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華潤電力控股有限公司

China Resources Power Holdings Company Limited

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 836)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

SUMMARY OF OPERATING RESULTS

The board of directors (the “Board”) of China Resources Power Holdings Company Limited (the “Company”) announces the audited financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2017.

For 2017, profit attributable to owners of the Company (“Net Profit”) amounted to approximately HK\$4,623 million, representing a decrease of HK\$3,085 million or 40.0% from a Net Profit of approximately HK\$7,708 million for 2016. Basic earnings per share for 2017 is HK\$0.97, representing a decrease of 40.1% from basic earnings per share of HK\$1.62 for 2016.

During the year, the Group shut down the 2x135MW coal-fired power plant in Xingning, controlled the pace of new generation capacity of coal-fired power plants and discontinued the development of certain coal-fired power plants and made relevant provisions for capital already invested, and made impairment provisions for retirement of obsolete power assets as a result of technological upgrades, which reduced Net Profit of the Group by approximately HK\$590 million. During the year, the Group implemented shutdown plan of individual coal mines in Hunan and Shanxi. The impairment provisions made for these coal assets reduced Net Profit of the Group by approximately HK\$254 million. For details, please refer to “Operating expenses” under the section headed “Operating results”.

The Board resolved to recommend a final dividend of HK\$0.75 per share for 2017. Including the interim dividend of HK\$0.125 per share paid in October 2017, total dividend paid and proposed for 2017 is HK\$0.875 per share, implying a dividend payout ratio of 90.2%.

	For the year ended	
	31 December	
	2017	2016
Turnover (<i>HK\$'000</i>)	73,311,677	66,212,590
Profit attributable to owners of the Company (<i>HK\$'000</i>)	4,623,323	7,708,373
Basic earnings per share (<i>HK\$</i>)	0.97	1.62
Dividend per share (<i>HK\$</i>)	0.875	0.875
Dividend payout ratio	90.2%	54.0%

As at 31 December 2017, equity attributable to owners of the Company amounted to HK\$75,214 million, and total assets of the Group amounted to HK\$220,972 million. Cash and cash equivalents of the Group amounted to HK\$5,382 million, with net debt to shareholders' equity ratio standing at approximately 126.9%.

	As at 31 December	
	2017	2016
Equity attributable to owners of the Company (<i>HK\$'000</i>)	75,213,819	69,020,906
Total assets (<i>HK\$'000</i>)	220,972,470	200,111,469
Cash and cash equivalents (<i>HK\$'000</i>)	5,381,686	4,347,022
Pledged and restricted bank deposits (<i>HK\$'000</i>)	890,182	1,092,114
Bank and other borrowings (<i>HK\$'000</i>)	101,722,869	91,463,402
Net debt to shareholders' equity (%)	126.9	124.6
EBITDA interest coverage (<i>times</i>) ⁽¹⁾	5.4	6.9

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

Note:

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

BUSINESS REVIEW FOR 2017

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

China's total power generation reached 6.4 trillion kWh in 2017, representing an increase of 6.5% compared with 2016. Thermal power generation amounted to 4.6 trillion kWh, representing an increase of 5.2% compared with 2016. Wind power generation amounted to 0.31 trillion kWh, representing an increase of 26.3% compared with 2016.

In 2017, due to the policy of reducing overcapacity in the coal industry, improvement in macro-economic growth and national restrictions on coal production, the continuous tight supply in the domestic coal market has resulted in coal prices remaining at high levels throughout the year.

In 2017, due to the slow capacity growth in thermal power generation and higher social demand for electricity, the average utilisation hours for thermal generation units in China increased by 23 hours or 0.5% year on year to 4,209 hours. Most power plants of the Group are large-scale efficient generation units mainly located in regions with relatively strong demand for electricity which give us certain competitive advantages in the market. The average full-load equivalent utilisation hours of the subsidiary coal-fired power plants under the Group which were operational for the full year of 2017 reached 4,964 hours, representing an increase of 1.4% compared to 4,898 hours for the full year of 2016, and exceeding the national average utilisation hours for thermal power plants by 755 hours.

In 2017, the average utilisation hours for wind power generation units in China was 1,948 hours. Wind farms of the Group are mainly located in regions with low curtailment including Eastern, Central and Southern China. The average full-load equivalent utilisation hours of our wind farms which were operational for the full year of 2017 reached 2,225 hours, exceeding the national average level for wind power generation units by 277 hours.

Generating capacity

As at 31 December 2017, the Group's total attributable operational generation capacity was 36,077MW, of which, attributable operational generation capacity of the Group's coal-fired power plants amounted to 29,815MW, accounting for 82.6%. Wind, hydro, photovoltaic and gas-fired capacity together accounted for 17.4%, representing an increase of 3.3 percentage points compared to the end of 2016.

During the year, the Group accelerated the development and construction of clean renewable energy, mainly wind farms and photovoltaic power projects. During the

year, the generation capacity of newly commissioned wind and photovoltaic power projects reached 1,010MW and 145MW respectively. At the end of 2017, the Group's attributable operational wind power generation capacity reached 5,629MW; wind power capacity under construction was 2,137MW; attributable operational photovoltaic generation capacity reached 275MW and photovoltaic capacity under construction was 71MW; attributable operational hydro-electric generation capacity reached 280MW and hydro-electric capacity under construction was 107MW.

During the year, the Group did not commission any new coal-fired units, and reduced its stake in Guizhou Liuzhi power plant and Cangnan power plant.

Gross and net generation volume

The total gross generation volume of the Group's consolidated operating power plants amounted to 168,864,293MWh in 2017, representing an increase of 5.2% compared to 2016.

The total net generation volume of the Group's consolidated operating power plants amounted to 159,395,411MWh in 2017, representing an increase of 5.1% compared to 2016.

In 2017, the total net generation volume of the Group's subsidiary power plants that participated in direct power supply amounted to 59,786,344MWh, and the average tariff of the direct power supply volumes compared with the average tariff of the power plants that participated in direct power supply was at a discount of approximately 6.0%. The Group collaborated with other business units of China Resources (Holdings) Company Limited ("CR Group"), our controlling shareholder. In 2017, the Group provided (among others) direct power supply and power purchase agency services for companies including but not limited to China Resources Cement Holdings Limited and China Resources Microelectronics Limited. In 2017, the Group provided approximately 2,846,174MWh of direct power supply to connected parties of CR Group, representing approximately 4.8% of its total direct power supply volume.

On-grid tariff

Effective from 1 July 2017, the government increased the on-grid tariffs of coal-fired plants via cancelling levies of special funds for structural adjustment of industrial enterprises. The average rate of adjustment for on-grid tariffs was RMB0.0129/kWh.

Fuel costs

Average unit fuel cost for the Group's subsidiary coal-fired power plants in 2017 was RMB213.93/MWh, representing a year-on-year increase of 37.0%. Average standard coal cost was RMB700.85/tonne, representing an increase of 37.5% from the previous year.

In 2017, the average net generation standard coal consumption rate of the Group's subsidiary coal-fired power plants was 303.16g/kWh, representing a decrease of 1.84g/kWh or 0.6% from 305.00g/kWh in 2016.

Environmental expenses

In 2017, the total amount of environmental expenses incurred by the Group's subsidiary coal-fired power plants was RMB106 million, representing an increase of 11.6% compared to 2016, which was mainly due to the increase in the levy rates for environmental protection in Hebei province from 2017 and the newly commissioned Liuzhi project at the end of 2016.

As at the end of 2017, units of the Group's subsidiary coal-fired power plants with an attributable operational generation capacity of 22,792 MW have completed the installation for ultra-low emission reduction, accounting for approximately 91% of the attributable operational generation capacity of subsidiary coal-fired power plants, which further lowers the emission of sulfur dioxide, nitrogen oxide and particulates.

Coal mine operations

In 2017, the subsidiary and associate coal mines of the Group produced a total of approximately 15.02 million tonnes of coal (aggregation of each mine's production volume), representing an increase of 2.0% from 2016, among which, 12.83 million and 2.19 million tonnes were produced by the subsidiary coal mines and associate coal mines, respectively.

Capital expenditure

In 2017, the cash capital expenditure of the Group amounted to approximately HK\$16,400 million, among which, approximately HK\$9,000 million was used in the construction of wind farms, photovoltaic power projects and hydro-electric projects, HK\$2,000 million was used in the upgrading of existing coal-fired units for ultra-low emission reduction, safety and energy saving and heat supply technology, approximately HK\$4,800 million was used in the construction of coal-fired units, and approximately HK\$600 million was used in the upgrading and construction of coal mines.

PROSPECTS FOR 2018 AND THE FUTURE

The growth rate of power consumption is expected to remain stable year-on-year in 2018, with ample power supply to meet demand, and oversupply in certain regions.

With a series of measures taken by the Chinese government to increase coal supply to promote balanced supply and demand in the coal market, market prices of thermal coal are expected to decline in 2018.

The coal-fired units which are expected to commence operation include: 2x1,000MW ultra-supercritical generation units in Caofeidian (Phase II), Hebei, currently 90% owned by the Group and expected to commence operation of one unit each in 2018 and 2019, respectively; 2x350MW heat and power co-generation units in Yundong, Hebei, 90% owned by the Group and expected to commence operation in 2019; and the 108MW distributed gas project in Changzhou, Jiangsu, 100% owned by the Group and expected to commence operation in 2018. As Caofeidian Phase II, upon completion, will have one of the lowest coal consumption rate in the industry, and hence a significant environmental advantage, we have received notices from government authorities that they want the units to commence operation as soon as possible. In addition, the Group will strictly control the construction progress of Wujianfang project in Inner Mongolia and Jinzhou project. If Wujianfang project is able to secure appropriate generation volume sending electricity generated to Jiangsu Province via ultra high voltage transmission lines at an appropriate tariff, we will finalise the construction and commissioning schedule of the project accordingly.

In 2018, the Group will continue to accelerate the development and construction of renewable energy projects, mainly wind power projects, with the aim of commissioning approximately 1,500MW per year in the next three years. To achieve this goal, the Group will be required to obtain approvals from the PRC government for projects which meet internal investment hurdle rates, have the right construction conditions and complete construction as scheduled, some of which are subject to certain external factors. The Group's target is to grow its renewables business, primarily in wind power, to approximately 25% of its total attributable operational generation capacity by 2020.

With the advancement of reform in the Chinese power industry, the Group will actively monitor development opportunities arising from the gradual liberalization of the power retail business and new power distribution networks, and focus on the development of power retail business and integrated energy services such as energy efficiency service and energy storage.

The cash capital expenditure of the Group for 2018 is expected to be approximately HK\$18.2 billion, including approximately HK\$12.1 billion for the construction and acquisition of wind farms, photovoltaic power projects and hydro-electric plants, approximately HK\$1.7 billion for technical upgrades such as energy saving and efficiency improvement of existing operational coal-fired units; approximately HK\$3.9 billion for the construction of coal-fired units; and approximately HK\$0.5 billion for the transformation and construction of coal mines. The Group will control the pace of capital expenditure based on macro-economic conditions of China, in particular domestic demand and supply of electricity, government policies for energy and related industries and the Group's strategies, and make prompt and necessary adjustment based on external market conditions and general policies of the government.

OPERATING RESULTS

Our audited results of operations for the years ended 31 December 2017 and 2016 are as follows:

Consolidated Income Statement For the year ended 31 December 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Turnover	<u>73,311,677</u>	<u>66,212,590</u>
Operating expenses		
Fuels	(38,071,827)	(27,199,184)
Repairs and maintenance	(1,848,321)	(2,142,577)
Depreciation and amortisation	(10,507,422)	(9,882,488)
Employee benefit expenses	(5,177,763)	(5,530,489)
Consumables	(1,032,152)	(920,790)
Impairment losses	(850,665)	(1,282,288)
Tax and surcharge	(1,163,242)	(1,124,157)
Others	<u>(4,163,098)</u>	<u>(3,734,114)</u>
Total operating expenses	<u>(62,814,490)</u>	<u>(51,816,087)</u>
Other income	2,335,498	1,923,016
Other (losses)/gains — net	<u>(352,687)</u>	<u>35,262</u>
Operating profit	12,479,998	16,354,781
Finance costs	(3,991,498)	(3,557,220)
Share of results of associates	136,448	288,995
Share of results of joint ventures	<u>(104,558)</u>	<u>(44,968)</u>
Profit before income tax	8,520,390	13,041,588
Income tax expense	<u>(2,901,686)</u>	<u>(4,398,440)</u>
Profit for the year	<u><u>5,618,704</u></u>	<u><u>8,643,148</u></u>
Profit for the year attributable to:		
Owners of the Company	4,623,323	7,708,373
Non-controlling interests		
— Perpetual capital securities	—	150,164
— Others	<u>995,381</u>	<u>784,611</u>
	<u>995,381</u>	<u>934,775</u>
	<u><u>5,618,704</u></u>	<u><u>8,643,148</u></u>
Earnings per share attributable to owners of the Company for the year		
— Basic	<u>HK\$0.97</u>	<u>HK\$1.62</u>
— Diluted	<u>HK\$0.97</u>	<u>HK\$1.61</u>

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2017

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>5,618,704</u>	<u>8,643,148</u>
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	5,750,623	(5,326,643)
Share of other comprehensive income of investments accounted for using the equity method	190,355	(203,312)
Release to profit or loss in relation to disposal of subsidiaries	(2,549)	—
Fair value changes on cash flow hedges, net of tax	—	44,123
Changes in fair value of available-for-sale investments, net of tax	<u>(33,642)</u>	<u>22,543</u>
Total items that may be reclassified subsequently to profit or loss, net of tax	<u>5,904,787</u>	<u>(5,463,289)</u>
Total comprehensive income for the year, net of tax	<u>11,523,491</u>	<u>3,179,859</u>
Attributable to:		
Owners of the Company	10,299,555	2,327,122
Non-controlling interests		
— Perpetual capital securities	—	150,164
— Others	<u>1,223,936</u>	<u>702,573</u>
	<u>1,223,936</u>	<u>852,737</u>
Total comprehensive income for the year	<u>11,523,491</u>	<u>3,179,859</u>

Consolidated Balance Sheet
As at 31 December 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	152,334,653	138,275,197
Prepaid lease payments	3,537,380	3,344,692
Mining rights	15,301,970	14,902,898
Exploration and resources rights	162,310	151,677
Prepayment for non-current assets	5,093,455	2,784,169
Investments in associates	8,747,317	8,459,278
Loans to an associate	—	508,923
Investments in joint ventures	3,660,368	3,610,368
Goodwill	1,626,560	1,567,684
Amounts due from joint ventures	142,566	
Loans to a joint venture	41,590	
Deferred income tax assets	946,782	725,131
Available-for-sale investments	1,516,177	1,471,665
Loans to an available-for-sale investee company	149,937	424,099
Loans to non-controlling shareholders of a subsidiary	<u>14,954</u>	<u>—</u>
	<u>193,276,019</u>	<u>176,225,781</u>
Current assets		
Inventories	3,205,152	3,124,403
Trade receivables, other receivables and prepayments	16,006,853	14,765,870
Loans to associates	1,158,256	21,911
Loans to joint ventures	255,889	192,535
Loans to an available-for-sale investee company	303,893	—
Loans to non-controlling shareholders of a subsidiary	—	32,979
Amounts due from associates	466,885	162,862
Amounts due from joint ventures	25,006	143,821
Amounts due from other related companies	2,649	2,171
Pledged and restricted bank deposits	890,182	1,092,114
Cash and cash equivalents	<u>5,381,686</u>	<u>4,347,022</u>
	<u>27,696,451</u>	<u>23,885,688</u>
Total assets	<u><u>220,972,470</u></u>	<u><u>200,111,469</u></u>

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	22,341,736	22,257,732
Other reserves	13,618,598	6,746,795
Retained earnings	<u>39,253,485</u>	<u>40,016,379</u>
	<u>75,213,819</u>	<u>69,020,906</u>
Non-controlling interests	<u>5,528,061</u>	<u>5,543,957</u>
Total equity	<u><u>80,741,880</u></u>	<u><u>74,564,863</u></u>
LIABILITIES		
Non-current liabilities		
Borrowings	68,761,886	70,166,815
Deferred income tax liabilities	2,576,356	2,590,741
Deferred income	1,060,334	955,922
Retirement and other long-term employee benefits obligations	<u>224,604</u>	<u>171,642</u>
	<u>72,623,180</u>	<u>73,885,120</u>
Current liabilities		
Trade payables, other payables and accruals	32,181,836	28,337,920
Amounts due to associates	629,919	253,426
Amounts due to joint ventures	317,077	653,476
Amounts due to other related companies	1,440,535	544,165
Current income tax liabilities	877,060	575,912
Borrowings	<u>32,160,983</u>	<u>21,296,587</u>
	<u>67,607,410</u>	<u>51,661,486</u>
Total liabilities	<u><u>140,230,590</u></u>	<u><u>125,546,606</u></u>
Total equity and liabilities	<u><u>220,972,470</u></u>	<u><u>200,111,469</u></u>

Consolidated Statement of Cash Flows
For the year ended 31 December 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	8,520,390	13,041,588
Adjustments for:		
Depreciation for property, plant and equipment	10,015,238	9,428,679
Amortisation of mining rights	396,292	360,138
Amortisation of prepaid lease payments	95,892	93,671
Impairment charges on property, plant and equipment	728,239	1,000,347
Reversal of impairment losses on prepaid lease payments	(2,112)	(3,071)
Impairment charges on mining rights	99,808	119,687
Impairment charges on goodwill	—	136,370
Impairment charges on inventories	28,984	19,670
(Reversal of)/provision for impairment of doubtful accounts	(4,254)	9,285
Exchange losses/(gains)	193,456	(219,397)
Interest expense	3,991,498	3,557,220
Interest income	(310,854)	(279,427)
Fair value changes on derivative financial instruments	—	17,552
Share of results of associates	(136,448)	(288,995)
Share of results of joint ventures	104,558	44,968
Dividends received from available-for-sale investments	(189,572)	(78,778)
Net losses on disposal of property, plant and equipment	363,925	447,066
Net gains on disposal of prepaid lease payments	—	(4,760)
Net gains on disposal of subsidiaries	(143,965)	(26,121)
Net losses/(gains) on disposal of other equity investments	133,065	(203,556)
Changes in working capital:		
Decrease/(increase) in inventories	135,281	(1,005,845)
Increase in trade receivables, other receivables and prepayments	(1,852,116)	(1,117,764)
(Decrease)/increase in trade payables, other payables and accruals	(840,489)	2,447,716
Increase in retirement and other long-term employee benefits obligations	52,962	21,878
Income tax paid	(2,817,758)	(5,223,601)
CASH INFLOWS FROM OPERATING ACTIVITIES - NET	<u>18,562,020</u>	<u>22,294,520</u>

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from associates	908,581	1,633,123
Dividend received from joint ventures	—	27,889
Dividend received from available-for-sale investments	218,593	75,327
Interest received	212,399	90,937
Decrease/(increase) of term deposits	82,229	(368,710)
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	(15,527,187)	(16,319,256)
Proceeds from disposal of property, plant and equipment	239,401	145,121
Proceeds from disposal of prepaid lease payments	—	6,840
Proceeds from disposal of subsidiaries-net	445,824	34,274
Proceeds from disposal of other equity investments	—	200,409
Loans to associates	(654,872)	(609,619)
(Loans to)/loans repaid by joint ventures	(118,507)	37,566
Loans to an available-for-sale investee company	—	(74,016)
Loans repaid by other related parties	19,919	34,485
Capital contributions into available-for-sale investments	—	(30,160)
Capital contributions into associates	(530,382)	(96,699)
Proceeds from repayment of capital contributions for an available-for-sale investment	—	42,378
Capital contributions into joint ventures	(61,494)	(146,868)
Cash outflows on acquisition of interests in a joint venture	—	(50,254)
Government grants related to assets	44,987	99,029
CASH OUTFLOWS FROM INVESTING ACTIVITIES - NET	<u>(14,720,509)</u>	<u>(15,268,204)</u>

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	38,788,104	37,360,832
Proceeds from issuance of corporate bonds	—	9,379,850
Repayment of bank borrowings	(32,909,672)	(39,326,437)
Redemption of perpetual capital securities	—	(5,835,750)
Coupon payment on perpetual capital securities	—	(210,915)
Proceeds from issuance of shares for exercised options	33,954	3,454
Proceeds from sale of shares held for share award scheme	55,184	—
Capital contributions to acquisition of additional interest in a subsidiary	—	(188,087)
Capital contributions from non-controlling interests	497,611	404,851
Advance from/(repayment of advances to) associates	107,090	(492,095)
Repayment of advances to joint ventures	(517,812)	(225,291)
Repayment of advances to other related companies	(34,718)	(37,153)
Advances from/(repayment of advances to) an intermediate holding company	800,102	(132)
(Repayment of advances to)/advances from non-controlling interests of subsidiaries	(5,052)	19,520
Interests paid	(4,090,291)	(3,923,506)
Dividends paid to owners of the Company	(4,185,088)	(4,175,587)
Dividends paid to non-controlling interests of the subsidiaries	<u>(1,770,857)</u>	<u>(2,333,321)</u>
CASH OUTFLOWS FROM FINANCING ACTIVITIES - NET	<u>(3,231,445)</u>	<u>(9,579,767)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	610,066	(2,553,451)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,347,022	7,273,945
EXCHANGE GAINS / (LOSSES)	<u>424,598</u>	<u>(373,472)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>5,381,686</u></u>	<u><u>4,347,022</u></u>

Overview

Net Profit for 2017 amounted to approximately HK\$4,623 million, representing a decrease of approximately 40.0% as compared with 2016.

Basis of preparation of financial statements and principal accounting policies

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investments which are carried at fair value.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap. 622, the Laws of Hong Kong).

As at 31 December 2017, the Group had net current liabilities of approximately HK\$39,911 million. The Board is of the opinion that, taking into account the banking facilities undrawn by the Group as well as the current operation conditions of the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as they fall due for at least the following twelve months from the balance sheet date. Therefore, these financial statements have been prepared on a going concern basis.

Changes in accounting policy and disclosures

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

(a) New and amended standards, effective for the financial year beginning on or after 1 January 2017:

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

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

- Amendments to HKFRS 10 and HKAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”
- HKFRS 9 “Financial instruments”
- HKFRS15 “Revenue from contracts with customers”
- Amendments to HKFRS 2 “Classification on Measurement of Share-based Payment Transactions”
- Amendments to HKFRS 4, “Insurance Contracts”
- Amendment to HKFRS 1 “First time adoption of HKFRS”
- Amendment to HKAS 28 “Investments in associates and joint ventures”
- Amendment to HKAS 40 “Transfers of investment property”
- HKFRIC 22 “Foreign Currency Transactions and Advance Consideration”
- HKFRS 16 “Leases”
- Amendment to HK(IFRIC) 23 “Uncertainty Over Income Tax Treatments”

The management has made an assessment of the impact of the above new standards and amendments to standards, and the result is consistent with assessment the management made and disclosed in the annual financial statements for the year ended 31 December 2017.

TURNOVER AND SEGMENT INFORMATION

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of electricity	64,013,900	59,484,597
Of which: Sales of power generated from thermal power plants	56,532,142	53,449,457
Sales of power generated from renewable energy	7,481,758	6,035,140
Heat supply	3,763,647	3,128,114
Sales of coal	<u>5,534,130</u>	<u>3,599,879</u>
	<u>73,311,677</u>	<u>66,212,590</u>

The Group's turnover for 2017 was HK\$73,312 million, representing a 10.7% increase from HK\$66,213 million in 2016, mainly attributable to (1) a year-on-year increase of 5.1% in the sales of electricity from subsidiary power plants, (2) the government increased the on-grid tariffs for coal-fired plants through measures including cancelling special fund for structural adjustment of industrial enterprises from 1 July 2017, and (3) a year-on-year increase of 57.5% in the selling price of coal. However, the above factors were partially offset as the Group's revenue is substantially denominated in Renminbi ("RMB") and with the depreciation of the RMB against the Hong Kong dollar ("HKD"), the value of turnover presented in HKD recorded a year-on-year decrease.

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

SEGMENT REVENUE AND RESULTS

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

For the year ended 31 December 2017

	Thermal power <i>HK\$'000</i>	Renewable energy <i>HK\$'000</i>	Coal mining <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue					
External sales	60,295,789	7,481,758	5,534,130	—	73,311,677
Inter-segment sales	<u>—</u>	<u>—</u>	<u>118,931</u>	<u>(118,931)</u>	<u>—</u>
Total	<u>60,295,789</u>	<u>7,481,758</u>	<u>5,653,061</u>	<u>(118,931)</u>	<u>73,311,677</u>
Segment profit	<u>6,538,715</u>	<u>4,154,059</u>	<u>2,896,483</u>	<u>—</u>	<u>13,589,257</u>
Unallocated corporate expenses					(1,427,129)
Interest income					310,854
Fair value changes on derivative financial instruments					—
Gains on disposal of a subsidiary					143,965
Losses on disposal of other equity investments, net					(133,065)
Finance costs					(3,991,498)
Share of results of associates					136,448
Share of results of joint ventures					(104,558)
Dividend income from available-for-sale investments					189,572
Exchange losses					<u>(193,456)</u>
Profit before income tax					<u>8,520,390</u>

For the year ended 31 December 2016

	Thermal power	Renewable energy	Coal mining	Eliminations	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue					
External sales	56,577,571	6,035,140	3,599,879	—	66,212,590
Inter-segment sales	<u>—</u>	<u>—</u>	<u>99,232</u>	<u>(99,232)</u>	<u>—</u>
Total	<u>56,577,571</u>	<u>6,035,140</u>	<u>3,699,111</u>	<u>(99,232)</u>	<u>66,212,590</u>
Segment profit/(loss)	<u>13,835,139</u>	<u>3,010,846</u>	<u>(320,448)</u>	<u>—</u>	<u>16,525,537</u>
Unallocated corporate expenses					(960,483)
Interest income					279,427
Fair value changes on derivative financial instruments					(17,552)
Gains on disposal of a subsidiary					26,121
Gains on disposal of other equity investments, net					203,556
Finance costs					(3,557,220)
Share of results of associates					288,995
Share of results of joint ventures					(44,968)
Dividend income from available-for-sale investments					78,778
Exchange gains					<u>219,397</u>
Profit before income tax					<u>13,041,588</u>

Inter-segment sales are charged at prevailing market rates.

Geographical information

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

Operating expenses

Operating expenses mainly comprise fuels, repairs and maintenance, depreciation and amortisation, employee benefit expenses, consumables, tax and surcharge, impairment charges, and other operating expenses. Other operating expenses include safety production expenses of coal, office rent, water charges, production maintenance fees, utility expenses and other management expenses. Operating expenses in 2017 amounted to HK\$62,814 million, representing an increase of 21.2% from HK\$51,816 million in 2016.

Fuels for 2017 amounted to approximately HK\$38,072 million, representing an increase of HK\$10,873 million or 40.0% from HK\$27,199 million for 2016. This was mainly due to a 37.0% increase in the average unit fuel cost and a 3.9% increase in net generation volume of the Group's consolidated coal-fired power plants in 2017.

In 2017, repairs and maintenance expenses decreased by approximately HK\$294 million or 13.7% to approximately HK\$1,848 million, which was mainly attributable to the decrease in the number of units which undertook repair and maintenance in 2017 as compared with that in 2016.

In 2017, depreciation and amortisation increased by approximately HK\$625 million or 6.3% to HK\$10,507 million, mainly due to the newly commissioned Liuzhi coal-fired generation units at the end of 2016 and the newly commissioned wind and photovoltaic power projects.

Employee benefit expenses decreased by approximately HK\$353 million or 6.4% to HK\$5,178 million from approximately HK\$5,530 million in 2016, mainly due to personnel reassignment and retirement due to closure of certain subsidiary coal mines of the Group, resulting in a decrease in the number of employees.

Tax and surcharge increased by HK\$39 million or 3.5% from HK\$1,124 million in 2016 to HK\$1,163 million, mainly due to increase in coal price, leading to an increase of resource tax paid by subsidiary coal mine producers.

Impairment losses decreased by 33.7% from approximately HK\$1,282 million in 2016 to approximately HK\$851 million in 2017, mainly including: (1) impairment provisions of approximately HK\$703 million made for power assets, including shutting down of 2x135MW coal-fired units in Xingning, controlling the pace of new coal-fired power plants, discontinuing certain coal-fired power plants and making provisions for the capital already invested, and making impairment provisions for obsolete environmental protection, safety and energy saving equipment as a result of technological upgrades; (2) impairment provisions of approximately HK\$123 million was made for mining assets, mainly due to the implementation of the plan to shut down individual coal mines in Hunan and Shanxi which resulted in impairment for underlying coal assets and provisions for impairment of inventories and trade receivables of individual projects amounting to HK\$25 million in aggregate. Based on the Group's stakes in the power and coal assets stated above, share of total impairment losses recognised in the Group's Net Profit amounted to approximately HK\$844 million.

Other operating expenses in 2017 amounted to approximately HK\$4,163 million, representing an increase of HK\$429 million or 11.5% as compared with HK\$3,734 million in 2016. Other operating expenses mainly include other production costs for power operations such as water charges, discharge fees and utility expenses in an aggregate amount of approximately HK\$2,102 million; other production costs for coal operations such as safety production fees and production maintenance fees in an aggregate amount of approximately HK\$319 million; and management fees such as office rent, building management fees, professional fees, transportation costs and other administrative fees in an aggregate amount of approximately HK\$1,742 million.

Other income and other losses - net

In 2017, other income amounted to approximately HK\$2,335 million, representing an increase of 21.4% as compared with approximately HK\$1,923 million in 2016, mainly attributable to an increase in income received from government subsidies, dividend income, income from sales of by-products, service income from heat connection contracts and interest income. Other income for the year mainly included government grant and subsidies of approximately HK\$786 million, sales of scrap materials of approximately HK\$601 million, service income from heat connection contracts of approximately HK\$333 million, interest income of approximately HK\$311 million and dividend income of approximately HK\$190 million.

Other losses - net were approximately HK\$353 million, including loss on disposal of property, plant and equipment of HK\$364 million, exchange losses of HK\$193 million, partially offset by gains from capacity replacement of HK\$91 million for coal and insurance indemnity income of HK\$25 million.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expense and non-controlling interests. Operating profit amounted to approximately HK\$12,480 million for 2017, representing a decrease of 23.7% from HK\$16,355 million for 2016. The decrease in operating profit was mainly due to the significant increase in unit fuel cost of the Group's subsidiary coal-fired power plants.

Finance costs

Finance costs amounted to approximately HK\$3,991 million in 2017, representing an increase of HK\$434 million or 12.2% from HK\$3,557 million in 2016, mainly due to the increase in bank and other borrowings of the Group during the year.

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interests on bank and other borrowings	3,585,454	3,283,822
Interests on corporate bonds	803,024	648,152
Others	<u>91,254</u>	<u>86,806</u>
	4,479,732	4,018,780
Less: Interests capitalised in property, plant and equipment	<u>(488,234)</u>	<u>(461,560)</u>
	<u><u>3,991,498</u></u>	<u><u>3,557,220</u></u>

Share of results of associates

Share of results of associates in 2017 amounted to HK\$136 million, compared to that of HK\$289 million in 2016, which was mainly due to the decrease in profitability of associate coal-fired power plants as a result of a significant increase in coal prices.

Share of results of joint ventures

Share of results of joint ventures recorded a loss of approximately HK\$105 million in 2017, compared to a loss of HK\$45 million in 2016. The increased loss was mainly attributable to the increased losses incurred by Hezhou Power Plant in Guangxi due to the increase in coal prices.

Income tax expense

Income tax expense for 2017 amounted to approximately HK\$2,902 million, representing a decrease of HK\$1,497 million or 34.0% from HK\$4,398 million in 2016. The decrease in enterprise income tax was mainly due to the decline in profit of subsidiary coal-fired power plants.

Details of the income tax expense for the years ended 31 December 2017 and 2016 are set out below:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax — PRC enterprise income tax	3,129,034	4,464,475
Deferred income tax	<u>(227,348)</u>	<u>(66,035)</u>
	<u><u>2,901,686</u></u>	<u><u>4,398,440</u></u>

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

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

Operating profit for the year

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit for the year has been arrived at after charging:		
Directors' remuneration		
— Fees	1,335	1,335
— Salaries and bonus	23,133	18,738
— Pension costs	<u>156</u>	<u>488</u>
	24,624	20,561
Wages, salaries and bonus	4,395,857	4,489,471
Pension costs, excluding directors — retirement benefit schemes	624,206	685,263
Employees termination benefits	<u>133,076</u>	<u>335,194</u>
Total staff costs	<u>5,177,763</u>	<u>5,530,489</u>
Amortisation of prepaid lease payments	95,892	93,671
Amortisation of mining rights	396,292	360,138
Auditor's remuneration	12,056	10,872
Cost of inventories recognised as operating expenses	39,132,963	28,139,644
Depreciation of property, plant and equipment	10,015,238	9,428,679
Impairment loss on property, plant and equipment	728,239	1,000,347
Reversal of impairment loss on prepaid lease payments	(2,112)	(3,071)
Impairment loss on mining rights	99,808	119,687
Impairment loss on goodwill	—	136,370
Impairment loss on inventories	28,984	19,670
(Reversal of)/provision for doubtful accounts	(4,254)	9,285
Minimum lease payments under operating leases in respect of:		
— land and buildings	133,496	93,817
Fair value changes on derivative financial instruments (included in other gains)	<u>—</u>	<u>17,552</u>

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
and after crediting:		
Dividend income from available-for-sale investments	189,572	78,778
Government grant	785,581	592,838
Interest income	310,854	279,427
Sales of scrap materials	600,707	489,930
Service income from heat connection contracts	333,227	225,347
Net exchange (losses)/gains (included in other gains/(losses))	(193,456)	219,397
Net gains on disposal of a subsidiary (included in other gains/(losses))	143,965	26,121
Net (losses)/gains on disposal of other equity investment (included in other gains/(losses))	(133,065)	203,556
Net losses on disposal of property, plant and equipment (included in other gains/(losses))	(363,925)	(447,066)
Net gains on disposal of prepaid lease payments (included in other gains/(losses))	<u>—</u>	<u>4,760</u>
Expenses capitalised in construction in progress:		
Other staff costs	439,761	463,910
Pension costs	30,912	28,827
Depreciation and amortisation	<u>41,966</u>	<u>51,419</u>

Profit attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company decreased from approximately HK\$7,708 million in 2016 to approximately HK\$4,623 million in 2017, representing a 40.0% 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:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to owners of the Company	<u>4,623,323</u>	<u>7,708,373</u>
	Number of ordinary shares	
	2017	2016
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	4,777,316,320	4,772,621,357
Effect of dilutive potential ordinary shares: — share options	<u>174,857</u>	<u>1,008,196</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,777,491,177</u>	<u>4,773,629,553</u>
	2017	2016
	<i>HK\$</i>	<i>HK\$</i>
Basic earnings per share	<u>0.97</u>	<u>1.62</u>
Diluted earnings per share	<u>0.97</u>	<u>1.61</u>

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK\$0.75 per share for 2017 (2016: HK\$0.75 per share).

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2017 Interim, paid — HK\$0.125 per share (2016: HK\$0.125 per share)	601,305	597,500
2016 Final, paid — HK\$0.75 per share (2015: HK\$0.75 per share)	<u>3,584,343</u>	<u>3,578,474</u>
	<u><u>4,185,648</u></u>	<u><u>4,175,974</u></u>

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 28 May 2018 (the “AGM”), the proposed final dividend will be distributed on or about Thursday, 5 July 2018 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 2018.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 23 May 2018 to Monday, 28 May 2018 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 21 May 2018.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2017, the register of members of the Company will be closed on Wednesday, 20 June 2018 and no share transfer will be registered on that day. To qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 19 June 2018.

Capital structure management

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

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

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

Liquidity and financial resources, borrowings, and charge of assets

The Group had net current liabilities of approximately HK\$39,911 million as at 31 December 2017. The Directors are of the opinion that, taking into account the presently undrawn banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements for at least the next twelve months commencing from the date of the financial statements.

The cash and cash equivalents as at 31 December 2017 denominated in HKD, RMB and other foreign currencies amounted to approximately HK\$365 million, RMB4,180 million and US\$2 million.

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank loans	4,115,637	3,743,443
Unsecured bank loans	77,325,486	69,514,469
Corporate bonds	19,481,746	18,205,490
Loans from related parties	<u>800,000</u>	<u>—</u>
	<u>101,722,869</u>	<u>91,463,402</u>

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	32,960,983	21,296,587
Between 1 and 2 years	20,774,002	10,675,634
Between 2 and 5 years	25,426,074	39,598,307
Over 5 years	<u>22,561,810</u>	<u>19,892,874</u>
	<u>101,722,869</u>	<u>91,463,402</u>

The above secured bank and other borrowings are secured by:

Pledge of assets (<i>note</i>)	<u>3,072,225</u>	<u>3,042,672</u>
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Note: Certain bank loans were secured by the Group's land use rights, buildings, and power generating plant and equipment with carrying values of HK\$940,000 (2016: HK\$7,673,000), HK\$1,137,179,000 (2016: HK\$1,057,910,000) and HK\$1,934,106,000 (2016: HK\$1,977,089,000), respectively.

Bank and other borrowings as at 31 December 2017 denominated in HKD, RMB and other foreign currencies amounted to approximately HK\$18,502 million, RMB68,769 million, US\$120 million and EUR2 million, respectively.

As at 31 December 2017, bank and other borrowings of approximately HK\$18,502 million and US\$120 million (2016: HK\$17,632 million and US\$120 million) bore interest at a range from HIBOR plus 0.85% to HIBOR plus 1.80% per annum and LIBOR plus 1.60% per annum, respectively. The remaining bank and other borrowings carried interest rates at a range from 2.75% to 6.40% (2016: 2.77% to 6.40%) per annum.

As at 31 December 2017, the Group's net debt to shareholders' equity was 126.9%, and total debt to total capitalisation was 55.7%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

For the twelve months ended 31 December 2017, the Group's primary sources of funding included new bank borrowings, dividend income and net cash inflow from operating activities, which amounted to HK\$38,788 million, HK\$1,127 million and HK\$18,562 million, respectively. The Group's funds were primarily used for the repayment of bank borrowings, acquisition of and deposits paid for property, plant and equipment and prepaid lease payments, interest and dividend payments, which amounted to HK\$32,910 million, HK\$15,527 million, HK\$4,090 million and HK\$5,956 million, respectively.

Trade and note receivables

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	9,789,845	7,814,499
Note receivables	<u>788,129</u>	<u>1,048,236</u>
	10,577,974	8,862,735
Less: provision for impairment of trade receivables	<u>(159,973)</u>	<u>(140,410)</u>
	<u><u>10,418,001</u></u>	<u><u>8,722,325</u></u>

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

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	6,868,924	6,122,293
31 - 60 days	655,806	579,000
Over 60 days	<u>3,053,244</u>	<u>2,161,442</u>
	<u><u>10,577,974</u></u>	<u><u>8,862,735</u></u>

Trade payables

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 - 30 days	5,112,944	6,030,620
31 - 90 days	2,779,780	2,103,095
Over 90 days	<u>3,494,283</u>	<u>2,790,181</u>
	<u>11,387,007</u>	<u>10,923,896</u>

Average credit term for purchases is 90 days.

Key financial ratios of the Group

	2017	2016
Current ratio (times)	0.41	0.46
Quick ratio (times)	0.36	0.40
Net debt to shareholders' equity (%)	126.9	124.6
EBITDA interest coverage (times) ⁽¹⁾	5.4	6.9

Current ratio = balance of current assets at the end of the year / balance of current liabilities at the end of the year

Quick ratio = (balance of current assets at the end of the year - balance of inventories at the end of the year) / balance of current liabilities at the end of the year

Net debt to shareholders' equity = (balance of borrowings at the end of the year - balance of cash and cash equivalents at the end of the year - balance of pledged cash at the end of the year) / balance of equity attributable to owners of the Company at the end of the year

EBITDA interest coverage = (profit before taxation + interest expense + depreciation and amortisation) / interest expenditure (including capitalised interests)

Note:

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

Foreign exchange rate risk

The Group collects substantially all of its revenue in RMB and most of the Group's expenditures including expenditures incurred in its operations as well as capital expenditures are also denominated in RMB. Dividends receivable from the Company's subsidiaries and associates can be collected in either RMB, US Dollar ("USD") or HKD.

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

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

In addition, given there are different functional currencies within the Group, there is still foreign exchange risk which arises from the transactions and balances within the Group even after intra-group eliminations. The carrying amounts of the foreign currencies denominated monetary assets and monetary liabilities before elimination as at 31 December 2017 are as follows:

	Group	
	As at 31 December	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
USD	12,965	12,814
RMB	15,121,282	16,148,124
HKD	<u>79,196</u>	<u>20,800</u>
Liabilities		
RMB	6,579,650	8,496,268
Euro	<u>14,521</u>	<u>12,748</u>

The Group does not use derivative financial instruments to hedge its exposure against changes in exchange rates of the RMB against HKD and USD.

Contingent liabilities

As at 31 December 2017, the Group provided certain guarantees amounting to HK\$3,849,912,000.

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

Employees

The Group had 29,827 employees as at 31 December 2017 (2016: 33,604 employees).

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

Medium to Long-term Performance Evaluation Incentive Plan

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

During the year ended 31 December 2017, the Company sold 3,452,323 Shares on the Stock Exchange through the trustee. The net proceeds of the sale amounting to HK\$51,180,327 were distributed through the Plan.

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

Save as disclosed above under “Medium to Long-term Performance Evaluation Incentive Plan”, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

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

AUDITORS AND AUDIT AND RISK COMMITTEE

The financial statements of the Group for the year ended 31 December 2017 are audited by the Group’s auditor, PricewaterhouseCoopers. An unqualified auditors’ report will be included in the Annual Report to shareholders. The audit and risk committee of the Board has reviewed the annual results of the Group for the year ended 31 December 2017.

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to be consistent with the figures set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

The financial information relating to the years ended 31 December 2017 and 2016 included in this preliminary announcement of annual results for the year ended 31 December 2017 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 109(3) of the predecessor Hong Kong Companies Ordinance (Cap.32). The Company will deliver the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap.622) in due course.

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for 2018 will be held on 28 May 2018 in Hong Kong.

By Order of the Board
China Resources Power Holdings Company Limited
Li Ru Ge
Chairman

Hong Kong, 19 March 2018

As at the date of this announcement, the Board of the Company comprises three non-executive Directors, namely Mr. LI Ru Ge (Chairman), Mr. CHEN Ying and Mr. WANG Yan; three executive Directors, namely Mr. GE Changxin, Mr. HU Min and Ms. WANG Xiao Bin; and four independent non-executive Directors, namely Mr. MA Chiu-Cheung, Andrew, Ms. Elsie LEUNG Oi-sie, Dr. Raymond Kuo-fung CH'EN and Mr. Jack SO Chak Kwong.