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 2018

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 2018.

In 2018, profit attributable to owners of the Company ("Net Profit") amounted to approximately HK$3,950 million, representing a decrease of HK$673 million or 14.6% from a Net Profit of approximately HK$4,623 million for 2017; basic earnings per share is HK$0.83, representing a decrease of 14.4% from basic earnings per share of HK$0.97 in 2017.

In 2018, loss on disposal of coal assets and impairment provisions for power and coal assets combined amounted to approximately HK$3,084 million, of which the net loss on disposal of coal assets in Shanxi amounted to approximately HK$2,122 million, and impairment provisions for power assets and other coal mine assets amounted to approximately HK$777 million and HK$185 million, respectively. Excluding the above-mentioned loss on disposal of coal assets and impairment provisions, Net Profit in 2018 would be approximately HK$6,949 million.

During the year, the Group transferred to Guoyuan Shidai Coal Asset Management Company Limited (國源時代煤炭資產管理有限公司) ("Guoyuan Company") the equity interest in China Resources Coal (Group) Co., Ltd. (華潤煤業(集團)有限公司) ("China Resources Coal"), and four of the coal companies under China Resources Coal, namely Shenzhen Ruihua Energy Investment Co. Limited (深圳瑞華能源投資有限公司) ("Ruihua Energy"), Shanxi China Resources Liansheng Energy Investment Co., Ltd. (山西華潤聯盛能源投資有限公司) ("CR Liansheng"), Shanxi China Resources Group Co., Ltd. (山西華潤有限公司) ("CR Shanxi") and CR Taiyuan Co., Ltd. (太原華潤有限公司) ("CR Taiyuan"). In addition, the Group transferred its equity interest in Shanxi China Resources Daning Energy Co., Ltd. (山西華潤大寧有限公司) ("CR Daning") through the disposal of 100% equity interest in AACI SAADEC (HK) Holdings Limited ("AACI (HK)") to its parent company, China Resources (Holdings) Company Limited (華潤(集團)有限公司) ("CR Holdings"). The profit before tax of the Group for the year ended 31 December 2018 has been reduced by the net loss incurred by the aforesaid transfers by approximately HK$2,122 million.

In addition, the impairment provisions made by the Group for the power assets amounted to HK$777 million during the year ended 31 December 2018, reducing Net Profit by approximately HK$692 million, which included the impairment provisions for the goodwill of China Resources Power Gucheng and Shenhai power plants, those for the capital already invested in two discontinued hydro-power projects, and those for the retirement of obsolete environmental, safety and energy-saving facilities as a result of technological upgrades. Impairment provisions for coal mine assets were approximately HK$185 million, reducing Net Profit by approximately HK$185 million, which were mainly impairment provisions made for the proposed shutdown of the Hunan coal mine. For details, please refer to "Operating expenses" under the section headed "Operating Results".

In 2018, the Company disposed of its coal assets in Shanxi province, which incurred a loss of HK$2,122 million and resulted in a drop in earnings per share to HK$0.83. In addition, considering the Chinese Government will soon implement the grid-parity policy on wind power tariffs, the Company plans to accelerate the construction and commissioning of wind power projects. At present, the Company has a number of wind power projects that have either been approved, under construction or pending construction and the target is to commission 1,700 MW and 2,300 MW in 2019 and 2020 respectively. In addition, there are also some thermal power projects under construction to be commissioned and yearly technological upgrades. Although it is expected that the newly commissioned power generation projects will bring an increase in profits, according to national policies, enterprises will also need to actively deleverage. Therefore, we adjusted our dividend policy from a stable dividend per share to a stable dividend payout ratio.

The Board resolved to recommend a final dividend of HK$0.203 per share for 2018. Taking into account the interim dividend of HK$0.125 per share paid in October 2018, total dividend paid and proposed for 2018 is HK$0.328 per share, implying a dividend payout ratio of 40%.

	For the year ended 31 December	
	2018	**2017**
Turnover *(HK$'000)*	76,940,125	73,311,677
Profit attributable to owners of the Company *(HK$'000)*	3,950,435	4,623,323
Basic earnings per share *(HK$)*	0.83	0.97
Dividend per share *(HK$)*	0.328	0.875
Dividend payout ratio	40%	90%

As at 31 December 2018, equity attributable to owners of the Company amounted to HK$70,135 million, and total assets of the Group amounted to HK$208,223 million. Cash and cash equivalents of the Group amounted to HK$7,977 million, with net debt to shareholders' equity ratio maintaining at approximately 126.2%.

	As at 31 December	
	2018	**2017**
Equity attributable to owners of the Company *(HK$'000)*	70,135,314	75,213,819
Total assets *(HK$'000)*	208,223,167	220,972,470
Cash and cash equivalents *(HK$'000)*	7,977,153	5,381,686
Pledged and restricted bank deposits *(HK$'000)*	214,281	890,182
Bank and other borrowings *(HK$'000)*	96,675,137	101,722,869
Net debt to shareholders' equity *(%)*	126.2	126.9
EBITDA interest coverage *(times)* [1]	5.0	5.4

Note:

(1) Excluding non-cash income and expenses, disposal losses, and exchange gains or losses.

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

BUSINESS REVIEW FOR 2018

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.

In 2018, due to slow capacity growth in thermal power generation and higher demand for electricity, the average utilisation hours for thermal generation units in China increased by 152 hours or 3.6% year-on-year to 4,361 hours. In addition to the power plants of the Group being large-scale efficient generation units, the Group also adopts internal management measures, enabling the Group to outperform every year. The average full-load equivalent utilisation hours of the subsidiary coal-fired power plants of the Group which were operational for the full year of 2018 reached 4,976 hours, representing an increase of 0.2% as compared to 4,964 hours in 2017, and exceeding the national average utilisation hours for thermal power plants by 615 hours.

In 2018, the average utilisation hours for wind power generation units in China reached 2,095 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 2018 reached 2,314 hours, exceeding the national average level for wind power generation units by 219 hours.

Generating capacity

As at 31 December 2018, the Group's total attributable operational generation capacity was 37,438MW, of which, attributable operational generation capacity of the Group's coal-fired power plants amounted to 29,815MW, accounting for 79.6%, and wind, hydro, photovoltaic and gas-fired capacity together accounting for 20.4%, representing an increase of 3.0 percentage points from the end of 2017.

During the year, the Group accelerated the development and construction of clean renewable energy. During the year, the generation capacity of newly commissioned wind and photovoltaic power projects reached 1,187MW and 173MW respectively. At the end of 2018, the Group's attributable operational wind power generation capacity reached 6,816MW and wind power capacity under construction was 2,864MW; attributable operational photovoltaic generation capacity reached 448MW and photovoltaic capacity under construction was 8MW; 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 power units.

Gross and net generation volume

The total gross generation volume and the total net generation volume of the Group's subsidiary power plants amounted to 166,342,161MWh and 157,018,636MWh respectively in 2018, both representing an increase of 2.3% as compared to 2017, excluding the gross generation volume and the net generation volume of CR Liuzhi Power Plant, which was reclassified as an associate in December 2017.

In 2018, the total net generation volume of subsidiary power plants that participated in direct power supply (including bilateral long-term agreements and on-grid competitive bidding) amounted to 70,246,030MWh. The average tariff (exclusive of tax) of the direct power supply volumes was at a discount of approximately 9.7% as compared with the average approved on-grid tariff, which was lower than that for 2017.

Fuel costs

In 2018, due to the policy of reducing overcapacity in the coal industry, improvement in macro-economic growth and impact of restrictions on coal imports, the domestic coal prices remained at high levels throughout the year. Average unit fuel cost of the Group's subsidiary coal-fired power plants was RMB220.5/MWh, representing a year-on-year increase of 3.1%. Average unit cost of standard coal was RMB729.1/tonne, representing an increase of 4.0% as compared to 2017.

In 2018, the average net generation standard coal consumption rate of the Group's subsidiary coal-fired power plants was 299.54g/kWh, representing a decrease of 3.62g/kWh or 1.2% from 303.16g/kWh in 2017.

Environmental expenses

In 2018, the total amount of environmental expenses incurred by the Group's subsidiary coal-fired power plants was RMB113 million, representing an increase of 6.8% as compared to 2017, which was mainly due to the change in the levy rates of some regions after the tax-for-fee reform.

As at the end of 2018, 24,643MW of two coal-fired units of the Group completed the installation for ultra-low emission reduction, accounting for approximately 98% of the attributable operational generation capacity of our subsidiary coal-fired power plants, further reducing the emission of sulfur dioxide, nitrogen oxide and particulates.

Coal mine operations

In 2018, the subsidiary and associate coal mines of the Group produced a total of approximately 15.11 million tonnes of coal (aggregation of each mine's production volume), representing an increase of 0.6% as compared to 2017, of which, 13.02 million tonnes and 2.09 million tonnes of coal were produced by the subsidiary coal mines and the associate coal mines, respectively.

During the year, the Group transferred to Guoyuan Company, the equity interest in China Resources Coal and the four coal companies under China Resources Coal, namely Ruihua Energy, CR Liansheng, CR Shanxi and CR Taiyuan, and the Group also transferred its equity interest in CR Daning to CR Holdings thereby withdrawing from its entire coal operations in Shanxi.

Capital expenditure

In 2018, the cash capital expenditure of the Group amounted to approximately HK$17.56 billion, of which, HK$9.68 billion was used in the construction of wind farms, photovoltaic power plants and hydro-electric plants, HK$1.61 billion was used in upgrading the operating coal-fired power units for ultra-low emission reduction, safety and energy-saving and heat supply technology, approximately HK$5.24 billion was used in the construction of coal-fired power units, approximately HK$1.04 billion was used in the upgrade and construction of coal mines.

PROSPECTS FOR 2019 AND THE FUTURE

The power consumption in China in 2019 is expected to maintain a low to medium growth rate, with an overall ample power supply nationwide and more excessive supply in some regions.

In 2019, total volume of eliminated overcapacity of coal is expected to be reduced and advanced production capacity will be released into the market to ensure sufficient supply of coal. The growth in demand for coal will be affected by energy structure adjustments therefore is expected to slow down. Supply and demand of coal is transitioning from a period of tightness to a more balanced environment, as such, coal prices are expected to come down.

The Group expects to commission an attributable operational generation of 1,857MW of coal-fired and gas-fired power generation units including: 1x1,000MW ultra-supercritical generation unit in Caofeidian (Phase II), Hebei, 51% owned by the Group; 1x350MW heat and power co-generation unit in Yundong, Hebei, 90% owned by the Group; 2x660MW ultra-supercritical coal-fired power generation units of Wujianfang in Inner Mongolia, 70% owned by the Group; and 108MW gas-distributed engergy project in Changzhou, Jiangsu, 100% owned by the Group.

The Chinese Government has established the policy of on-grid tariff reduction to achieve grid-parity for wind power by 2020. In 2019, the Group will focus on continuing to accelerate the development and construction of wind power projects, with the aim of completing its major construction projects by the end of 2021. The Group targets to grow its clean energy business, primarily in wind power, to reach approximately 28% of its total attributable operational generation capacity by 2020.

As the Chinese power industry is under reform and will continue to upgrade, the Group will actively monitor the market and seek for development opportunities arising from the gradual liberalisation of the power retail business and new power distribution networks, and focus on the development of its power retail business and integrated energy services such as energy efficiency services and energy storage.

The cash capital expenditure of the Group for 2019 is expected to be approximately HK$19.0 billion, including approximately HK$13.7 billion for the construction of wind farms, photovoltaic power plants and hydro-electric power plants; approximately HK$1.3 billion for technical upgrades such as energy saving and efficiency improvement of coal-fired power units; approximately HK$3.0 billion for the construction of coal-fired power units; and approximately HK$1.0 billion for the transformation and construction of coal mines. The Group will control the pace of its 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 adjustments based on external market conditions and general policies of the government.

OPERATING RESULTS

Our audited operating results for the years ended 31 December 2018 are as follows:

Consolidated Income Statement
For the year ended 31 December 2018

	2018 *HK$'000*	2017 *HK$'000*
Turnover	76,940,125	73,311,677
Operating expenses		
Fuels	(39,436,898)	(38,071,827)
Repairs and maintenance	(2,039,174)	(1,848,321)
Depreciation and amortisation	(11,152,914)	(10,507,422)
Employee benefit expenses	(6,068,230)	(5,177,763)
Consumables	(1,136,328)	(1,032,152)
Impairment losses	(962,004)	(850,665)
Tax and surcharge	(1,385,656)	(1,163,242)
Others	(3,993,848)	(4,163,098)
Total operating expenses	(66,175,052)	(62,814,490)
Other income	2,613,340	2,335,498
Net loss on disposal of certain subsidiaries in coal mining segment	(2,121,569)	—
Other gains/(losses) - net	91,441	(352,687)
Operating profit	11,348,285	12,479,998
Finance costs	(4,314,685)	(3,991,498)
Share of results of associates	223,638	136,448
Share of results of joint ventures	53,937	(104,558)
Profit before income tax	7,311,175	8,520,390
Income tax expenses	(2,286,302)	(2,901,686)
Profit for the year	5,024,873	5,618,704
Profit for the year attributable to:		
Owners of the Company	3,950,435	4,623,323
Non-controlling interests	1,074,438	995,381
	5,024,873	5,618,704
Earnings per share attributable to owners of the Company for the year		
— Basic	(HK$)0.83	(HK$)0.97
— Diluted	(HK$)0.83	(HK$)0.97

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	5,024,873	5,618,704
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences	(4,578,808)	5,750,623
Share of other comprehensive income of investments accounted for using the equity method	(206,700)	190,355
Release to profit or loss in relation to disposal of subsidiaries	(818,797)	(2,549)
Changes in fair value of available-for-sale financial assets, net of tax	—	(33,642)
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI, net of tax	308,644	—
Other comprehensive income for the year, net of tax	(5,295,661)	5,904,787
Total comprehensive income for the year, net of tax	(270,788)	11,523,491
Attributable to:		
Owners of the Company	(1,171,366)	10,299,555
Non-controlling interests	900,578	1,223,936
Total comprehensive income for the year	(270,788)	11,523,491

Consolidated Balance Sheet
As at 31 December 2018

	2018	**2017**
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	145,272,477	152,334,653
Prepaid lease payments	3,437,135	3,537,380
Mining rights	480,605	15,301,970
Exploration and resources rights	216,025	162,310
Long term receivables and prepayment for non-current assets	11,521,984	5,093,455
Investments in associates	9,480,198	8,747,317
Investments in joint ventures	3,678,437	3,660,368
Loans to a joint venture company	—	41,590
Amounts due from a joint venture company	—	142,566
Goodwill	1,287,142	1,626,560
Deferred income tax assets	882,182	946,782
Financial assets at fair value through other comprehensive income (FVOCI)	1,877,311	—
Available-for-sale investments	—	1,516,177
Loans to an FVOCI investee company	126,331	—
Loans to an available-for-sale investee company	—	149,937
Loans to non-controlling shareholders of a subsidiary	14,266	14,954
	178,274,093	193,276,019
Current assets		
Inventories	3,295,536	3,205,152
Trade receivables, other receivables and prepayments	17,898,990	16,006,853
Loans to associates	33,137	1,158,256
Loans to joint ventures	45,652	255,889
Loans to an FVOCI investee company	306,631	—
Loans to an available-for-sale investee company	—	303,893
Loans to non-controlling shareholders of a subsidiary	36,521	—
Amounts due from associates	32,637	466,885
Amounts due from joint ventures	42,473	25,006
Amounts due from other related companies	66,063	2,649
Pledged and restricted bank deposits	214,281	890,182
Cash and cash equivalents	7,977,153	5,381,686
	29,949,074	27,696,451
Total assets	208,223,167	220,972,470

	2018	2017
	HK$'000	*HK$'000*
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	22,316,710	22,341,736
Other reserves	9,078,976	13,618,598
Retained earnings	38,739,628	39,253,485
	70,135,314	75,213,819
Non-controlling interests	7,149,297	5,528,061
Total equity	77,284,611	80,741,880
LIABILITIES		
Non-current liabilities		
Borrowings	69,210,171	68,761,886
Contract liabilities	531,755	—
Deferred income tax liabilities	778,517	2,576,356
Deferred income	779,275	1,060,334
Retirement and other long-term employee benefit obligations	56,729	224,604
	71,356,447	72,623,180
Current liabilities		
Trade payables, other payables and accruals	28,253,761	32,181,836
Contract liabilities	1,128,165	—
Amounts due to associates	1,370,208	629,919
Amounts due to joint ventures	648,770	317,077
Amounts due to other related companies	292,310	1,440,535
Income tax payable	423,929	877,060
Borrowings	27,464,966	32,160,983
	59,582,109	67,607,410
Total liabilities	130,938,556	140,230,590
Total equity and liabilities	208,223,167	220,972,470

Consolidated Statement of Cash Flows
For the year ended 31 December 2018

	2018	**2017**
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	7,311,175	8,520,390
Adjustments for:		
Depreciation for property, plant and equipment	10,665,813	10,015,238
Amortisation of mining rights	388,425	396,292
Amortisation of prepaid lease payments	98,676	95,892
Impairment charges on property, plant and equipment	434,496	728,239
Impairment charges/(reversal) on prepaid lease payments	86,165	(2,112)
Impairment charges on mining rights	100,658	99,808
Impairment charges on goodwill	298,100	—
Impairment (reversal)/charges on inventories	(10,369)	28,984
Provision for/(reversal of) impairment of doubtful accounts	52,954	(4,254)
Exchange (gains)/losses	(60,880)	193,456
Interest expenses	4,314,685	3,991,498
Interest income	(414,113)	(310,854)
Share of results of associates	(223,638)	(136,448)
Share of results of joint ventures	(53,937)	104,558
Dividends received from available-for-sale investments	—	(189,572)
Dividends received from FVOCI	(212,993)	—
Net losses on disposal of property, plant and equipment	74,281	363,925
Net gains on disposal of prepaid lease payments	(67,129)	—
Net losses/(gains) on disposal of subsidiaries	2,019,094	(143,965)
Net losses on disposal of other equity investments	—	133,065
Changes in working capital:		
(Increase)/decrease in inventories	(465,077)	135,281
Decrease/(increase) in trade receivables, other receivables and prepayments	1,273,153	(1,852,116)
Decrease in trade payables, other payables and accruals	(4,814,258)	(840,489)
(Decrease)/increase in retirement and other long-term employee benefit obligations	(167,875)	52,962
Income tax paid	(2,530,642)	(2,817,758)
NET CASH INFLOWS FROM OPERATING ACTIVITIES	18,096,764	18,562,020

	2018	2017
	HK$'000	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	531,507	908,581
Dividends received from available-for-sale investments	—	218,593
Dividend received from FVOCI	212,673	—
Interest received	307,825	212,399
Decrease in term deposits	37,996	82,229
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	(16,884,456)	(15,527,187)
Proceeds from disposal of property, plant and equipment and prepaid lease payments	337,031	239,401
Net proceeds from disposal of subsidiaries	8,371,942	445,824
Loans repaid by/(loans to) associates	143,161	(654,872)
Loans repaid by/(loans to) joint ventures	113,000	(118,507)
(Loans to)/loans repaid by other related parties	(39,880)	19,919
Additional investment made into FVOCI	(851)	—
Capital contributions into associates	(725,228)	(530,382)
Capital contributions into joint ventures	(100,548)	(61,494)
Cash outflow on acquisition of interest in a subsidiary	(4,923)	—
Government grants related to assets	111,074	44,987
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(7,589,677)	(14,720,509)

	2018	2017
	HK$'000	*HK$'000*
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new bank borrowings	56,192,679	38,788,104
Repayment of bank borrowings	(50,617,562)	(32,909,672)
Redemption of corporate bonds and notes	(4,516,360)	—
Proceeds from issuance of shares upon exercise of options	—	33,954
Proceeds from disposal of shares held for Share Award Scheme	469,970	55,184
Proceeds from disposal of interests in a subsidairy without loss of control	650,068	—
Capital contributions to acquisition of additional interest in a subsidiary	(1,042)	—
Capital contributions from non-controlling interests	1,008,653	497,611
Advances from associates	289,949	107,090
Advances from/ (repayment of advances to) joint ventures	394,042	(517,812)
Repayment of advances to other related companies	(455,411)	(34,718)
(Repayment of advances to)/ advances from an intermediate holding company	(812,104)	800,102
Advances from/ (repayment of advances to) non-controlling shareholders of subsidiaries	13,599	(5,052)
Interest paid	(4,757,071)	(4,090,291)
Dividends paid to owners of the Company	(4,184,668)	(4,185,088)
Dividends paid to non-controlling shareholders of subsidiaries	(1,119,931)	(1,770,857)
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES	(7,445,189)	(3,231,445)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,061,898	610,066
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,381,686	4,347,022
EXCHANGE (LOSSES)/ GAINS	(466,431)	424,598
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7,977,153	5,381,686

Overview

Net Profit for 2018 amounted to approximately HK$3,950 million, representing a decrease of approximately 14.6% from 2017.

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 FVOCI/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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance (Cap. 622, the Laws of Hong Kong).

As at 31 December 2018, the Group had net current liabilities of approximately HK$29,633 million. The Board is of the opinion that, taking into account the available banking credit facilities undrawn by the Group as well as the current operating conditions of the Group, the Group has sufficient working capital to meet its current needs (at least for the next 12 months from the balance sheet date). Therefore, these financial statements have been prepared on a going concern basis.

Changes in accounting standards and disclosures

Except as described below, the accounting policies applied are consistent with those accounting policies as described and applied in the annual financial statements for the year ended 31 December 2017.

(a) **New and amended standards, effective for financial years beginning on or after 1 January 2018:**

- HKFRS 9 "Financial Instruments"
- HKFRS 15 "Revenue from Contracts with Customers"
- Amendment to HKFRS 2 "Classification and Measurement of Share-based Payment Transactions"
- Amendment to HKFRS 4 "Insurance Contracts"

- Amendment to HKFRS 1 "First-time Adoption of Hong Kong Financial Reporting Standards"

- Amendment to HKAS 28 "Investments in Associates and Joint Ventures"

- Amendment to HKAS 40 "Transfer of Investment Property"

- HK(IFRIC) Interpretation 22 "Foreign Currency Transactions and Advance Consideration"

The Group used modified retrospective approach while adopting HKFRS 9 and HKFRS 15 with all impact adjusted to the opening balance sheet without restating comparative information.

The impact from the adoption of HKFRS 9 is summarised below:

(1) Classification and measurement - Available-for-sale investments of the Group are reclassified as financial assets at fair value through other comprehensive income (FVOCI);

(2) Impairment on financial assets — Impairment provisions of HK$316,105,000 for other receivables are made through the opening retained earnings;

The impact from adoption of HKFRS 15 is summarised below:

(1) Classification and measurement — Advances received from customers are reclassified from "Trade payables, Other payables and Accruals" to "Contract Liabilities"

(b) **New and amended standards that have been issued but not effective for financial year beginning on 1 January 2018 and have not been adopted early 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 16 "Leases"

  Upon adoption of HKFRS 16, the Group expects to recognise right-of-use assets and lease liabilities on 1 January 2019. The Group's financial performance is not expected to be materially impacted by the adoption of HKFRS 16. Further update of the impact will be provided in the interim report for the six months ending 30 June 2019.

- HKFRS 17 "Insurance Contracts"

- Amendment to HK(IFRIC) Interpretation 23 "Uncertainty over Income Tax Treatments"

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.

	2018	2017
	HK$'000	*HK$'000*
Sales of electricity	66,001,230	64,013,900
Of which: Sales of power generated from thermal power plants	56,886,301	56,532,142
Sales of power generated from renewable energy	9,114,929	7,481,758
Heat supply	4,808,207	3,763,647
Sales of coal	6,130,688	5,534,130
	76,940,125	73,311,677

The Group's turnover for 2018 was HK$76,940 million, representing a 4.9% increase from HK$73,312 million in 2017, mainly attributable to (1) a year-on-year increase of 25.4% in the sales of electricity from subsidiary renewable power plants, (2) a year-on-year increase of 24.2% in the sales of heat supply, and (3) a year-on-year increase of 12.7% in the selling price of coal.

The Group was mainly engaged in three business segments - 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 in 2018.

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 2018

	Thermal power	**Renewable energy**	**Coal mining**	**Eliminations**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
External sales	61,694,508	9,114,929	6,130,688	—	76,940,125
Inter-segment sales	—	—	140,617	(140,617)	—
Total	61,694,508	9,114,929	6,271,305	(140,617)	76,940,125
Segment profit	7,403,850	4,665,171	2,436,690	—	14,505,711
Unallocated corporate expenses					(1,826,318)
Interest income					414,113
Losses on disposal of Shanxi Coal Mining Assets					(2,121,569)
Gains on disposal of other equity investments					102,475
Finance costs					(4,314,685)
Share of results of associates					223,638
Share of results of joint ventures					53,937
Dividend income from FVOCI					212,993
Exchange gains					60,880
Profit before tax					7,311,175

Inter-segment sales are charged at prevailing market rates.

For the year ended 31 December 2017

	Thermal power *HK$'000*	Renewable energy *HK$'000*	Coal mining *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
Segment revenue					
External sales	60,295,789	7,481,758	5,534,130	—	73,311,677
Inter-segment sales	—	—	118,931	(118,931)	—
Total	60,295,789	7,481,758	5,653,061	(118,931)	73,311,677
Segment profit	6,538,715	4,154,059	2,896,483	—	13,589,257
Unallocated corporate expenses					(1,427,129)
Interest income					310,854
Gains on disposal of subsidiaries					143,965
Losses on disposals of other equity investments					(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					(193,456)
Profit before tax					8,520,390

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 loss, and other operating expenses. Other operating expenses include production safety expenses of coal, office rent, water charges, production maintenance fees, utility expenses and other management expenses. Operating expenses in 2018 amounted to HK$66,175 million, representing an increase of 5.3% from HK$62,814 million in 2017.

Fuels for 2018 amounted to approximately HK$39,437 million, representing an increase of HK$1,365 million or 3.6% from HK$38,072 million for 2017, mainly due to a 3.1% increase in unit fuel cost.

Repairs and maintenance expenses increased by approximately HK$191 million or 10.3% to approximately HK$2,039 million, mainly attributable to an increase in the number of generation units under repair and maintenance in 2018 as compared with 2017.

Depreciation and amortisation increased by approximately HK$645 million or 6.1% to HK$11,153 million, mainly due to the newly commissioned wind and photovoltaic power projects of the Group.

Employee benefit expenses increased by approximately HK$890 million or 17.2% to HK$6,068 million from approximately HK$5,178 million in 2017, mainly due to the contribution obligation for corporate annuities programme, a defined contribution retirement plan, starting from current year and the increase in staff costs for newly commissioned projects.

Tax and surcharge increased by HK$222 million or 19.1% from HK$1,163 million in 2017 to HK$1,386 million, mainly due to an increase in coal price, an increase in resource tax paid by subsidiary coal mines and the environmental protection tax set by the State with effect from 2018.

Impairment loss increased by 13.1% from approximately HK$851 million in 2017 to approximately HK$962 million, mainly including: (1) impairment provisions made for power assets of approximately HK$777 million, which mainly included impairment provisions of HK$298 million made for goodwill of China Resources Power Gucheng and Shenhai Power Plants, provisions of HK$127 million made for the capital already invested in two discontinued hydropower projects, and impairment provisions made for obsolete environmental protection, safety and energy saving facilities as a result of technological upgrades; (2) impairment provisions of approximately HK$185 million made for coal mine assets, which were mainly provisions for impairment in connection with the proposed shut-down of Hunan Coal Mine.

Other operating expenses in 2018 amounted to approximately HK$3,994 million, representing a decrease of HK$169 million or 4.1% as compared with HK$4,163 million in 2017, mainly due to reclassification of discharge fees to "tax and surcharge" after the fee-to-tax reform. Other operating expenses mainly included other production costs for power operations, such as water charges and utility expenses, in an aggregate amount of approximately HK$1,684 million; other production costs of coal operations, such as production safety fees and production maintenance fees, in an aggregate amount of approximately HK$1,164 million; and other administration expenses such as office rent, building management fees, professional fees, transportation costs and other administrative fees, in an aggregate amount of approximately HK$1,146 million.

Other income and other gains — net

In 2018, other income amounted to approximately HK$2,613 million, representing an increase of 11.9% from approximately HK$2,335 million in 2017, mainly attributable to an increase in income from sales of by-products and an increase in interest income. Other income for the year mainly included revenue from sales of by-products of approximately HK$758 million, receipt of government grants and subsidies of approximately HK$755 million, interest income of approximately HK$414 million, dividend income of approximately HK$213 million and income from heat network connection fees of approximately HK$205 million.

Other gains - net were approximately HK$91 million, mainly including gains on disposal of equity interest in Fuyang project amounted to HK$93 million, charity donations of HK$121 million, exchange gains of HK$61 million and income from insurance claims amounted to HK$31 million.

During the year, the Group transferred to Guoyuan Company the equity interest in China Resources Coal and the equity interests in Ruihua Energy, CR Liansheng, CR Shanxi and CR Taiyuan under China Resources Coal at a consideration of RMB1, and at the same time the Group's shareholder loans and accounts receivable due from the above companies were transferred to a company under Guoyuan Company for a consideration of RMB11,000 million, thereby the Group recorded the loss of approximately HK$3,038 million on the transfers; the Group transferred its equity interest in CR Daning to its parent company at a consideration of RMB3,486 million, and a profit of approximately HK$917 million has been recorded. The net loss on disposal of the above coal asset transfers amounted to approximately HK$2,122 million.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expenses and non-controlling interests. Operating profit amounted to approximately HK$11,348 million for 2018, representing a decrease of 9.1% from HK$12,480 million for 2017. The decrease in operating profit was mainly due to the net loss on disposal of coal assets by the Group during the year.

Excluding the loss on disposal of coal assets, the operating profit of the Group for 2018 would be approximately HK$13,470 million, representing an increase of HK$990 million or 7.9% from 2017. This was mainly due to (1) contribution of earnings from newly commissioned wind power projects; (2) appreciation in the exchange rate of RMB against Hong Kong dollar; but the increase was partially offset by the increase in unit fuel cost of electricity sales from subsidiary coal-fired power plants of the Group.

Finance costs

Finance costs amounted to approximately HK$4,315 million in 2018, representing an increase of HK$323 million or 8.1% from HK$3,991 million in 2017, mainly due to the increase in bank and other borrowings of the Group and the rising average borrowing interest rate during the year.

	2018	**2017**
	HK$'000	*HK$'000*
Interest on bank and other borrowings	4,211,098	3,585,454
Interest on corporate bonds	785,349	803,024
Interests on loans to related parties	17,091	—
Others	106,769	91,254
	5,120,307	4,479,732
Less: Interest capitalised in property, plant and equipment	(805,622)	(488,234)
	4,314,685	3,991,498

Share of results of associates

Share of results of associates increased by 63.9% to HK$224 million in 2018 from HK$136 million in 2017, mainly due to recovery in the earnings of associate coal-fired power plants.

Share of results of joint ventures

Share of results of joint ventures in 2018 was approximately HK$54 million as compared with a loss of HK$105 million recorded in 2017, which was mainly attributable to the turn-around of Hezhou Power Plant in Guangxi from loss to profit due to the increase in utilization hours.

Income tax expenses

Income tax expenses for 2018 amounted to approximately HK$2,286 million, representing a decrease of HK$615 million or 21.2% from approximately HK$2,902 million in 2017, mainly attributable to less amount of dividend withholding tax due to less amount of profit distributed by subsidiaries to overseas shareholders.

Details of the income tax expenses for the years ended 31 December 2018 and 2017 are set out below:

	2018	**2017**
	HK$'000	*HK$'000*
Current income tax — PRC enterprise income tax	2,437,137	3,129,034
Deferred income tax	(150,835)	(227,348)
	2,286,302	2,901,686

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

	2018	2017
	HK$'000	*HK$'000*
Operating profit for the year has been arrived after deducting the following items:		
Directors' remuneration		
— Fees	1,335	1,335
— Salaries and bonus	13,782	23,133
— Pension costs	156	156
	15,273	24,624
Wages, salaries and bonus	5,042,559	4,395,857
Pension costs, excluding directors — retirement benefit schemes	1,034,681	624,206
Employee termination benefits	(24,283)	133,076
Total staff costs	6,068,230	5,177,763
Amortisation of prepaid lease payments	98,676	95,892
Amortisation of mining rights	388,425	396,292
Auditor's remuneration	13,124	12,056
Cost of inventories recognised as operating expenses	40,562,857	39,132,963
Depreciation of property, plant and equipment	10,665,813	10,015,238
Impairment loss on property, plant and equipment	434,496	728,239
Provision for/(reversal of) impairment on prepaid lease payments	86,165	(2,112)
Impairment loss on mining rights	100,658	99,808
Impairment loss on goodwill	298,100	—
(Reversal of)/provision for impairment of inventories	(10,369)	28,984
Provision for/(reversal of) bad debts	52,954	(4,254)
Operating lease payments on land and buildings	143,812	133,496

	2018	2017
	HK$'000	*HK$'000*
And after adding the following items:		
Dividend income from FVOCI	212,993	—
Dividend income from available-for-sale investments	—	189,572
Government grant	755,495	785,581
Dividend income	414,113	310,854
Sales of scrap materials	757,782	600,707
Service income from heat connection contracts	205,070	333,227
Net exchange gains/(losses) (included in other gains/(losses))	60,880	(193,456)
Net (losses)/gains on disposal of investment in subsidiaries(included in other gains/(losses))	(2,019,094)	143,965
Net losses on disposal of other equity investments (included in other gains/(losses))	—	(133,065)
Net loss on disposal of property, plant and equipment (included in other gains/(losses))	(74,281)	(363,925)
Net gains on disposal of prepaid lease payments (included in other gains/(losses))	67,129	—
Expenses capitalised in construction in progress:		
Other staff costs	442,571	439,761
Pension costs	41,464	30,912
Depreciation and amortisation	74,137	41,966

Profit attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company decreased from approximately HK$4,623 million in 2017 to approximately HK$3,950 million in 2018, representing a year-on-year decrease of 14.6%.

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:

	2018	2017
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	3,950,435	4,623,323

	Number of ordinary shares	
	2018	**2017**
Weighted average number of ordinary shares (excluding own shares held for incentive plan) for calculation of basic earnings per share	4,780,875,881	4,777,316,320
Potential dilutive effect on ordinary shares:		
— share options	—	174,857
Weighted average number of ordinary shares for the calculation of diluted earnings per share	4,780,875,881	4,777,491,177

	2018	**2017**
	HK$	*HK$*
Basic earnings per share	0.83	0.97
Diluted earnings per share	0.83	0.97

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK$0.203 per share for 2018 (2017: HK$0.75 per share).

	2018	**2017**
	HK$'000	*HK$'000*
Dividends distributed during the year:		
2018 Interim, paid — HK$0.125 per share (2017: HK$0.125 per share)	597,390	601,305
2017 Final, paid — HK$0.75 per share (2016: HK$0.75 per share)	3,580,429	3,584,343
	4,177,819	4,185,648

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 25 June 2019 (the "AGM"), the proposed final dividend will be distributed on Friday, 26 July 2019 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 5 July 2019.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 20 June 2019 to Tuesday, 25

June 2019 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 19 June 2019.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2018, the register of members of the Company will be closed on Friday, 5 July 2019 and no share transfer will be registered on that day. To qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 4 July 2019.

Capital structure management

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

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

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

Liquidity and financial resources, borrowings, and charge of assets

The Group had net current liabilities of approximately HK$29,633 million as at 31 December 2018. The Directors are of the opinion that, taking into account the presently available undrawn bank credit facilities and internal financial resources of the Group, the Group has sufficient working capital to meet its present requirements, at least for the next twelve months commencing from the date of the financial statements.

The cash and cash equivalents as at 31 December 2018 denominated in HKD, RMB and other foreign currencies amounted to approximately HK$959 million, RMB6,138 million and US$2 million, respectively.

Bank and other borrowings of the Group as at 31 December 2018 and 2017 were as follows:

	2018	**2017**
	HK$'000	*HK$'000*
Secured bank loans	3,324,118	4,115,637
Unsecured bank loans	79,330,271	77,325,486
Corporate bonds	14,020,748	19,481,746
Loans from related parties	—	800,000
	96,675,137	101,722,869

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

	2018	**2017**
	HK$'000	*HK$'000*
Within 1 year	27,464,966	32,960,983
Between 1 and 2 years	14,656,676	20,774,002
Between 2 and 5 years	27,092,882	25,426,074
Over 5 years	27,460,613	22,561,810
	96,675,137	101,722,869
The above secured bank and other borrowings are secured by:		
Pledge of assets (Note)	3,918,842	3,072,225

Note: Certain bank loans were secured by the Group's land use rights, buildings, power generating plants and equipment with carrying value of HK$0 (2017: HK$940,000), HK$1,007,489,000 (2017: HK$1,137,179,000) and HK$2,911,353,000 (2017: HK$1,934,106,000), respectively.

Bank and other borrowings as at 31 December 2018 denominated in HKD, RMB and other foreign currencies amounted to approximately HK$20,305 million, RMB66,080 million, US$120 million and EUR2 million, respectively.

As at 31 December 2018, bank and other borrowings of approximately HK$20,305 million and US$120 million (2017: HK$18,502 million and US$120 million) bore interest at a range from HIBOR plus 0.88% to HIBOR plus 1.60% per annum and LIBOR plus 1.60% per annum, respectively. The remaining bank and other borrowings carried interest rates at a range from 2.35% to 4.99% (2017: 2.75% to 6.40%) per annum.

As at 31 December 2018, the ratio of the Group's net debt to shareholders' equity was 126.2%, and total debt to total capitalisation was 55.6%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

In 2018, the Group's primary sources of funding included new bank borrowings, proceeds from disposal of subsidiaries, dividend income and net cash inflow from operating activities, which amounted to HK$56,193 million, HK$8,372 million, HK$744 million and HK$18,097 million, respectively. The Group's funds were primarily used for the repayment of bank borrowings, redemption of corporate bonds and notes, acquisition of and deposits paid for property, plant and equipment and prepaid lease payments, interest and dividend payments, which amounted to HK$50,618 million, HK$4,516 million, HK$16,884 million, HK$4,757 million and HK$5,305 million, respectively.

Trade and note receivables

	2018	**2017**
	HK$'000	*HK$'000*
Trade receivables	11,401,608	9,789,845
Note receivable	143,885	788,129
	11,545,493	10,577,974
Less: bad debt provision for trade receivables	(114,676)	(159,973)
	11,430,817	10,418,001

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:

	2018	2017
	HK$'000	*HK$'000*
0 - 30 days	6,453,797	6,868,924
31 - 60 days	583,248	655,806
Over 60 days	4,508,448	3,053,244
	11,545,493	10,577,974

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:

	2018	2017
	HK$'000	*HK$'000*
0 - 30 days	6,672,213	5,112,944
31 - 90 days	2,253,431	2,779,780
Over 90 days	2,417,342	3,494,283
	11,342,986	11,387,007

Average credit term for purchases is 90 days.

Key financial ratios of the Group

	2018	2017
Current ratio (times)	0.50	0.41
Quick ratio (times)	0.45	0.36
Net debt to shareholders' equity ratio (%)	126.16	126.91
EBITDA interest coverage (times)(1)	5.01	5.37

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

Note:

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

Foreign exchange risk

The Group collects substantially all of its revenue in RMB and most of the Group's expenditures, including expenditure incurred in its operations as well as capital expenditure, are also denominated in RMB. Dividends receivable from the 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 functional currency of major project companies of the Group is RMB, the revenue and expenses of the Group are mainly denominated in RMB, foreign exchange risk mainly arises from borrowings denominated in HKD and USD, particularly depreciation of RMB against HKD and USD. However, certain entities are located in Hong Kong and their functional currency is HKD or USD, their foreign exchange risk 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 foreign currency denominated monetary assets and monetary liabilities before elimination as at 31 December 2018 are as follows:

	The Group	
	As at 31 December	
	2018	**2017**
	HK$'000	*HK$'000*
Assets		
USD	12,508	12,965
RMB	16,400,607	15,121,282
HKD	405	79,196
Liabilities		
RMB	6,277,095	6,579,650
EURO	13,544	14,521

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 2018, the Group provided certain guarantees amounting to HK$2,894,284,000 (31 December 2017: 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 on the Group is remote. Therefore, no provisions have been made in respect of such litigations and claims.

Employees

The Group had 21,629 employees as at 31 December 2018 (2017: 29,827 employees).

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

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, and was terminated on 24 December 2018.

After the Plan was terminated, the Company sold 31,319,230 Shares of the Company on the Stock Exchange through the trustee during 2018, and net proceeds from the sale amounting to HK$469,969,737 have been fully remitted into the Company's accounts without distributing to any employees.

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

Save as disclosed above under the "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 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

AUDITOR AND THE AUDIT AND RISK COMMITTEE

The financial statements of the Group for the year ended 31 December 2018 have been audited by the Group's auditor, PricewaterhouseCoopers. An unqualified auditor's report will be included in the Annual Report for dispatch to shareholders. The Audit and Risk Committee of the Board has reviewed the annual results of the Group for the year ended 31 December 2018.

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 2018 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 2018 and 2017 included in this preliminary announcement of annual results for the year ended 31 December 2018 does not constitute a part of the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 under the Hong Kong Companies Ordinance (Cap.622). The Company will deliver the financial statements for the year ended 31 December 2018 to the Registrar of Companies in due course.

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

PUBLIC FLOAT

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company for 2019 will be held on 25 June 2019 in Hong Kong.

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

Hong Kong, 22 March 2019

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'IEN and Mr. Jack SO Chak Kwong.