acquisition of subsidiaries	—	(42,407)	—	—	—	—	—	—	—	(42,407)
Settlement upon dividend received and credit to profit or loss	—	—	—	—	32,813	—	—	—	—	32,813
At 31 December 2010	(153,264)	(63,816)	(67,945)	(107,523)	(103,959)	70,281	13,732	—	25,923	(386,571)
Exchange realignment	(5,759)	(2,261)	(2,179)	(5,782)	—	4,314	758	(2,120)	3,227	(9,802)
(Charge) credit to profit or loss for the year	5,038	6,286	3,821	(56,483)	(5,293)	(8,722)	3,568	(89,718)	115,136	(26,367)
Settlement upon dividend received and credit to profit or loss	—	—	—	—	15,160	—	—	—	—	15,160
At 31 December 2011	(153,985)	(59,791)	(66,303)	(169,788)	(94,092)	65,873	18,058	(91,838)	144,286	(407,580)

Note: Pursuant to certain regulations in the PRC relating to the mining industry, the Group is required to transfer an amount to the capital reserve account and such fund is not available for distribution to shareholders. Such amounts are deductible for tax purposes when they are set aside but are expensed for accounting purposes only when they are utilised. Therefore, a deferred tax liability is recorded for such temporary differences.

38. DEFERRED TAXATION *(continued)*

The following is the analysis of the deferred taxation balances for financial reporting purposes:

	2011 **HK$'000**	2010 HK$'000
Deferred tax assets	**171,875**	107,084
Deferred tax liabilities	**(579,455)**	(493,655)
	(407,580)	(386,571)

At 31 December 2011, the Group had unused tax losses of HK$649,726,000 (2010: HK$560,573,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses at 31 December 2011 are losses of approximately HK$398,067,000 (2010: HK$380,689,000) that will expire within 5 years from the year of originating, in or before 2014. Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$14,983,079,000 (2010: HK$9,672,713,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

THE COMPANY

At 31 December 2011, the Company had unused tax losses of HK$251,659,000 (2010: HK$179,883,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

39. SHARE CAPITAL

	Number of shares		Amount	
	2011	2010	**2011**	2010
	'000	'000	**HK$'000**	HK$'000
Ordinary share of HK$1.00 each				
Authorised:				
Balance at 1 January and 31 December	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Issued and fully paid:				
Balance at 1 January	**4,719,501**	4,683,431	**4,719,501**	4,683,431
Issue of shares:				
- upon exercise of share options	**25,591**	36,070	**25,591**	36,070
Balance at 31 December	**4,745,092**	4,719,501	**4,745,092**	4,719,501

All shares issued rank pari passu with the then existing shares in issue in all respects.

All the shares which were issued during the year rank pari passu with the existing shares in all respects.

40. SHARE OPTION

Pursuant to a resolution in writing passed on 6 October 2003 by the shareholders of the Company, a Pre-IPO Share Option Scheme and a Share Option Scheme have been adopted by the Company.

(a) Pre-IPO Share Option Scheme

On 6 October 2003, the Company granted options to the grantees to subscribe for 167,395,000 shares in the Company at an exercise price of HK$2.80 per share, upon payment of HK$1 per grant. Options granted are exercisable within a period of ten years within which there is a total vesting period of five years. 20% of the share options will be allowed to exercise upon each of the first five anniversary dates.

40. SHARE OPTION *(continued)*

(a) Pre-IPO Share Option Scheme *(continued)*

Movement of options under Pre-IPO Share Option Scheme during the years ended 31 December 2010 and 2011 is as follows:

		Number of options						
	Exercise price HK$	Outstanding at 1.1.2010	Reclassification during the year ended 31.12.2010	Exercised during the year ended 31.12.2010	Outstanding at 31.12.2010	Reclassification during the year ended 31.12.2011	Exercised during the year ended 31.12.2011	Outstanding at 31.12.2011
Directors of the Company	2.75	2,104,280	(264,680)	(1,086,280)	753,320	—	(183,240)	570,080
Directors of CRH	2.75	244,320	1,018,000	(122,160)	1,140,160	40,720	—	1,180,880
Employees of the Group	2.75	10,466,076	—	(4,338,816)	6,127,260	—	(5,295,888)	831,372
Employees of CRH and its subsidiaries, other than the Group	2.75	17,947,340	(753,320)	(832,724)	16,361,296	(40,720)	(991,532)	15,329,044
		30,762,016	—	(6,379,980)	24,382,036	—	(6,470,660)	17,911,376
Exercisable at the end of the year		30,762,016			24,382,036			17,911,376
Weighted average exercise price		2.75	N/A	2.75	2.75	N/A	2.75	2.75

The purpose of the Pre-IPO Share Option Scheme is to, amongst others, give the participants an opportunity to have a personal stake in the Company and help to motivate the participants to optimise their performance and efficiency and retain participants whose contributions are important to the long-term growth and profitability of the Group.

(b) Share Option Scheme

Pursuant to the Share Option Scheme approved by a resolution of the shareholders of the Company dated 6 October 2003, the Board may, at its absolute discretion, offer any employee, director, consultant or advisor of (i) CRH and its subsidiaries; and (ii) the Company, its subsidiaries and associated companies, option to subscribe for the Company's shares, for the promotion of success of the business of the Group. The exercise price of the share option will be determined at the highest of (1) the closing price of the Company's shares on the Stock Exchange on the date of grant of the option; (2) the average closing price of the Company's shares on the Stock Exchange on the five trading days immediately preceding the date of grant; and (3) the nominal value of the shares.

Options granted are exercisable during the period from the vesting date to the last day of the ten-year period after grant date. The share options have vesting periods from one to five years and every 20% will be vested each year.

40. SHARE OPTION *(continued)*

(b) Share Option Scheme *(continued)*

Movement of options granted under the Share Option Scheme in 2010 and 2011 is as follows:

			Number of options						
	Exercise price HK$	Date of grant	Outstanding at 1.1.2010	Reclassification during the year ended 31.12.2010	Lapsed during the year ended 31.12.2010	Exercised during the year ended 31.12.2010	Outstanding at 31.12.2010	Exercised during the year ended 31.12.2011	Outstanding at 31.12.2011
Directors of CRH and its subsidiaries	3.919	18.3.2005	1,343,760	916,200	—	(305,400)	1,954,560	(875,480)	1,079,080
Directors of the Company	3.919	18.3.2005	2,198,880	(447,920)	—	(871,880)	879,080	—	879,080
	4.641	18.11.2005	407,200	—	(40,720)	(162,880)	203,600	—	203,600
	12.210	30.3.2007	407,200	—	—	—	407,200	—	407,200
Employees of CRH and its subsidiaries, other than the Group	3.919	18.3.2005	3,746,240	—	—	(1,546,280)	2,199,960	—	2,199,960
Employees of the Group	4.175	1.9.2004	7,179,780	—	—	(3,766,240)	3,413,540	(1,250,880)	2,162,660
	3.919	18.3.2005	9,234,600	(468,280)	—	(6,030,880)	2,735,440	(1,308,800)	1,426,640
	4.641	18.11.2005	34,974,560	—	—	(12,517,920)	22,456,640	(11,096,860)	11,359,780
	6.925	5.9.2006	19,674,960	—	—	(4,122,040)	15,552,920	(4,258,200)	11,294,720
	12.210	30.3.2007	23,688,280	—	—	(366,520)	23,321,760	(330,000)	22,991,760
			102,855,460	—	(40,720)	(29,690,040)	73,124,700	(19,120,220)	54,004,480
Exercisable at the end of the year			57,965,460				57,644,700		48,964,480
Weighted average exercise price			5.97	N/A	4.25	4.88	7.48	5.17	8.30

In the current year, an amount of share option expense of HK$10,636,000 (2010: HK$27,688,000) has been recognised in the consolidated income statement, with a corresponding adjustment made in the Group's share option reserve.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$14.19 (2010: HK$15.87).

The fair value of the options was determined at the date of grant using the Black-Scholes option pricing model, taken into account the terms and conditions upon which the share options were granted.

41. RESERVES

THE GROUP

Details of changes in reserves of the Group are set out in the consolidated statement of changes in equity on pages 78 to 80.

General reserve is part of the shareholders' funds and comprises statutory surplus reserve, enterprise expansion fund and reserve fund of subsidiaries and associates in the PRC. Pursuant to the Articles of Associates, certain of the Company's subsidiaries established in the PRC shall make allocation from their profit after tax to the general reserve. The general reserve shall be used for making up losses, capitalisation into capital and expansion of the operations and production of the respective subsidiaries and associates.

41. RESERVES *(continued)*

THE GROUP *(continued)*

The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of subsidiaries acquired pursuant to a group reorganisation for the purpose of the preparation of the Company's share listing on the Stock Exchange.

	Share premium HK$'000	Merger reserve HK$'000	Hedging reserve HK$'000	Employee share-based compensation reserve HK$'000	Shares held for Medium to long-term performance evaluation plan (Note 42) HK$'000	Retained profits HK$'000	Total HK$'000
THE COMPANY							
At 1 January 2010	16,487,148	82,309	(309,511)	319,127	(681,500)	7,000,483	22,898,056
Fair value change on cash flow hedges	—	—	24,076	—	—	—	24,076
Profit for the year	—	—	—	—	—	500,783	500,783
Total comprehensive income for the year	—	—	24,076	—	—	500,783	524,859
Shares issued upon exercise of options	123,211	—	—	—	—	—	123,211
Recognition of equity settled share-based payments	—	—	—	27,688	—	—	27,688
Transfer of share option reserve on exercise of share options	69,731	—	—	(69,731)	—	—	—
Dividends paid	—	—	—	—	—	(1,770,924)	(1,770,924)
At 31 December 2010	16,680,090	82,309	(285,435)	277,084	(681,500)	5,730,342	21,802,890
Fair value change on cash flow hedges	—	—	(29,103)	—	—	—	(29,103)
Profit for the year	—	—	—	—	—	(258,326)	(258,326)
Total comprehensive income for the year	—	—	(29,103)	—	—	(258,326)	(287,429)
Shares issued upon exercise of options	91,004	—	—	—	—	—	91,004
Recognition of equity settled share-based payments	—	—	—	153,734	—	—	153,734
Transfer of share option reserve on exercise of share options	51,295	—	—	(51,295)	—	—	—
Purchase of shares under Medium to Long-term Performance Evaluation Plan	—	—	—	—	(77,610)	—	(77,610)
Shares vested under Medium to Long-term Performance Evaluation Plan	—	—	—	(143,098)	170,756	(27,658)	—
Dividends paid	—	—	—	—	—	(1,549,311)	(1,549,311)
At 31 December 2011	16,822,389	82,309	(314,538)	236,425	(588,354)	3,895,047	20,133,278

The merger reserve of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the Group Reorganisation and the nominal amount of the Company's shares issued for the acquisition.

In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained profits of the Company amounted to HK$3,895,047,000 as at 31 December 2011 (2010: HK$5,730,342,000).

42. MEDIUM TO LONG-TERM PERFORMANCE EVALUATION INCENTIVE PLAN

On 25 April 2008 (the "Adoption Date"), a Medium to Long-term Performance Evaluation Incentive Plan (formerly known as Restricted Share Award Scheme) (the "Scheme") was adopted by the Company. The Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date. Pursuant to the rules of the Scheme, the Company has set up a trust, BOCI - Prudential Trustee Limited ("Trustee"), for the purpose of administering the Scheme and holding the restricted shares.

On 26 January 2011, the Company changed the name of the Restricted Share Award Scheme to Medium to Long-term Performance Evaluation Incentive Plan and amended the Scheme such that cash instead of shares will be awarded. The Company will utilise the proceeds generated from disposal of the restricted shares held by the trustee for the awards made under the Scheme. The Group purchased issued shares from market at cost shown under shares held for share award scheme in the equity.

The Company sends a grant letter to the selected employee or director of the Group ("Grantee") which set out the vesting condition, the amount awarded ("Awarded Sum") and the respective date of vesting. The vesting conditions include the Grantee to be remaining as an employee or director of the Group on the relevant vesting date and may include reaching certain performance requirements. If the Grantee failed to reach the performance requirement, the directors of the Company may at their discretion adjust the Awarded Sum depending on the level of performance. The Company calculates the number of shares ("Vested Shares") to be allocated to the Grantee at date of vesting which is arrived by dividing the Awarded Sum by the average purchase cost of the shares held for share award scheme. The Grantee can for so long as he remains an employee or within 6 months after his ceasing to be an employee instruct the Company through the Trustee to dispose of the Vested Shares. The Grantee is entitled to all income or cash distribution derived from the Vested Shares for the period from the date of vesting to the date of disposal of such Vested Shares. The Grantee is entitled to receive the sales proceeds resulting from the disposal of the Vested Shares.

During the year ended 31 December 2011, the Group purchased 6,120,000 (2010: Nil) shares of its shares for the share award scheme at weighted average price of HK$12.68.

During the year ended 31 December 2011, the Awarded Sum amounting to HK$143,098,000 (2010: Nil) was determined using the market price of the ordinary shares at the date of grant and recognised as an expense during the year ended 31 December 2011.

Under the Scheme, there were total unvested shares of 37,019,475 (2010: 41,230,000) amounting to HK$588,354,000 (2010: HK$681,500,000) held by the trustee at the end of the reporting period.

43. PERPETUAL CAPITAL SECURITIES

On 11 May 2011, a subsidiary issued US$750,000,000 (equivalent to HK$5,835,750,000) 7.25% Guaranteed Perpetual Capital Securities ("Perpetual Capital Securities") at an issue price of 100 per cent. The Company has irrevocably guaranteed on a subordinated basis the obligations of the subsidiary under the Perpetual Capital Securities. The Perpetual Capital Securities were issued for general corporate funding purposes. Coupon payments of 7.25% per annum on the Perpetual Capital Securities are paid semi-annually in arrears from 9 November 2011 and may be deferred at the discretion of the Group. The Perpetual Capital Securities have no fixed maturity and are redeemable at the Group's option on or after 9 May 2016 at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

44. CAPITAL RISK MANAGEMENT

The Group and the Company manage its capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes long-term bank borrowings, short-term bank borrowings, corporate bonds and other loans as disclosed in note 36, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The capital structure of the Company consists of net debt, which includes the long-term bank borrowings and corporate bonds as disclosed in note 36, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

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

45. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP	
	2011	2010
	HK$'000	HK$'000
Financial assets		
Fair value through profit or loss Held for trading	**3,042**	3,544
Loans and receivables (including cash and cash equivalents)	**21,023,490**	19,203,175
Available-for-sale financial assets	**1,101,266**	1,093,160
Financial liabilities		
Derivative instruments in designated hedge accounting relationships	**(357,913)**	(323,885)
Amortised cost	**(101,715,231)**	(88,980,545)

	THE COMPANY	
	2011	2010
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**37,054,163**	28,266,509
Financial liabilities		
Derivative instruments in designated hedge accounting relationships	**(357,913)**	(323,885)
Amortised cost	**(31,456,626)**	(21,017,296)

Financial risk management objectives and policies

The Group's major financial instruments include investment in investee companies, restricted bank balances, pledged bank deposits, bank balances and cash, trade and other receivables, trade and bills receivables and other payables, amounts due from associates, amounts due from jointly controlled entities, amounts due from related companies, financial assets at fair value through profit or loss, amounts due to associates, amounts due to related companies, bank and other borrowings and derivative financial instruments. The Company's major financial instruments comprise loans to subsidiaries, other receivables, amounts due from an associate, a jointly controlled entity and related companies, bank balances and cash, other payables, amounts due to associates and related companies, bank and other borrowings and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

45. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk

Interest rate risk

The Group's and the Company's fair value interest rate risk is the risk that the fair value of a fixed rate financial instruments will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at year ended 31 December 2011, except for HK$19,220 million (2010: HK$14,799 million) of bank and other borrowings at floating rates of the Group and the Company, respectively, all remaining bank borrowings and other borrowings of the Group and the Company are at fixed rate, respectively.

The Group is exposed to cash flow interest rate risk in relation to variable rate loan to an associate, loan to a jointly controlled entity, loans from associates and bank borrowings (see Notes 24, 25, 34 and 36). The Group is also exposed to fair value interest rate risk in relation to loans to non-controlling shareholders of subsidiaries, loans from intermediate holding company and fixed-rate bank and other borrowings (see Notes 30(c), 35 and 36).

The Company is exposed to cash flow interest rate risk in relation to variable rate loans to subsidiaries and bank borrowings (see Notes 17 and 36). The Company is also exposed to fair value interest rate risk in relation to the fixed rate loan from a subsidiary (see Note 17).

In order to keep borrowings at fixed rate and to minimise the cash flow interest rate risk, the Group and the Company uses floating to fixed interest rate swaps to manage the cash flow interest rate risk exposure associated with the borrowings at floating interest rates amounting to HK$11,941 million (2010: HK$6,619 million) (see Note 36 for details).

The interest income is derived from the Group's current and fixed deposits that carry interest at the respective banking deposit rate of the banks located in Hong Kong and the PRC. The Group's bank deposits (set out in Note 32) carried at prevailing market rates. The Group's bank deposits are short-term in nature and the exposure of cash flow interest rate risk is minimal and no sensitivity to interest rate risk is presented.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at floating rates which are not hedged with hedging instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the period were outstanding for the whole year. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2011 would decrease/increase by HK$72,790,000 (2010: HK$81,800,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's post-tax profit for the year ended 31 December 2011 would increase/decrease by HK$48,816,000 (2010: HK$15,896,000). This is mainly attributable to the Company's exposure to interest rates on its variable-rate loans to subsidiaries and bank borrowings.

45. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk

The Group and the Company do not have significant exposure to foreign currency risk from their operations. The majority of the Group's operations are in the PRC and transactions are denominated in Renminbi which is the functional currency of the Group and the respective group entities except for certain bank balances and borrowings which are denominated in HK$ and US$.

The carrying amounts of the foreign currencies denominated monetary assets and monetary liabilities at the reporting date are as follows:

THE GROUP

	Currency	Assets		Liabilities	
		2011	2010	**2011**	2010
		HK$'000	HK$'000	**HK$'000**	HK$'000
US dollars	US$	**232,418**	416,181	**5,338,463**	4,703,938
Hong Kong dollars	HK$	**170,538**	216,874	**17,761,840**	14,019,000

THE COMPANY

	Currency	Assets		Liabilities	
		2011	2010	**2011**	2010
		HK$'000	HK$'000	**HK$'000**	HK$'000
US dollars	US$	**7,136,116**	4,143,464	**11,161,834**	4,683,352
Hong Kong dollars	HK$	**2,960,130**	2,949,947	**17,761,840**	14,019,000

The following table details the sensitivity to a 5% increase in Renminbi against the relevant foreign currencies. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The analysis illustrates the impact for a 5% strengthening of Renminbi against the relevant currency, a positive number represents increase in profit for the year and a negative represents decrease in profit for the year. For a 5% weakening of Renminbi against the relevant currency, there would be an equal and opposite impact on the profit.

45. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk (continued)

THE GROUP

	U.S. dollar impact		Hong Kong dollar impact	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(note i)	(note i)	**(note ii)**	(note ii)
Increase in profit for the year	**255,302**	214,388	**879,565**	690,106

(i) This is mainly attributable to the exposure on outstanding bank balances, and bank and other borrowings denominated in U.S. dollar.

(ii) This is mainly attributable to the exposure on outstanding bank balances, and bank and other borrowings denominated in Hong Kong dollar.

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	U.S. dollar impact		Hong Kong dollar impact	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(note iii)	(note iii)	**(note iv)**	(note iv)
Increase in profit for the year	**201,286**	26,994	**740,086**	553,453

(iii) This is mainly attributable to the exposure on outstanding bank balances, loans to subsidiaries, amounts due from subsidiaries, and bank and other borrowings denominated in U.S. dollar.

(iv) This is mainly attributable to the exposure on outstanding bank balances, loans to subsidiaries, amounts due from subsidiaries, and bank and other borrowings denominated in Hong Kong dollar.

Other price risk

The Group is exposed to equity price risk through its investment in investee companies and financial assets at fair value through profit or loss. The Group's equity price risk is mainly concentrated on equity instruments operating in power plants. The investment is carried at cost less any impairment loss since the directors of the Company are of opinion that the fair value of the investment cannot be determined reliably. Accordingly, no sensitivity analysis is presented.

45. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk

THE GROUP

The Group's credit risk is primarily attributable to trade and other receivables, amounts due from associates, amounts due from jointly controlled entities and amounts due from related companies. The maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2011 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has reviewed the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Credit risk for the Group are concentrated on a limited number of power grids, associates, jointly controlled entities and related companies. However, the management, having considered the financial background and good creditability of the power grids and related companies, and good operating prospect of the associates and jointly controlled entities, believes there is no significant credit risk.

Credit risk on liquid funds is limited because the counterparties are banks with good reputation.

THE COMPANY

The Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position. The credit risk is limited because the counterparties are subsidiaries with strong financial position and cash flow position. The credit quality of amounts due from subsidiaries and loans to subsidiaries are of good quality.

Credit risk on liquid funds is limited because the counterparties are banks with good reputation.

The Company has concentration of credit risk which was arising from the subsidiaries are mainly engaged in operating power plants and coal mining industry in the PRC.

Substantially all the loans and receivables are not yet due as at the end of the reporting period. The Company does not hold any collateral over these balances.

45. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including raising of loans to cover expected cash demands, subject to certain internal control measures of the Group. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group had net current liabilities at 31 December 2011, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the management obtained sufficient long-term bank facilities at the end of the reporting period. In addition, the power plants in the PRC have strong operating cash inflow. In this regard, the directors of the Company consider that the Group's liquidity risk is significantly reduced and are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the current interest rates at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

45. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity and interest risk tables

	THE GROUP						
	Weighted average interest rate %	On demand HK$$'000	Less than 1 year HK$'000	1 - 5 years HK$'000	5 + years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2011							
Non-derivative financial liabilities							
Non-interest bearing	**N/A**	**11,532,870**	**5,440,524**	**—**	**—**	**16,973,394**	**16,973,394**
Fixed interest rate instruments	**5.439**	**—**	**24,132,744**	**26,307,926**	**32,559,485**	**83,000,155**	**65,005,450**
Variable interest rate instruments*	**1.451**	**—**	**7,632,275**	**13,071,460**	**—**	**20,703,735**	**19,736,387**
		11,532,870	**37,205,543**	**39,379,386**	**32,559,485**	**120,677,284**	**101,715,231**
Derivatives - net settlement							
Interest rate swaps		**—**	**212,721**	**181,389**	**—**	**394,110**	**357,913**
At 31 December 2010							
Non-derivative financial liabilities							
Non-interest bearing	N/A	8,804,551	3,477,937	693,987	—	12,976,475	12,976,475
Fixed interest rate instruments	4.671	—	21,159,439	32,014,711	14,974,141	68,148,291	60,112,193
Variable interest rate instruments*	1.090	—	3,068,434	13,237,677	—	16,306,111	15,891,877
		8,804,551	27,705,810	45,946,375	14,974,141	97,430,877	88,980,545
Derivatives - net settlement							
Interest rate swaps		—	201,425	141,412	—	342,837	323,885

45. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity and interest risk tables (continued)

	THE COMPANY						
	Weighted average interest rate %	On demand HK$$'000	Less than 1 year HK$'000	1 - 5 years HK$'000	5 + years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2011							
Non-derivative financial liabilities							
Non-interest bearing	**N/A**	**72,008**	**—**	**—**	**—**	**72,008**	**72,008**
Fixed interest rate instruments	**5.345**	**6,258,842**	**227,043**	**6,866,410**	**—**	**13,352,295**	**12,164,500**
Variable interest rate instruments*	**1.350**	**—**	**6,944,969**	**13,071,460**	**—**	**20,016,429**	**19,220,118**
		6,330,850	**7,172,012**	**19,937,870**	**—**	**33,440,732**	**31,456,626**
Derivatives - net settlement							
Interest rate swaps		**—**	**212,721**	**181,389**	**—**	**394,110**	**357,913**
At 31 December 2010							
Non-derivative financial liabilities							
Non-interest bearing	N/A	5,894	—	—	—	5,894	5,894
Fixed interest rate instruments	3.590	—	223,005	6,969,545	—	7,192,550	6,212,442
Variable interest rate instruments*	1.090	—	1,959,277	13,237,677	—	15,196,954	14,798,960
		5,894	2,182,282	20,207,222	—	22,395,398	21,017,296
Derivatives - net settlement							
Interest rate swaps		—	201,425	141,412	—	342,837	323,885

* The interest rates applied to projected variable interest rate instrument's undiscounted future cash flows are the interest rates at the end of the reporting period. The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

45. FINANCIAL INSTRUMENTS *(continued)*

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of derivative financial instruments is calculated using discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives.

The financial assets and liabilities carried at amortised cost approximate their respective fair values except for bank and other borrowings carried at fixed interest. The fair value calculated by discounting the future cash flows at the prevailing market borrowing interest rate amounting to approximately HK$77,746,409,000 (2010: HK$74,448,723,000).

46. ACQUISITIONS OF SUBSIDIARIES

The following are the details of business acquired in 2010:

On 20 January 2010, the Group acquired from independent third parties 77.7726% equity interest in唐洞煤炭which is engaged in exploration and sale of coal in Hunan Province, the PRC, at a cash consideration of RMB116,590,000 (equivalent to approximately HK$132,415,000) with the objective of pursuing vertical integration. The transaction has been accounted for using the purchase method of accounting.

	HK$'000
Consideration satisfied:	
- by deposit paid in prior year	11,357
- by cash	121,058
	132,415

46. ACQUISITIONS OF SUBSIDIARIES *(continued)*

Assets acquired and liabilities recognised at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	14,255
Mining rights	169,628
Inventories	4,235
Trade and other receivables	12,648
Bank balances and cash	1,897
Trade and other payables	(36,515)
Deferred taxation liabilities	(42,407)
Taxation payable	(4,709)
	119,032
Goodwill arising on acquisition:	
Consideration transferred	132,415
Plus: Non-controlling interest (note)	26,513
Less: Fair value of identified net assets acquired	(119,032)
Goodwill arising on acquisition	39,896
Net cash outflow arising on acquisition:	
Consideration paid in cash	121,058
Less: Cash and cash equivalent acquired	(1,897)
	119,161

Note: The non-controlling interest (22.2274%) in 唐洞煤炭 recognised at the acquisition date was measured by reference to the share of the fair value of the identifiable assets acquired and the liabilities assumed which amounted to approximately HK$26,513,000.

The receivables acquired (which principally comprised trade and other receivables) with a fair value of HK$12,648,000 had gross contractual amounts of HK$12,648,000. The best estimate at acquisition date of the contractual cash flows of the receivables is expected to be collected.

The goodwill arising on the acquisition of the subsidiary is attributable to the anticipated future operating synergies from the combination.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Included in the profit and revenue for the year ended 31 December 2010 attributable to 唐洞煤炭 is HK$32,563,000 and HK$201,702,000, respectively, which represented the profit and revenue of 唐洞煤炭 for the year ended 31 December 2010.

47. ACQUISITIONS OF ASSETS

(a) In February 2010, the Group completed the acquisition of 100% equity interest in each of Shenzhen Yihe and Jiangsu Kunlun from independent third parties, for an aggregate consideration of RMB984,752,000 (equivalent to HK$1,118,998,000). Major assets of Shenzhen Yihe and Jiangsu Kunlun are investment in an associate and several investee companies that are engaged in operating power plants in the PRC and as such, the acquisitions have been accounted for as acquisitions of assets rather than businesses.

	HK$'000
Total consideration, satisfied by deposits paid in prior year	1,118,998

The assets acquired and liabilities recognised at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	13,973
Interests in an associate	37,720
Trade and other receivables	43,268
Amounts due from group companies	524,555
Investment in investee companies	735,294
Bank and cash balances	221,361
Amount due to an associate	(451,238)
Taxation payable	(5,935)
	1,118,998
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	221,361

47. ACQUISITIONS OF ASSETS *(continued)*

(b) In 2009, the Group entered into several agreements with independent third parties to acquire several mining rights held by various entities, with mining rights to an aggregate area of 10,580 hectares of coal mines located in Shanxi province. In January 2010, the acquisitions were completed. At date of completion, the mining rights holding companies had ceased operation for over one year and the acquisitions have been accounted for as acquisitions of assets rather than businesses.

	HK$'000
Consideration satisfied:	
– by deposit paid in prior year	6,370,561
– by cash	555,807
– by deferred consideration payables	693,987
	7,620,355

The assets acquired and liabilities recognised at the date of completion are as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	437,301
Prepaid lease payments	12,685
Mining rights	7,375,092
Inventories	38,859
Other receivables	1,867
Bank balances and cash	8,339
Other payables	(57,329)
	7,816,814
Less: Non-controlling interest	(196,459)
	7,620,355
Net cash outflow arising on acquisition:	
Consideration paid in cash	555,807
Less: Cash and cash equivalent acquired	(8,339)
	547,468

47. ACQUISITIONS OF ASSETS *(continued)*

(c) In January 2010, the Group acquired 51% equity interest in Xuzhou Huaxing from China Resources Co., Ltd. ("CRL"), an intermediate holding company of the Company, at a consideration of RMB465,000,000 (equivalent to approximately HK$528,120,000).

Xuzhou Huaxing is an investment holding company. The principal investments of Xuzhou Huaxing are 10.5% equity interest in one of the Group's subsidiaries, Tongshan, 15% equity interest in one of the Group's associates, China Resources (Xuzhou) Electric Power Company Limited, and 30% equity interest in 徐州垞城電力有限公司. The principal activities of the investee companies are engaged in the operation of power plants in Jiangsu Province, the PRC. Upon the completion of the acquisition, the Group's ownership interest in the subsidiary, Tongshan, was increased to 69.5% and the Group's ownership interest in China Resources (Xuzhou) Electric Power Company Limited was increased to 50%.

Two third majority of votes is required in board of directors' meeting to approve major financial and operating decisions as stated in the memorandum and articles of the China Resources China (Xuzhou) Electric Power Company Limited. The Group did not obtain control in China Resources (Xuzhou) Electric Power Company Limited and it was accounted for an associate of the Group.

	HK$'000
Consideration transferred, satisfied by deposit paid in prior year	528,120
Plus: Non-controlling interests (note i)	234,602
Fair value of identified net assets acquired	762,722

The assets acquired and liabilities recognised at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	1,685
Interest in associates	447,794
Investment in Tongshan (note ii)	139,584
Investments in investee companies	91,898
Amount due from a group company	113,574
Other receivables	39,745
Bank balances and cash	5,380
Other payables	(65,517)
Bank borrowings	(11,357)
Taxation payable	(64)
	762,722
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired	5,380

Notes:

(i) The non-controlling interest (49%) in Xuzhou Huaxing recognised at the acquisition date was measured by reference to the carrying value of the identifiable assets acquired and the liabilities assumed recognised in the consolidated financial statements.

(ii) The investment in Tongshan represents the fair value of the 10.5% equity interest in Tongshan, which is accounted for in the consolidated financial statements of the Group as an equity transaction for acquisition of additional interest in a subsidiary. The Group owned 54.5% equity interest in Tongshan and Tongshan was a subsidiary of the Group before the acquisition. The difference of HK$48,753,000 between the consideration attributable to this acquisition of additional interest and the carrying amount of the non-controlling interest attributable to the additional interest acquired is recognised directly in equity and attributable to the owners of the Company.

The fair values of interest in associates, investment in Tongshan and investments in investee companies are determined with reference to the professional valuations.

48. DISPOSAL OF A SUBSIDIARY

The following are the details of business disposed in 2010:

In August 2010, a Share Subscription Agreement was entered into by the Group and an independent third party (the "Purchaser") for the disposal by the Group of 50% interests in China Resources Power Orient Co., Limited ("CRP Orient") a wholly owned subsidiary of the Group. The disposal was effected by forming an investment holding company, namely Resources J, a jointly controlled entity of which each of the Group and the Purchaser holds 50% of its issued share capital. The Group and the Purchaser subscribed for 2,000,000 shares each as an initial capital of Resources J at an aggregate cash subscription price of approximately USD6,245,000 (equivalent to approximately HK$48,494,000) and approximately USD31,480,000 (equivalent to approximately HK$244,450,000), respectively. Pursuant to the terms of the Share Subscription Agreement, the Company transferred the entire issued share capital of CRP Orient at a consideration of RMB238,596,000 (equivalent to HK$278,223,000) to Resources J. CRP Orient holds the entire interest in CRP Hezhou. CRP Hezhou was in the process of development of a power plant in the PRC. This transaction was completed in December 2010. As a result of the transactions, the equity interest of the Group in CRP Orient and CRP Hezhou was reduced from 100% to 50%.

Pursuant to the Share Subscription Agreement, a Call Option Agreement and a Put Option Agreement were entered by the Group with Purchaser, whereby the Purchaser granted to the Group a call option at consideration of HK$1 to acquire 16% equity interest in Resources J and the Group granted to the Purchaser two put options at consideration of HK$1 to dispose of 16% and 34% equity interest in Resources J, respectively. The details of the call option and put options are set out in note 19.

	HK$'000
Consideration transferred, satisfied by cash	278,223

Analysis of assets disposed and liabilities derecognised over which control was lost:

	HK$'000
Property, plant and equipment	493,690
Deposit paid for acquisition of property, plant and equipment	1,083,658
Deposit paid for land use right	17,628
Trade and other receivables	5,220
Bank balances and cash	77,830
Trade and other payables	(87,341)
Amounts due to group companies	(7,141)
Bank borrowings	(1,327,953)
	255,591
Gain on disposal of a subsidiaries:	
Consideration received	278,223
Net assets disposed of	(255,591)
Interest in a jointly controlled entity retained (Note i)	127,795
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiaries	(22,950)
Gain on disposal (Note ii)	127,477
Net cash outflow arising on disposal:	
Cash consideration	278,223
Less: Cash and cash equivalent disposed of	(77,830)
	200,393

Notes:

(i) The fair value the interest in a jointly controlled entity retained at date of the disposal was the share of the fair value of each major class of assets and liabilities of Resources J and its subsidiaries at date of disposal.

(ii) The Group was granted with a call option to acquired 16% equity interest in Resources J which may only be exercised on any business day within the period from 17 December 2015 to 1 January 2016, and when the independent party does not exercise the first put option to sell the First Put Option Shares (Note 19). The group does not possess the potential voting rights that are currently exercisable or convertible arising from the call option. The Group lost control of the subsidiary upon disposal and the gain on the disposal is recognised.

49. OPERATING LEASE COMMITMENTS

THE GROUP AND THE COMPANY AS LESSEE

At the end of the reporting period, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

THE GROUP

	2011		2010	
	Land and buildings HK$'000	**Other assets HK$'000**	Land and buildings HK$'000	Other assets HK$'000
Within one year	**44,252**	**662**	23,825	6,077
In the second to fifth year inclusive	**14,909**	**2,481**	33,622	2,524
Over five years	**24,811**	**4,299**	7,989	5,049
	83,972	**7,442**	65,436	13,650

Operating lease payments represent rentals payable by the Group for its office premises and other assets which represented motor vehicles, railway and related facilities. Leases are negotiated for lease terms of 2 to 25 years and rentals are fixed.

THE COMPANY

	Land and buildings	
	2011 HK$'000	2010 HK$'000
Within one year	**3,922**	3,922
In the second to fifth year inclusive	**2,942**	6,864
	6,864	10,786

Operating lease payments represent rentals payable by the Company for its office premises. Leases are negotiated and rentals are fixed for original lease term of 3 years.

50. CAPITAL COMMITMENTS

	2011 HK$'000	2010 HK$'000
THE GROUP		
Contracted for but not provided in the financial statements		
– Capital expenditure in respect of the additions of property, plant and equipment	**20,883,499**	21,190,579
– Capital expenditure in respect of the acquisition of mining/exploration rights	**8,904,637**	9,477,236
	29,788,136	30,667,815
THE COMPANY		
Unpaid capital contribution to subsidiaries	**4,648,153**	3,453,982

51. RELATED PARTY TRANSACTIONS

The Company entered into two trademark licence agreements dated 17 October 2003 with CRNC and CRH, respectively, under which the Company was granted irrevocable, royalty free and non-exclusive licences to use certain trade marks and the rights to sub-license the same to any member of the Group in consideration of a nominal amount of HK$1 each.

(a) The Group entered into the following significant transactions with related parties during the year:

Name of related company	Relationship	Nature of transactions	2011 HK$'000	2010 HK$'000
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expenses paid	**4,080**	4,031
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expenses paid	**8,185**	6,714
Shanxi Jiurun Co. Ltd.	Associate	Interest expense paid	**19,074**	17,397
Certain subsidiaries of China Resources Cements Holdings Limited	Fellow subsidiaries	Sale of de-surplus gypsum	**4,564**	6,185
		Sales of ash and slag	**24,582**	24,442
		Purchase of limestone powder	**3,790**	4,383
		Sale of coal	**623,213**	218,374
河南永華能源有限公司	Associate	Purchase of fuel and coal	**189,745**	314,793
CRC	Intermediate holding company	Interest expense paid in respect of loans	**100,951**	—
太原華潤煤業	Associate	Interest income received	**173,546**	138,590
山西華潤煤業	Jointly controlled entity	Interest income received	**78,299**	46,172
山西聯盛能源投資有限公司	Non-controlling shareholder of a subsidiary	Service fee paid for provision of production technology consultation services	**—**	84,682

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in Note 9.

The Group also had balances with related parties at the end of the reporting period which are set out in Notes 24, 25, 28, 29, 30, 34 and 35.

The Company had balances with related parties at the end of the reporting period which are set out in Notes 17, 28, 29, 30, 34 and 35.

51. RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has early adopted the partial exemptions set out in paragraphs 27 to 29 of HKAS 24 (Revised) Related Party Disclosures in advance of its effective date, with effect from 1 January 2010.

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled, jointly controlled or significant influenced by the Chinese Mainland government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under China Resources National Corporation ("CRNC"), ultimate holding company of the Company, which is controlled by the government of the Chinese Mainland. Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the condensed consolidated financial statements, the Group also conducts business with other state-controlled entities directly or indirectly controlled, jointly controlled or significant influenced by the Chinese Mainland government in the ordinary course of business. The directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

The Group operates power plants in the PRC and sells all its electricity to the power grid companies which are also state-controlled entities in the PRC. In addition, the Group purchase significant amount of coal from coal mining companies and has certain borrowing and bank balance with certain banks which are stated-owned entities in its ordinary course of business. The Group has also entered into various transactions, including other operating expenses with other state-controlled entities which individually and collectively were insignificant during the year.

Corporate Information

Chairman	Zhou Jun Qing
President	Wang Yu Jun
Executive Directors	Zhou Jun Qing Wang Yu Jun Zhang Shen Wen Li She Tang Wang Xiao Bin
Non-executive Directors	Du Wen Min Shi Shan Bo Wei Bin Zhang Hai Peng
Independent Non-executive Directors	Anthony H. Adams Chen Ji Min Ma Chiu Cheung, Andrew Elsie Leung Oi-sie Raymond K.F. Ch'ien
Company Secretary	Wang Xiao Bin
Auditors	Deloitte Touche Tohmatsu
Lega l Advisor	Morrison & Foerster
Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
Registered Office	Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, General Line: (852) 2593 7530 Facsimile: (852) 2593 7531

Information for Investors

SHARE LISTING AND STOCK CODE

The Company's shares are listed on The Stock Exchange of Hong Kong Limited. Our stock code is 836.

FINANCIAL DIARY

Financial year end	31 December 2011
Announcement of final results	19 March 2012
Last day to register for final dividend	13 June 2012
Book close	14 June 2012 to 20 June 2012
Payment of final dividend	on or about 26 June 2012

SHAREHOLDER ENQUIRIES

For enquires about share transfer and registration, please contact the Company's Share Registrar:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong.
Telephone: (852) 2862 8628
Facsimile: (852) 2865 0990

For enquires from investors and securities analysts, please contact:

Investor Relations Department
China Resources Power Holdings Company Limited
Room 2001-2005, 20th Floor, China Resources Building,
26 Harbour Road, Wanchai, Hong Kong.
General Line: (852) 2593 7530
IR hotline: (852) 2593 7550
Facsimile: (852) 2593 7531 / 2593 7551
E-mail: crp-ir@crc.com.hk

OUR WEBSITE

www.cr-power.com

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華潤電力控股有限公司
China Resources Power Holdings Company Limited

Rooms 2001-2005
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Telephone: (852) 2593 7530
http://www.cr-power.com