華潤電力控股有限公司
China Resources Power Holdings Company Limited

(Stock Code: 836)

A Green Power Provider

2012 Annual Report

About CR Power

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

As at 31 December 2012, CR Power has 36 coal-fired power plants, 2 hydro-electric plant, 1 gas-fired plant and 25 wind farms in commercial operation. The total attributable operational generation capacity of the Company is 25,271MW, with 42.5% of our capacity located in Eastern China, 22.6% located in Central China, 18.3% located in Southern China, 10.1% located in Northern China, 4.6% located in Northeastern China, and the remaining 1.9% located in Northwestern and Southwestern China.

Corporate Structure

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

63.51%

China Resources Power Holdings Co., Ltd.

Coal-fired 1000MW

- Xuzhou (Phase III)
- Hubei (Phase II) Unit #1
- Hezhou
- Hubei (Phase II) Unit #2
- Haifeng
- Cangnan

Coal-fired 600MW

- Changshu
- Fuyang
- Liyujiang B
- Shouyangshan
- Changzhou
- Zhenjiang 630
- Yangzhou No.2
- Shaojiao C
- Nanjing Thermal
- Heze
- Dengfeng (Phase II)
- Shazhou

Coal-fired 300MW

- Huaxin
- Liyujiang A
- Cangzhou
- Dengfeng
- Gucheng
- Hubei
- Lianyuan
- Caofeidian
- Dengkou
- Guangzhou Thermal
- Nanjing Banqiao
- Xuzhou
- Wenzhou Telluride
- Hengfeng
- Hengxing
- Nanjing Chemical Industry Park (Phase II)
- Yichang
- Panjin

Coal-fired ≤200MW

- Yixing
- Xingning
- Tangshan
- Jiaozuo
- Luoyang
- Jinzhou
- Shenhai Thermal
- Naning Chemical Industrial Park
- Zhenjiang 140

Clean Energy

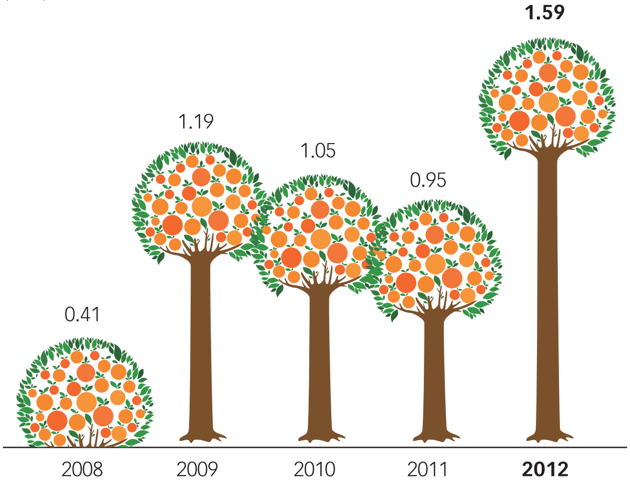
- Dannan Wind
- Shantou Wind
- Penglai Wind
- Penglai Xujiaji Wind
- Chaonan Wind
- Dahao Wind
- Huilaixian'an Wind
- Huilaiguanshan Wind
- Bayinxile Wind
- Chengde Weichang Wind Phase I
- Chengde Weichang Wind Phase II
- Chengde Weichang Wind Phase III, IV & V
- Yangxi Longgaoshan Wind
- Weihai ETD Zone Wind Phase I
- Weihai Huancui Wind
- Daxindian Wind Phase I
- Gansu Guazhou wind
- Jianping Wind
- Fuxin Wind
- Qingdao Wind
- Jvxian Wind
- Manzhouli Wind
- Wulian Wind
- Jiamusi Wind
- Daliuhang Wind Phase I
- Suizhou Wind
- Haiyang Wind Phase I
- Linghai Wind Phase I
- Beijing Thermal
- Honghe Hydro
- Yazuihe Hydro

Note: Green is under construction

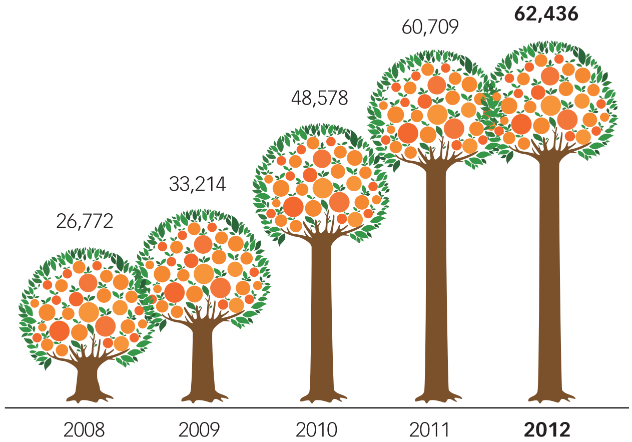
Contents

5-Year Financial Summary

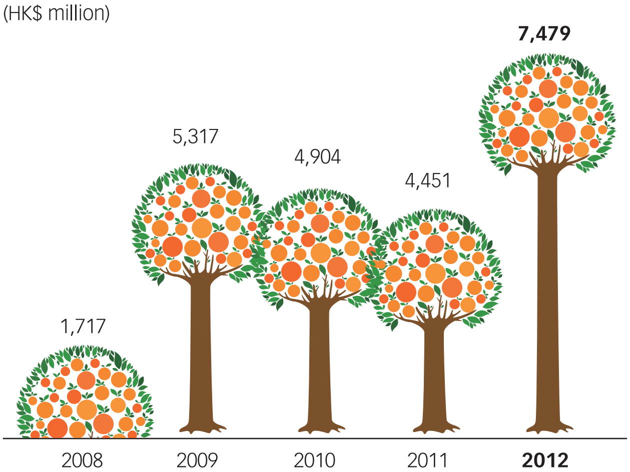
Basic Earnings Per Share
(HK$)



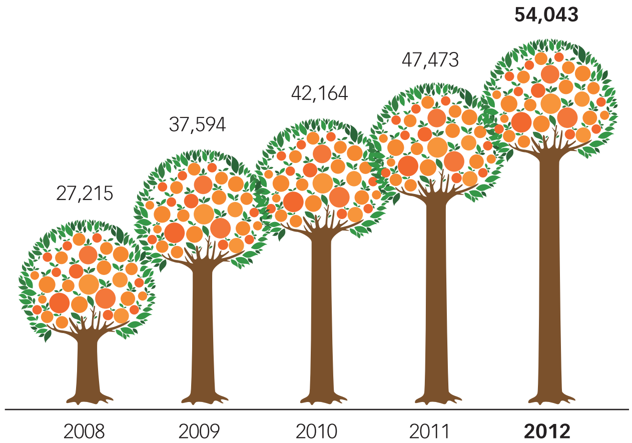
Turnover
(HK$ million)



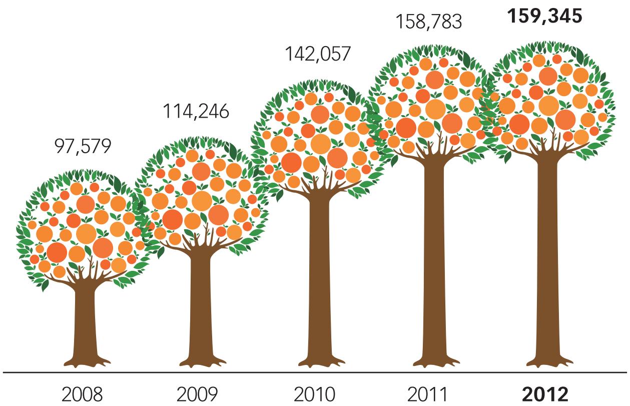
Profit attributable to owners of the Company
(HK$ million)



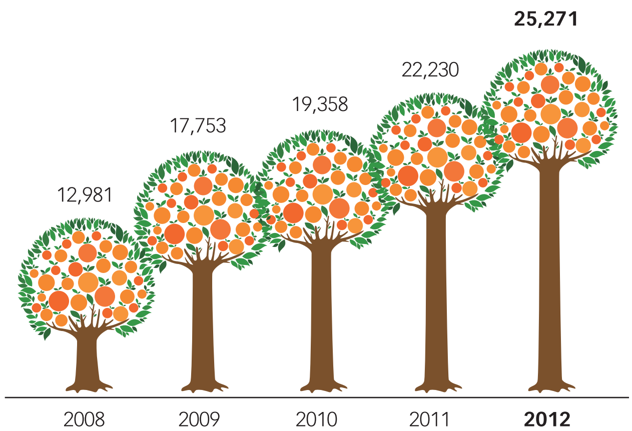
Equity attributable to owners of the Company
(HK$ million)



Net generation volume of operating power plants
(thousand MWh)



Attibutable operational generation capacity
(MW)



	2012	2011	2010	2009	2008
Earnings per share (HK$)					
Basic	**1.59**	0.95	1.05	1.19	0.41
Diluted	**1.58**	0.94	1.04	1.17	0.39
Turnover (HK$'000)	**62,435,520**	60,708,674	48,578,313	33,213,676	26,771,662
Profit attributable to owners of the Company (HK$'000)	**7,478,916**	4,450,576	4,903,654	5,317,392	1,717,448
Consolidated statement of financial position (HK$'000)					
Non-current assets	**150,996,410**	142,559,745	118,676,255	99,928,141	65,800,978
Current assets	**26,793,308**	25,806,144	24,334,292	18,997,789	13,848,868
Current liabilities	**47,498,571**	48,976,437	36,708,918	39,755,843	20,492,128
Non-current liabilities	**61,395,146**	57,817,287	56,041,520	34,014,705	28,996,855
Non-controlling interests	**14,853,018**	14,099,167	8,095,891	7,561,403	2,945,758
Equity attributable to owners of the Company (HK$'000)	**54,042,983**	47,472,998	42,164,218	37,593,979	27,215,105
Total assets	**177,789,718**	168,365,889	143,010,547	118,925,930	79,649,846
Bank balances and cash	**4,397,289**	4,496,605	6,801,707	6,261,931	5,467,088
Bank and other borrowings	**80,267,035**	82,987,231	74,911,153	56,484,467	37,671,443
Key financial ratios					
Net debt to shareholders' equity (%)	**140.4**	165.3	161.5	133.6	118.3
EBITDA interest coverage (times)	**4.5**	3.9	4.4	5.0	3.6
Generation volume of operating power plants (MWh)					
Total gross generation	**169,601,388**	169,393,318	151,833,189	122,243,413	104,548,012
Total net generation	**159,344,907**	158,782,584	142,057,401	114,245,966	97,579,013
Attributable operational generation capacity (MW)					
Eastern China	**10,742**	10,628	8,698	6,537	4,450
Central China	**5,715**	4,205	3,694	3,583	2,977
Southern China	**4,632**	3,779	3,702	3,964	3,102
Northern China	**2,548**	2,440	2,339	2,144	927
Northeastern China	**1,153**	1,073	925	1,525	1,525
Northwestern China	**201**	105	—	—	—
Southwestern China	**280**	—	—	—	—
Total	**25,271**	22,230	19,358	17,753	12,981

Service Areas

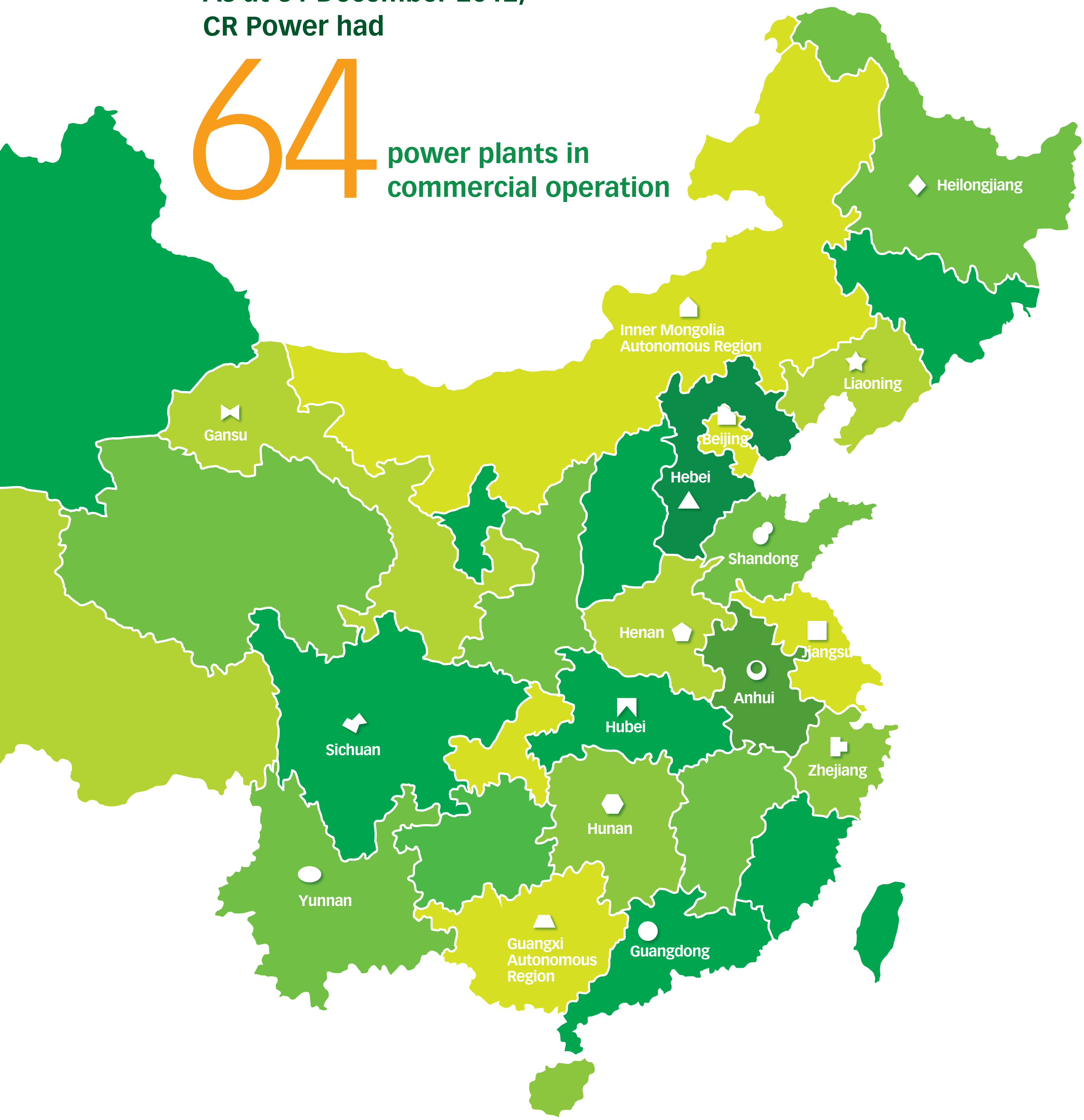
PROVINCE/ AUTONOMOUS AREA	POWER PLANT /WIND FARM / HYDRO ELECTRIC PLANT	CAPACITY (MW)	INSTALLED CAPACITY (MW)	EQUITY INTEREST	ATTRIBUTABLE CAPACITY (MW)
Jiangsu	Changshu	3x650	1,950	100%	1,950
	Huaxin	2x330	660	72%	475
	Yixing	2x60	120	55%	66
	Nanjing Chemical Industrial Park	2x55	110	90%	99
	Nanjing Banqiao	2x330	660	65%	429
	Nanjing Thermal	2x600	1,200	100%	1,200
	Xuzhou Phase III	2x1,000	2,000	60%	1,197
	Nanjing Chemical Industry Park (Phase II)	2x300	600	90%	540
	Zhenjiang	2x630+2x140	1,540	43%	655
	Yangzhou NO. 2	2x630	1,260	45%	567
	Xuzhou	4x320	1,280	43%	546
	Changzhou	2x630	1,260	25%	315
	Shazhou	2x630	1,260	20%	252
Guangdong	Liyujiang	2x315	630	60%	378
	Liyujiang B	2x650	1,300	100%	1,300
	Xingning	2x135	270	100%	270
	Guangzhou Thermal	2x300	600	100%	600
	Shajiao C	3x660	1,980	36%	713
	Dannan Wind	24	24	55%	13.2
	Shantou Wind	29.3	29.3	100%	29.3
	Chaonan Wind	133.9	133.9	100%	133.9
	Huilaixian'an Wind	37.5	37.5	100%	37.5
	Dahao Wind	18	18	100%	18
	Huilaiguanshan Wind	50	50	100%	50
	Yangxi Longgaoshan Wind	89.8	89.8	100%	89.8
	Haifeng	2x1,000	2,000	100%	2,000
Henan	Gucheng	2x300	600	100%	600
	Shouyangshan	2x600	1,200	85%	1,020
	Dengfeng	2x320	640	85%	544
	Jiaozuo	2x140	280	100%	280
	Luoyang	2x50	100	51%	51
	Dengfeng (Phase II)	2x600	1,200	85%	1,020
Hebei	Tangshan	1x200	200	80%	160
	Cangzhou	2x330	660	95%	627
	Caofeidian	2x300	600	90%	540
	Hengfeng	2x300	600	25%	150
	Hengxing	2x300	600	25%	150
	Chengde Weichang Wind Phase I	48	48	100%	48
	Chengde Weichang Wind Phase II	46.5	46.5	100%	46.5
	Chengde Weichang Wind Phase III, IV & V	151.5	151.5	100%	151.5
Liaoning	Jinzhou	3x200	600	100%	600
	Shenhai Thermal	3x200	600	54%	325
	Jianping Wind	99	99	100%	99
	Fuxin Wind	99	99	100%	99
	Linghai Wind Phase I	49.5	49.5	100%	49.5
	Panjin	2x350	700	100%	700
Shandong	Heze	2x600	1,200	90%	1,080
	Penglai Wind	48	48	95%	45.6
	Penglai Xujiaji Wind	46.6	46.6	95%	44.3
	Weihai ETD Zone Wind Phase I	49.8	49.8	100%	49.8
	Daliuhang Wind Phase I	48	48	100%	48
	Weihai Huancui Wind	49.8	49.8	100%	49.8
	Daxindian Wind Phase I	49.8	49.8	100%	49.8
	Qingdao Wind	49.8	49.8	100%	49.8
	Wulian Wind	40	40	100%	40
	Jvxian Wind	50	50	100%	50
	Haiyang Wind Phase I	49.8	49.8	100%	49.8
	Wulian Wind	9.8	9.8	100%	9.8
	Daliuhang Wind Phase I	1.8	1.8	100%	1.8
Inner Mongolia Autonomous Region	Dengkou	2x300	600	75%	450
	Bayinxile Wind	99	99	100%	99
	Manzhouli Wind Phase I	49.5	49.5	100%	49.5
Hunan	Lianyuan	2x300	600	100%	600
Hubei	Hubei	2x300	600	100%	600
	Hubei Phase II Unit #1	1x1,000	1,000	100%	1,000
	Hubei Phase II Unit #2	1x1,000	1,000	100%	1,000
	Suizhou Wind	49.8	49.8	100%	49.8
	Yichang	2x350	700	100%	700
Anhui	Fuyang	2x640	1,280	55%	704
Zhejiang	Wenzhou Telluride	2x300	600	40%	240
	Cangnan	2x1,000	2,000	75%	1,500
Yunnan	Honghe Hydro	3x70	210	70%	147
Beijing	Beijing Thermal	2x75	150	51%	77
Sichuan	Yazuihe Hydro	260	260	51%	133
Gansu	Guazhou Wind	201	201	100%	201
Guangxi Autonomous Region	Hezhou	2x1,000	2,000	50%	1,000
Heilongjiang	Jiamusi Wind	30	30	100%	30
	Jiamusi Wind	19.5	19.5	100%	19.5

Note: Green is under construction

As at 31 December 2012, CR Power had

64

power plants in commercial operation



Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of CR Power for the year ended 31 December 2012.

After battling years of surging coal prices and the delayed implementation of the coal-electricity price linkage mechanism, China's coal-fired power industry witnessed a favorable turn from its complex and challenging business environment. Due to the adverse economic environment both internationally and domestically, coal prices continued to decline. This, combined with hiked on-grid tariffs, caused the coal-fired power sector to rebound significantly.

2012 marks the beginning of a new decade for CR Power. Under challenging macro-economic market conditions, we further optimized our structure and business model, overcame challenges, promoted strategic development, organizational reforms, management innovations, cultural redevelopment and significantly enhanced our organizational capability. Furthermore, we comprehensively implemented lean management and explored internal potentials to further reinforce and improve the core competence of our cost control systems and strengthened the sustainability and profitability of the Company. In 2012, we achieved record high results among the key indicators including operating profit, operating cash flows and return on invested capital, and achieved top rankings in the domestic coal-fired power industry in terms of profitability, gearing and capital structure.

2012 was the sixth consecutive year in which CR Power was included in the Forbes Global 2000 list and ranked 850th (improving by 96 positions from 946th in 2011) and the Platts Top 250 Global Energy Companies and ranked 134th (improving by 15 positions from 149th in 2011), ranked 5th in the world and 4th in Asia among all independent power producers and energy traders. With a compound growth rate of 31% over the last three years, CR Power also ranked 14th among the 50th fastest growing energy companies in the world and in China respectively.

RESULTS PERFORMANCE

CR Power recorded a consolidated turnover of HK$62,436 million in 2012, representing an increase of 2.8% compared to HK$60,709 million in 2011. Net profit attributable to owners of the Company was approximately HK$7,479 million, representing an increase of 68.0% compared with approximately HK$4,451 million in 2011. Basic earnings per share amounted to HK$1.59, representing an increase of 67.4% compared with HK$0.95 in 2011. The Board has resolved to declare a final dividend of HK$0.45 per share. Together with the interim dividend of HK$0.06 per share, the total dividend for the whole year is HK$0.51 per share, representing a dividend payout ratio of about 32.1%.

As at the end of 2012, our attributable operational generation capacity amounted to 25,271MW, representing an increase of 13.7% over 22,230MW in 2011. Coal-fired attributable operational generation capacity amounted to 23,292MW, accounting for 92.2% of our total attributable operational generation capacity. Generation capacity attributable to clean and renewable energy, including wind, hydro and gas-fired power, accounted for 7.8% of our total attributable operational generation capacity, increasing by 1.2 percentage points over 2011.

(1) Coal-fired power business

In 2012, we commissioned four new large-scale coal-fired generation units, adding a total of 2,510MW of attributable operational generation capacity. At the end of 2012, our projects under construction had a total attributable operational generation capacity of 5,900MW, including the second 1,000MW generation unit in Phase II of our project in Puqi, Hubei, 2x 1,000MW power generation units in Cangnan, Zhejiang, 2x 350MW heat and power co-generation units in Yichang, Hubei, 2x 350MW heat and power co-generation units in Panjing, Liaoning and 2x 1,000MW generation units in Haifeng, Guangdong. These generation units are expected to be commissioned in 2013, 2014 and 2015.

In 2012, our consolidated operating coal-fired power plants recorded a decrease of 7.9% and 9.3% in average standard coal cost and average unit fuel cost respectively compared with 2011 and a year-on-year increase of 5.1% in average on-grid tariffs, which increased our operating profit by 25.8% from 2011. The decrease in fuel costs was mainly due to the fall in domestic coal prices, effective supplier management, optimizing coal procurement sourcing and enhancing internal control on fuel management.

In 2012, the average net generation standard coal consumption rate of our coal-fired power plants was 320.16g/kWh, representing a decrease of 5.83g/kWh or 1.8% as compared to 325.99g/kWh in 2011. This was mainly due to increased investments on energy conservation which improved our efficiency and profitability. We also implemented lean management, benchmark management and operational optimizations, effectively improving the energy consumption of our operating generation units.

The economic slowdown in China resulted in a slowdown in national power consumption in 2012. Our average full-load equivalent utilization hours for the 32 coal-fired generation units that were fully operational during the year was 5,680 hours, exceeding the national average level for coal-fired generation units by 715 hours. This is mainly because most of our generation units are high-capacity efficient units possessing certain market advantages and are located in provinces with rapid economic development with strong demand for electric power. We also endeavored to increase our power generation volume by obtaining and securing fuel supply, bidding for excess power generation or replacing small generation units for power generation.

(2) Coal-mining business

The supply and demand situation in the coal market was relatively easy in 2012. Domestic coal production volume continued to rise and imported coal also increased significantly by 28.7% year-on-year. On the other hand, demand for coal dropped thus resulting in a sharp fall in coal prices during the year.

In 2012, CR Power's subsidiary and associate coal mines in Shanxi, Jiangsu, Henan and Hunan provinces produced a total of 16.84 million tonnes of raw coal, representing an increase of 1.8% from 16.54 million tonnes in 2011. The increase in coal production volume was mainly due to the year-on-year increase in annual production volume of Shanxi Asian American-Daning Coal Mine of approximately 214% to 4.73 million tonnes.

As a result of the economic downturn and the decrease in demand for electric power and coal, the coal market remained weak and coal prices declined significantly in 2012. Compared with the beginning of the year, raw coal prices fell by as much as 40%. Some of our coal mines were also undergoing infrastructural and technological upgrading and were therefore unable to resume coal production. This combined with other factors such as regional logistics constraints, CR Power's coal production and sales volume were affected. Therefore, the Company's coal production and respective profits fell short of our original target despite the slight increase in coal production year on year.

Under these circumstances, we analyzed the situation and conducted an in-depth review of CR Power's execution capabilities in the coal business to identify our deficiencies in strategic positioning, infrastructure, transportation, marketing, fundamental management, professional capability, teambuilding, organizational capability and cultural integration. We have formulated corresponding improvement measures, goals and action plans in these respects, and strive to make substantial progress and advancement to fulfill the expectations of the market and our shareholders in the future.

(3) Renewable energy business

In 2012, CR Power continued to increase its investment in renewable energy projects, especially in the development and construction of wind power projects. Our attributable operational wind generation capacity as at the end of 2012 reached 1,622MW, representing an increase of 31.4% from 1,234MW in 2011. Our wind farms were mainly located in Guangdong, Shandong, Hebei, Liaoning, Gansu, Inner Mongolia and Heilongjiang.

The average utilisation hours for our wind farms in 2012 reached 2,096 hours, representing a decrease of 1.41% from 2,126 hours in 2011.

Through active promotion, we obtained state approvals for generation capacity of wind projects of up to 1,050MW, while 1,550MW of capacity was included in the second batch approval program under the Development Plan for the Wind Power Industry during the Twelfth Five-Year Period by the government. As at the end of 2012, we signed wind power investment and development agreements with 24 provinces and autonomous regions in the PRC, with reserves of a total contracted capacity of 45,000MW.

The Yazuihe Hydropower Project in Sichuan province which commenced operation in 2012, has a total generation capacity of 260MW, of which 51% is owned by CR Power. During the year, the generation capacity of our hydropower projects approved by the PRC government reached 113MW, while the National Energy Bureau approved a total capacity of 345MW of hydropower projects to commence preliminary work.

CORPORATE GOVERNANCE

The Board of CR Power aims to continuously improve on corporate governance practices with the objective of creating value for shareholders. In 2012, we leveraged on the "management enhancement campaign for central enterprises" carried out by the State-owned Assets Supervision and Administration Commission to pursue the three goals of strategic, organizational and cultural development based on the two annual themes of "teambuilding" and "lean management". These measures enabled CR Power to promote strategic and organizational transformation, undergo profound changes in corporate fundamentals, deliver excellent performance and reward shareholders with satisfactory accomplishments.

We intend to draw up a new development blueprint through strategy reassessment. From November 2011 to December 2012, CR Power conducted six major strategy reviews and reassessments covering the three themes of "reflection", "understanding" and "action". In respect of business competence, organizational capability, culture and teambuilding, we conducted comprehensive and systematic in-depth reassessments at both headquarter and regional company levels, further streamlined and optimized CR Power's overall and business strategies and set up a new strategic development blueprint.

In striving for organizational reform and to enhance strategic execution, we have built a "headquarters + business units" matrix control structure based on the principle of "strengthening the headquarters, solidifying regional companies and refining projects", which defined the functions of our headquarters, business units, regional companies and respective control interfaces for organizations at different levels. Basic rules for selecting, deploying and retiring managers are also formulated, and we carried out a plan to systematically promote, retire, rotate and transfer our managers and staff. This was successfully implemented in the coal-fired power business, and will subsequently be rolled out to the coal and renewable energy divisions. The organizational reform, which is also the largest-scale with the greatest impact at the organizational level since the inception of CR Power, has significantly improved the vitality, execution and efficiency of the Company, thus laying an organizational foundation for implementation of strategies and achieving goals.

Cultural rebuilding comes with changes in conception as well as work-styles. After carefully reflecting on the problems and weaknesses among teams and individuals, the management of CR Power started rectification by changing firstly the mindset and practices, in order to implement its core value of "honesty and integrity" and cultural concepts such as remembering the three things that "we can never give up", being 1) hardworking and pioneering spirit, 2) self-reliance and 3) pursuit of excellence. For example, CR Power and each business division hold monthly meetings at the offices of front-line operations, which enables the management to clearly understand the situation on site and help resolve problems first-hand. The headquarters of the coal division was relocated to Shanxi from Beijing, narrowing the distance of management and front-line staff, which in turn greatly increased work efficiency.

The Board also endeavours to improve the Company's transparency, accountability and promote honesty, integrity and fair treatment to shareholders, staff, customers and other stakeholders of the Company.

Social responsibilities

In 2012, we continued the practice of simultaneously placing a great emphasis on fulfilling our social responsibilities alongside our corporate development. Social responsibilities have been incorporated into our strategic planning, operations and business development with an aim to seek the harmonious and unified development of the economy, environment and society.

In 2012, we continued to push ahead with industrial restructuring, vigorously promoted the development of renewable energy and circular recycling economy projects, and improved the energy utilization efficiency and clean power generation level. Meanwhile, we continued investing in and managing large-scale technical innovation projects of energy-conservation and emission-reduction, and strengthened the management of operations and maintenance of environmental facilities. As a result, waste water, waste gas and solid wastes were reduced in terms of emission rates as compared to last year. In 2012, renewable energy accounted for 7.8% of our attributable operational capacity, representing an increase of 1.2 percentage point as compared to 2011.

We have always emphasized on safety development, and constantly established and improved the production safety management system in compliance with international and domestic industry standards, so as to perfect and develop a management model integrating environmental protection, occupational health and safety management. In each of the business segments of coal-fired, coal and renewable energy, comprehensive safety assessment, production safety standardization and safety action observation activities were carried out continuously, aiming to eliminate risks, solidify the safety foundation and accelerate intrinsic safety, thus ensuring the safety of staff and equipment. Furthermore, the production safety accountability system was implemented with the inclusion of production safety objectives in performance contracts from president to project leaders and staff at all levels. Safety related responsibility letters were signed by all relevant employees to ensure everyone is aware of their safety responsibilities. In 2012, none of our subsidiaries encountered any major or serious production safety accidents, reflecting that the overall production safety standards of the Company are satisfactory.

CR Power's business and scale expanded with an increasing number of staff as it transformed from a single coal-fired power business into an integrated energy producing company with diversified business segments. As at the end of 2012, the Company and its subsidiaries had 38,118 staff, representing an increase of 4.12% compared to 2011. To develop a team of high quality staff capable of efficiently supporting CR Power's strategies, we constantly innovated and improved our staff training system through planned and hierarchical training activities such as on corporate management, professional skills, production safety, corporate culture, team building, etc. The attendance level of staff from each level throughout the year was over 40,000.

We strongly believe that the growth of CR Power depends largely on the support and help from the government and communities for which we have been grateful. Therefore, on top of achieving high profitability, we actively participate in public welfare for the benefit of the community and the general public. In 2012, we donated RMB3 million under "Hebei Provincial China Resources Education Fund" for the sixth consecutive year to fund over 1,000 impoverished university students and actively participated in a project called "China Resources Hope Town". We also donated to the construction of public facilities and schools in flood-affected areas and poverty-stricken areas where our subsidiaries are located. We donated approximately RMB73 million for charitable purposes during the year.

Chairman's Statement

In 2012, we organized and prepared the second "CR Power Sustainable Development Report", which reported the work and performance of CR Power in the aspects of development, economy, environment and society. We take initiative in accepting supervision from stakeholders and the communities, allowing stakeholders and other related parties to develop a better understanding of CR Power. We believe, this is of critical importance for the long-term success, survival and development of the Company. Currently, we incorporate social responsibility management and sustainable growth into the Company's key agenda, and establish a regular working mechanism for social responsibility from the headquarters of CR Power to business divisions and to each of our subsidiaries. Fulfilling social responsibilities is CR Power's pursuit over profitability and an important foundation for delivering sustainable growth.

Outlook for 2013

Affected by the economic slowdown both domestically and internationally, oversupply of coal production capacity and imported coal, it is unlikely that coal prices will rebound in 2013. However with the unification of the pricing system of thermal coal, factors such as railway transport capacity, the coal-power linkage policy and the uncertainty of hydropower conditions, may have some unpredictable impact on coal prices.

In 2013, the national estimated newly added generation mix, reported that the proportion of coal-fired power generation will decrease and the energy structure will also be further improved. We will select investment projects through a stringent process and continue to invest more in the renewable energy sector, while accelerating the research and development of distributed energy projects.

We will continue to promote lean management in each operating power plant and coal enterprise, improve and optimize various production and operation indicators and increase the operation efficiency and management standard, thereby creating an atmosphere with all participating in lean production. We aim to ramp up production in our existing coal mines, especially those in Shanxi Province. In addition, we will also carry out studies on coal-power integration projects.

Our achievements in 2012 came from hardwork. On behalf of the Board, I would like to take this opportunity to thank our dedicated management team and all the members of the Board, and my gratitude also goes to all the diligent and devoted staff of CR Power for their valuable contribution made for the development of CR Power in the past year. It is precisely this strong dedication and effort that allowed CR Power to have made remarkable strides amid severe market competition and overcome the difficulties and challenges to achieve impressive results.

In 2013, we will continue to maintain a balanced, comprehensive, high quality and sustainable development of the Company, pay attention to organizational reforms and the improvement of management, and further facilitate lean management and synergistic strategy, which we believe will bring about organic growth in order to respond to changes in internal and external conditions, increase our competitiveness in the market and shield against risks. We strongly believe that in view of the care, understanding and support from communities, and the concerted effort from the staff of CR Power, we are well positioned to march down the road of success, bearing in mind our "ONE, TWO, THREE, FOUR" corporate mission, and to tackle new objectives, new challenges and new hopes. We are confident that our missions and goals for 2013 will be fully achieved.

(Note: "ONE, TWO, THREE, FOUR" corporate mission: **ONE** pursuit, **TWO** things not to compromise, **THREE** things that can't be given up, and **FOUR** batches: one pursuit – pursuit beyond profits; two things not to compromise - performance over hardwork and values over performance; three things that can't be given up – hard work, self-reliance and the attitude of pursuing excellence; four batches - a batch of managers to be promoted, retired, rotated or transferred respectively)

Zhou Junqing
Chairman

Hong Kong, 18 March 2013

Directors and Senior Management

DIRECTORS

Madam Zhou Junqing

Madam Zhou Junqing, aged 59, is the Chairman of the Board and an Executive Director, a member of the Sustainability Committee and Chairman of the Nomination Committee of the Company. She is also a Vice President of CRH. Prior to her joining the Company on 21 October 2011, she was an Executive Director of China Resources Cement Holdings Limited ("CR Cement") from June 2003 to October 2011 and was also the Chairman of CR Cement from August 2008 to October 2011 and the Chief Executive Officer of CR Cement from September 2006 to August 2008. She obtained a Bachelor's degree in Wireless Technology from the Tsinghua University, China in 1979. She joined CRH in 1986 and has 26 years of experience in international trade and corporate management.

Mr. Wang Yu Jun

Mr. Wang Yu Jun, aged 47, is an Executive Director and President of the Company. Prior to that, Mr. Wang served as an Executive Vice President of the Company since June 2009. Mr. Wang served as General Manager of Jiangsu Zhenjiang Generator Company Limited from March 2006 to May 2010. Mr. Wang also served as Assistant General Manager of China Resources (Xuzhou) Electric Power Co., Ltd., Executive Deputy General Manager of China Resources Power Hunan Liyujiang Co., Ltd. and General Manager of China Resources Power Dengfeng Co., Ltd. from November 2000 to March 2006. Mr. Wang has over 20 years of experience in power plant operation and management. Mr. Wang holds a Master's degree in Engineering from Nanjing University of Science and Technology and a Master's degree in Business Administration from China Europe International Business School.

Mr. Zhang Shen Wen

Mr. Zhang Shen Wen, aged 45, is the Vice Chairman of the Board and an Executive Director of the Company and the General Manager of China Resources New Energy Holdings Company Limited ("CR New Energy"). He served as an Executive Vice President of the Company between August 2003 and July 2010. Mr. Zhang has considerable experience in the development of power plants. He was General Manager of the Finance and Accounting Department of the Company between July 2001 and September 2003 and was involved in the development of Liyujiang Phase II and the acquisitions of Shajiao C Power Plant and Wenzhou Telluride Phase II. Mr. Zhang joined China Resources National Corporation ("CRNC"), a substantial shareholder of the Company in 1994 and worked at Hebei Hengfeng Power Generation Co., Ltd. between 1998 and 1999. Mr. Zhang holds a Bachelor of Science degree in Electrical Automation from the North China University of Technology in China and a Bachelor's degree of Economics from the University of International Business and Economics in China. He also holds a Master's degree in Business Administration from the University of San Francisco.

Ms. Wang Xiao Bin

Ms. Wang Xiao Bin, aged 45, is an Executive Director and Chief Financial Officer and Company secretary of the Company. Prior to joining the Company in July 2003, Ms. Wang was a director of corporate finance of ING Investment Banking, responsible for execution of capital markets and merger and acquisition transactions in the Asia Pacific region. She worked for Pricewaterhouse in Australia in the audit and business advisory division for five years before joining ING Barings. Ms. Wang is also an Independent Non-executive Director of WorleyParsons Limited, a company listed on the Australian Securities Exchange. Ms. Wang is a member of the Australian Society of Certified Practising Accountants and holds a graduate diploma in Applied Finance and Investment from the Securities Institute of Australia and a Bachelor's degree in Commerce from Murdoch University in Australia.

Mr. Du Wen Min

Mr. Du Wen Min, aged 49, was appointed as a Non-executive Director of the Company in July 2010. He is also a member of the Nomination Committee and the Remuneration Committee of the Company. He is the Chief Human Resources Officer of CRH. He is also a Non-executive Director of various companies, including China Resources Enterprises, Limited ("CRE"), China Resources Land Limited ("CR Land"), China Resources Microelectronics Limited ("CR Microelectronics"), CR Cement and China Resources Gas Group Limited ("CR Gas") which are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX") except CR Microelectronics whose listing position was withdrawn on 2 November 2011. He was appointed as a Director of China Resources Sanjiu Medical & Pharmaceutical Company Limited ("CR Sanjiu") (a listed company on the Shenzhen Stock Exchange) and China Resources Double-Crane Pharmaceutical Co., Ltd ("CR Pharmaceutical") (a listed company on the Shanghai Stock Exchange). He was previously the Chief Audit Executive as well as the General Manager of the Internal Audit and Supervision Department of CRH. Mr. Du obtained a Master's degree in Business Administration from the University of San Francisco in the United States. He joined CRH in 1985.

Directors and Senior Management

Mr. Wei Bin

Mr. Wei Bin, aged 43, was appointed as a Non-executive Director of the Company in July 2010. He has been appointed the Chief Financial Officer of CRH with effect from 1 April 2011 and is the General Manager of its Finance Department. He is also a Non-executive Director of CRE, CR Gas, CR Cement, CR Microelectronics and CR Land, which are companies listed on the HKEX except CR Microelectronics whose listing position was withdrawn on 2 November 2011, and a Director of CR Sanjiu, Shan Dong Dong-E E-Jiao Co., Ltd, and China Vanke Co., Ltd., which are companies listed on the Shenzhen Stock Exchange, and CR Pharmaceutical which is listed on the Shanghai Stock Exchange. Mr. Wei holds a Bachelor's degree in Auditing from Zhongnan University of Economics in China and a Master's degree in Finance from Jinan University in China, and is a Senior Accountant and a Senior Auditor in China. He is also a non-practising Member of the Chinese Institute of Certified Public Accountants. Mr. Wei joined CRH in 2001.

Mr. Huang Daoguo

Mr. Huang Daoguo, aged 58, was appointed as a Non-executive Director of the Company in June 2012. He is also a member of the Audit and Risk Committee of the Company. He joined China Resources Group in 2011 and is currently the Audit Director of CRH. He has been a Non-executive Director of CRE and CR Cement (both companies are listed on the HKEX) since May 2012, and has been a Non-executive Director of CR Land and CR Gas (both companies are listed on the HKEX) since June 2012. Mr. Huang graduated from the Renmin University of China in 1987 and specialized in finance. He obtained a Master's degree in Regional Economics from the Central China Normal University, China in 1996. He is a Certified Public Accountant and a Senior Auditor in China. He joined the National Audit Office of the PRC ("CNAO") in 2000 and was the Commissioner of the Wuhan Resident Office and Guangzhou Resident Office of CNAO, and Director of the Department of Agriculture, Resources and Environmental Protection Audit of CNAO.

Mr. Chen Ying

Mr. Chen Ying, aged 42, was appointed as a Non-executive Director of the Company in June 2012. He is the General Manager of Strategy Management Department of CRH since October 2011. Mr. Chen is also a Non-executive Director of CRE, CR Cement, CR Land and CR Gas, which are listed on the HKEX. He is also a Director of CR Pharmaceutical which is listed on the Shanghai Stock Exchange and CR Sanjiu and China Vanke Co., Ltd., which are listed on the Shenzhen Stock Exchange. Mr. Chen obtained a Bachelor's degree of Architectural Management from the Tsinghua University, China in 1993 and a Master's degree of Business Administration from University of Oxford, the United Kingdom, in 2007. Mr. Chen joined China Resources Group in 1993 and has worked as Project Engineer, Project Manager and Manager of Procurement Department and Executive Director of China Resources Construction (Holdings) Company Limited, a fellow subsidiary of CRH, from September 1993 to March 2002. He was also a Director and President of China Resources Land (Beijing) Limited from March 2002 to October 2011 and a Director of CR Land from March 2003 to February 2006, both are fellow subsidiaries of CRH and the latter is listed on the HKEX.

Mr. Anthony H. Adams

Mr. Anthony H. Adams, aged 42, was appointed as an Independent Non-executive Director of the Company in 2003. He is also the Chairman of the Sustainability Committee, a member of the Audit and Risk Committee and Remuneration Committee of the Company. Mr. Adams has almost 20 years of experience in infrastructure investment and development in Asia. Mr. Adams was a Managing Director based in Hong Kong with JP Morgan Asset Management, where he focused on direct investments in the infrastructure and related resources sectors. Prior to joining JP Morgan in 2006, he was a Managing Director based in Hong Kong with Emerging Markets Partnership ("EMP"), which is the principal advisor to the AIG Infrastructure Funds, a set of private equity funds targeted at infrastructure and infrastructure-related opportunities in emerging Asia, Latin America, Europe and Africa. Prior to joining EMP, Mr. Adams was a Project Development Manager at Bechtel Enterprises, the direct investment and development arm of the Bechtel Group, at which he participated in numerous energy and other infrastructure projects throughout Asia Pacific. Mr. Adams holds a Bachelor of Arts degree from the University of Vermont (Phi Beta Kappa) and a Master's degree in Business Administration from Harvard Business School.

Directors and Senior Management

Mr. Chen Ji Min

Mr. Chen Ji Min, aged 69, was appointed as an Independent Non-executive Director of the Company in February 2006. He is also a member of the Audit and Risk Committee and Nomination Committee of the Company. Mr. Chen was a member of the Standing Committee of the People's Congress of Zhejiang province ("the Standing Committee") and a Deputy Director of the Finance and Economy Commission of the Standing Committee. Mr. Chen had served as director of the Bureau of Electricity of Ningbo City, deputy director of the Economic and Trading Committee of Ningbo City, deputy director and director of the Bureau of Electricity of Zhejiang province, General Manager of the Electricity Development Company of Zhejiang province and Chairman of the Board of Directors of Zhejiang South-East Company Limited, a company with B shares listed on the Shanghai Stock Exchange. Mr. Chen graduated from the Electricity Engineering Department of Zhejiang University.

Mr. Andrew Ma Chiu Cheung

Mr. Andrew Ma Chiu Cheung, aged 71, was appointed as an Independent Non-executive Director of the Company in December 2006. He is also the Chairman of the Audit and Risk Committee, a member of the Sustainability Committee and Remuneration Committee of the Company. Mr. Ma is a fellow member of the Institute of Chartered Accountants in England & Wales, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors and the Taxation Institute of Hong Kong. He has more than 30 years' experience in the fields of accounting, auditing and finance. Mr. Ma is a founder and former Director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited). He is presently a director of Mayee Management Limited and is currently also an independent non-executive director of several other listed companies in Hong Kong. Mr. Ma received his Bachelor's degree in Economics from the London School of Economics and Political Science (University of London) in England.

Ms. Elsie Leung Oi-Sie

Ms. Elsie Leung Oi-Sie, aged 73, was appointed as an Independent Non-executive Director of the Company in April 2010. She is also the Chairman of the Remuneration Committee, a member of the Audit and Risk Committee and the Nomination Committee of the Company. Ms. Leung was the Secretary for Justice of the Hong Kong Special Administrative Region, as well as a member of the Executive Council of Hong Kong from July 1997 to October 2005. Ms. Leung was admitted as a solicitor of the Supreme Court of Hong Kong in 1968. She was a partner of P. H Sin & Co., a Hong Kong law firm, which amalgamated with the law firm Iu, Lai & Li Solicitors & Notaries in 1993; she was a senior partner with Iu, Lai & Li Solicitors & Notaries from 1993 to 1997. At the end of 2006, she resumed practice at Iu, Lai & Li Solicitors & Notaries. Ms. Leung also serves on the board of United Company Rusal Plc, a public company listed in Hong Kong, as an Independent Non-executive Director.

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

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

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

Dr. Raymond Ch'ien Kuo Fung

Dr. Raymond Ch'ien Kuo Fung, aged 61, was appointed as an Independent Non-executive Director of the Company in April 2010. He is also a member of the Sustainability Committee, the Nomination Committee and the Remuneration Committee of the Company. Dr. Ch'ien is non-executive Chairman of MTR Corporation Limited, Chairman and independent non-executive director of Hang Seng Bank Limited, Ascends China Commercial Fund Management Ltd. and China.Com Inc. Dr. Ch'ien also serves as an independent non-executive director on the boards of The Hongkong and Shanghai Banking Corporation Limited, Convenience Retail Asia Limited, The Wharf (Holdings) Limited, Hong Kong Mercantile Exchange Limited and Swiss Reinsurance Company Limited.

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

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

SENIOR MANAGEMENT

Ms. Liu Ping

Ms. Liu Ping, aged 51, is the Senior Vice President of the Company and the General Manager of the CR Power's Thermal Power Business Unit. She was the Deputy General Manager and CFO of CR New Energy from July 2010 to May 2012. Prior to that, Ms. Liu was an Executive Vice President of the Company from June 2009 to July 2010. Ms. Liu was the General Manager of CR Power's Henan Branch from July 2008 to July 2010; General Manager of China Resources Power Dengfeng Co., Ltd. from March 2006 to July 2008; CFO of China Resources (Luoyang) Thermal Power Co., Ltd., China Resources Power Dengfeng Co., Ltd. and China Resources Power Henan Shouyangshan Co., Ltd.; and General manager of China Resources (Luoyang) Thermal Power Co., Ltd from October 2003 to March 2006. Ms. Liu holds a Master's degree in Business Administration from China Europe International Business School. Prior to joining the Company, Ms. Liu served as a management personnel in the People's Bank of China in Xuzhou City, Jiangsu province.

Mr. Jiang Li Hui

Mr. Jiang Li Hui, aged 50, is the Senior Vice President of the Company and the General Manager of CR Power's Coal Enterprise Department ("CR Coal"). He is also a member of the Executive Committee of the Company. Mr. Jiang has extensive experience in the development, construction and operation management of coal-fired and hydro power plants. From July 2010 to July 2011, he served as the Deputy General Manager of CR New Energy; from July 2009 to March 2011, he served as the Deputy Chief Technical Officer of the Company; from July 2007 to January 2010, he served as the General Manager of China Resources Hezhou Co., Ltd.; from April 2005 to July 2007, he served as the General Manager of Xuzhou Huaxin Power Generation Co., Ltd.; from July 2002 to April 2005, he served as the Deputy General Manager of China Resources Power Hubei Co., Ltd.; from April 1995 to July 2002, he served in various positions at China Resources (Xuzhou) Electric Power Co., Ltd., including Assistant General Manager and Deputy Chief Engineer. Mr. Jiang holds a Master's degree in Business Administration from Huazhong University of Science and Technology and a Master's degree in Business Administration from China Europe International Business School.

Mr. Ding Qi

Mr. Ding Qi, aged 54, is a member of the Executive Committee of the Company. He served as the Chief Human Resources Officer of the Company between June 2007 and July 2010, and as the General Manager of the Human Resources and Administration Department of the Company from November 2001 to June 2007. Prior to joining the Company, he was a Departmental Manager of China Resources Development and Investment Co., Ltd. from 1998 to 1999. Mr. Ding holds a Bachelor's degree in Wireless Communications from the Nanjing Communications Engineering Institute.

Directors and Senior Management

Mr. Wang Gao Qiang

Mr. Wang Gao Qiang, aged 43, is a Vice President and Chief Audit Executive of the Company. From August 2002 to January 2012, he served as the Senior Manager and Deputy Chief Officer of the Audit and Supervision Department of CRH; from August 1992 to February 2000, he served as the Manager of the Finance Department of CRNC; from March 2000 to July 2002, he served as the Manager of the Audit Department of China Resources logistics Co., Limited. Mr. Wang has been engaged in financial accounting, internal audit and risk management for over 20 years and has extensive experience in corporate finance, internal audit, internal control, risk management and corporate governance. Mr. Wang holds a Bachelor's degree in Economics from Guangdong University of Foreign Studies, and has obtained the International Certified Internal Auditor qualification and the PRC Accountant qualification.

Mr. Ding Yuan Kui

Mr. Ding Yuan Kui, aged 38, is a Vice President and Chief Human Resources Officer of the Company. From April 2008 to April 2012, he served as the Deputy Chief Human Resources Officer and Chief Human Resources Officer of CR Cement. Prior to joining China Resources Group, Mr. Ding worked at Mercer Management Consulting and Dong Feng Nissan and was responsible for human resources consulting and management. Mr. Ding graduated from Zhongnan University of Economics and Law in 1996 and from the School of Economics and Management of Tsinghua University in 2003, with a Master's degree in International Business Administration.

Mr. Zhu Guo Lin

Mr. Zhu Guo Lin, aged 53, is a Vice President and Chief Financial Officer of the Company. From July 2009 to May 2012, he served as the Deputy Chief Financial Officer and General Manager of the Finance Department of the Company; from November 2005 to July 2009, he served as the Chief Financial Officer of Guangzhou China Resources Thermal Power Company Limited; from February 2004 to November 2005, he served as the Deputy General Manager of the Corporate Development Department of CRH, and the Director and Deputy General Manager of China Resources Development and Investment Co., Ltd.; from November 2001 to February 2004, he served as the Party Committee Member and Vice Director of the Department of Foreign Trade and Economic Cooperation of Yunnan Province; from September 2000 to November 2001, he served as the Director and General Manager of China Resources Kang Mao Company Limited; from August 1997 to September 2000, he served as the Director and Assistant General Manager of Kang Mao Hong Kong Co., Ltd. (香港康貿有限公司), and was also the Director and General Manager of Hong Kong Kang Mao Finance Limited; from July 1985 to August 1997, he was an official of the Foreign Trade and Finance Division under the Finance and Accounting Department of the Ministry of Foreign Economic Relations and Trade of the PRC (中國經貿部財會局外貿財務處幹部), the financial manager of Great Wall Trade Center, Dubai, United Arab Emirates (阿聯酋迪拜長城貿易中心財務部經理), the Deputy Director of the State-owned Assets Management Division under the Department of Foreign Economic Coordination of the Ministry of Foreign Economic Relations and Trade of the PRC (中國外經濟部經濟協調司國有資產管理處副處長), and the Director of the Division of Integrated System Management under the Planning and Finance Department of the Ministry of Foreign Economic Relations and Trade (外經貿部計財司合制度處處長). Mr. Zhu holds a Master's degree in BusinessAdministration from the University of International Business and Economics.

Mr. Wang Ya Ping

Mr. Wang Ya Ping, aged 56, is an Executive Vice President and the Chief Operation Officer of the Company. Mr. Wang has extensive experience in the construction, operation and management of coal-fired power plants. During the period from 2003 through 2010, Mr. Wang was General Manager of China Resources (Xuzhou) Electric Power Co., Ltd., during which time he was responsible for the operation of the Phase I of Xuzhou Power Plant and the expansion, construction and operation of the Phase II of Xuzhou Power Plant which comprises two 300MW class units. He was also in charge of the construction of Phase III of Xuzhou Power Plant which comprises two 1,000MW ultra-super critical units. From March 2009 to July 2010, Mr. Wang served as the General Manager of Jiangsu Branch of the Company. From 1994 to 2002, Mr. Wang successively assumed the following positions: marketing department director, assistant general manager and deputy general manager of the fuel company under China Resources (Xuzhou) Electric Power Co., Ltd. Mr. Wang holds a Master's degree in Business Administration from Nanking University.

Mr. Jian Yi

Mr. Jian Yi, aged 36, is the Assistant President and Strategic Development Director of the Company. From March 2007 to May 2012, he served as the Deputy General Manager and General Manager of the Office of the President of the Company; from 2003 to 2007, he held various positions in the China Europe International Business School, including the Senior Student Recruitment Executive and Manager of the Beijing Representative Office, and the Deputy Chief Representative of the Shenzhen Representative Office. Mr. Jian holds a Master's degree in Laws from the Peking University.

Mr. An Xing

Mr. An Xing, aged 39, is the Assistant President and Information Management Director of the Company. From August 2009 to September 2012, he served as the Consulting Director and Assistant General Manager of the Information Management Department of CRH. Prior to joining CRH, he worked for Oracle Corporation and has more than 15 years of experience in information construction. Mr. An holds a Bachelor's degree in Computer Science and Technology from the Harbin University of Science and Technology.

Report of the Directors

The directors of the Company (the "Directors") are pleased to present the annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Group engages principally in investing, developing, operating and managing power plants and coal mine projects in the more affluent regions or regions with abundant coal resources in China. The activities of its subsidiaries, associates and joint ventures are set out in Notes 9, 10 and 11 to the financial statements, respectively.

GROUP PROFIT

The consolidated income statement is set out on page 82 and shows the Group's profit for the year ended 31 December 2012. A discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Management's Discussion and Analysis on pages 36 to 59 of this Annual Report.

DIVIDENDS

An interim dividend of HK$0.06 per share was paid on 12 October 2012.

The Board of Directors resolved to recommend the payment of a final dividend of HK$0.45 per share for the year ended 31 December 2012 to shareholders whose names appear on the Register of Members of the Company on 17 June 2013. The proposed dividend will be paid on or about 26 June 2013 following approval at the Annual General Meeting.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group and the Company during the year are set out in Note 6 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 23 to the financial statements.

RESERVES

Distributable reserves of the Company amounted to HK$2,272.5 million as at 31 December 2012 (2011: HK$3,895.0 million). Movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 84 to 85 of this Annual Report and Note 25 to the financial statements, respectively.

BANK AND OTHER BORROWINGS

The total borrowings of the Group as at 31 December 2012 amounted to HK$80,267.0 million (2011: HK$82,987.2 million). Particulars of borrowings are set out in Note 31 to the financial statements.

DIRECTORS

The Directors who held office during the year of 2012 and as at the date of this Annual Report are as follows:

Executive Directors:

Ms. Zhou Junqing	(Chairman)
Mr. Wang Yu Jun	(President)
Mr. Zhang Shen Wen	(Vice Chairman)
Ms. Wang Xiao Bin	(Chief Financial Officer and Company Secretary)
Mr. Li She Tang	(Resigned on 11 May 2012)

Non-executive Directors:

Mr. Du Wen Min	
Mr. Wei Bin	
Mr. Huang Dao Guo	(Appointed on 9 June 2012)
Mr. Chen Ying	(Appointed on 9 June 2012)
Mr. Shi Shan Bo	(Resigned on 9 June 2012)
Dr. Zhang Hai Peng	(Resigned on 9 June 2012)

Independent Non-executive Directors:

Mr. Anthony H. Adams
Mr. Chen Ji Min
Mr. Andrew Ma Chiu Cheung
Ms. Elsie Leung Oi-Sie
Dr. Raymond K. F. Ch'ien

As at 31 December 2012, none of the Directors had a service contract with the Company or any subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

In accordance with Article 98 of the Company's Articles of Association, Mr. Huang Dao Guo and Mr. Chen Ying retire and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with Article 120 of the Company's Articles of Association, Mr. Chen Ji Min, Mr Andrew Ma Chiu Cheung, Mr Wang Yu Jun, Mr. Du Wen Min and Mr. Wei Bin retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Apart from Mr. Anthony H. Adams, who has served as an Independent Non-executive Director for more than 9 years as at the date of this annual report and was re-elected in the 2011 annual general meeting ("AGM") on 8 June 2012, no other Independent Non-executive Director currently has served more than 9 years. If an Independent Non-executive Director serves more than 9 years, any further appointment of such Independent Non-executive Director will be subject to a separate resolution to be approved by shareholders.

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

Biographical details of the Directors as at the date of this report are set out on pages 14 to 23 of this Annual Report.

The Executive Directors are entitled to salaries and discretionary bonuses determined by the Board at its absolute discretion having regard to the Group's performance and the prevailing market situation. The Non-executive Directors and the Independent Non-executive Directors are entitled to fees authorised by shareholders and approved by the Board by reference to the prevailing market conditions. The Directors were granted options to subscribe for the Company's shares (the "Shares"). For details of the share option schemes, please refer to pages 154 to 156 of this Annual Report. Details of Directors' remuneration are provided under Note 37 to the financial statements.

SHARE OPTIONS

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

(A) Pre-IPO Share Option Scheme

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

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

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

As at 31 December 2012, a total of 12,504,186 Shares (representing approximately 0.26% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Pre-IPO Share Option Scheme.

Movement of the options under the Pre-IPO Share Option Scheme during the year ended 31 December 2012 is as follows:

Participants	Date of grant	Number of options outstanding as at 1 January 2012	Number of options reclassified during the year	Number of options exercised during the year(1)	Number of options outstanding as at 31 December 2012	Date of expiry	Exercise price (HK$)
Name of Director							
Li She Tang(2)	6 Oct 2003	570,080	(570,080)	—	—	5 Oct 2013	2.750
Aggregate total of employees	6 Oct 2003	831,372	—	(179,168)	652,204	5 Oct 2013	2.750
Aggregate total of other participants	6 Oct 2003	16,509,924	570,080	(5,228,022)	11,851,982	5 Oct 2013	2.750
		17,911,376	—	(5,407,190)	12,504,186		

Note: 1. The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK$16.14.

2. Mr. Li She Tang resigned as Director of the Company on 11 May 2012 and accordingly, reclassified from Director to other participants during the year.

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

(B) Share Option Scheme

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

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

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

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

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

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

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

As at 31 December 2012, a total of 41,641,076 Shares (representing approximately 0.87% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Share Option Scheme.

Movement of the options granted under the Share Option Scheme during the year ended 31 December 2012 is as follows:

Participant	Date of grant	Number of options outstanding as at 1 January 2012	Number of options reclassified during the year	Number of options exercised during the year[1]	Number of options outstanding as at 31 December 2012	Date of expiry	Exercise price (HK$)
Name of Director							
Wang Yu Jun	18 Mar 2005	101,800	—	—	101,800	17 Mar 2015	3.919
Zhang Shen Wen	18 Mar 2005	244,320	—	—	244,320	17 Mar 2015	3.919
Li She Tang[2]	18 Mar 2005	366,480	(366,480)	—	—	17 Mar 2015	3.919
Wang Xiao Bin	18 Mar 2005	166,480	—	(166,480)	—	17 Mar 2015	3.919
Anthony H. Adams	18 Nov 2005	203,600	—	(94,444)	109,156	17 Nov 2015	4.641
Chen Ji Min	30 Mar 2007	203,600	—	—	203,600	29 Mar 2017	12.210
Andrew Ma Chiu Cheung	30 Mar 2007	203,600	—	—	203,600	29 Mar 2017	12.210
Aggregate total of employees	1 Sep 2004	2,162,660	—	(775,480)	1,387,180	31 Aug 2014	4.175
	18 Mar 2005	1,426,640	—	—	1,426,640	17 Mar 2015	3.919
	18 Nov 2005	11,359,780	—	(3,300,360)	8,059,420	17 Nov 2015	4.641
	5 Sep 2006	11,294,720	—	(4,078,200)	7,216,520	4 Sep 2016	6.925
	30 Mar 2007	22,991,760	—	(3,581,960)	19,409,800	29 Mar 2017	12.210
Aggregate total of other participants	18 Mar 2005	3,279,040	366,480	(366,480)	3,279,040	17 Mar 2015	3.919
		54,004,480	—	(12,363,404)	41,641,076		

Note: 1. The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK$16.38.

2. Mr. Li She Tang resigned as Director of the Company on 11 May 2012 and accordingly, reclassified from Director to other participants during the year.

3. No option was granted, lapsed or cancelled under the Share Option Scheme during the year.

MEDIUM TO LONG-TERM PERFORMANCE EVALUATION INCENTIVE PLAN

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

During the year ended 31 December 2012, the Trustee purchased 982,000 (2011: 6,120,000) Shares for the Plan at weighted average price of HK$13.70.

During the year ended 31 December 2012, HK$Nil (2011: HK$143,098,000) was determined under the Plan using the market price of the ordinary shares at the date of grant.

Under the Plan, there were total of 38,001,475 Shares (2011: 37,019,475) amounting to HK$601,809,000 (2011: HK$588,354,000) held by the Trustee at the end of the reporting period.

DIRECTORS' INTERESTS IN SECURITIES

Save as disclosed below, as at 31 December 2012, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein:

(A) The Company

Details of Shares and outstanding options granted under the Pre-IPO Share Option Scheme and Share Option Scheme in the Company held by the Directors as at 31 December 2012 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of the Company
Zhou Junqing	Beneficial Owner	470,864	Long	0.010%
	Interest of Spouse	20,000	Long	0.000%
Wang Yu Jun	Beneficial Owner	280,070	Long	0.006%
Zhang Shen Wen	Beneficial Owner	2,426,800	Long	0.051%
Wang Xiao Bin	Beneficial Owner	3,664,560	Long	0.077%
Du Wen Min	Beneficial Owner	480,240	Long	0.010%
Raymond K. F. Ch'ien	Beneficial Owner	30,000	Long	0.001%
	Interest of Spouse	4,000	Long	0.000%
Anthony H. Adams	Beneficial Owner	18,000	Long	0.000%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK$)	Number of options and underlying shares as at 1 January 2012	Number of options exercised during the year	Number of options and underlying shares as at 31 December 2012	Percentage of the issued share capital of the Company
Wang Yu Jun	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	101,800	—	101,800	0.002%
Zhang Shen Wen	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	244,320	—	244,320	0.005%
Wang Xiao Bin	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	166,480	(166,480)	—	0.000%
Anthony H. Adams	Beneficial Owner	18 Nov 2005	17 Nov 2015	4.641	203,600	(94,444)	109,156	0.002%
Chen Ji Min	Beneficial Owner	30 Mar 2007	29 Mar 2017	12.210	203,600	—	203,600	0.004%
Andrew Ma Chiu Cheung	Beneficial Owner	30 Mar 2007	29 Mar 2017	12.210	203,600	—	203,600	0.004%

(B) China Resources Enterprise, Limited

China Resources Enterprise, Limited ("CRE"), an associated corporation of the Company (as defined under the SFO), has a share option scheme to subscribe for the shares in CRE. Details of shares and outstanding options in CRE held by the Directors as at 31 December 2012 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CRE
Du Wen Min	Beneficial Owner	100,000	Long	0.004%
Zhang Shen Wen	Beneficial Owner	20,000	Long	0.001%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK$)	Number of options and underlying shares as at 1 January 2012	Number of options exercised during the year	Number of options and underlying shares as at 31 December 2012	Percentage of the issued share capital of CRE
Zhang Shen Wen	Beneficial Owner	5 Mar 2002	4 Mar 2012	7.35	20,000	(20,000)	—	0.000%

(C) China Resources Gas Group Limited

China Resources Gas Group Limited ("CR Gas") is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Gas held by the Directors as at 31 December 2012 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Gas
Zhou Junqing	Beneficial Owner	34,800	Long	0.002%
Zhang Shen Wen	Beneficial Owner	66,000	Long	0.003%
Du Wen Min	Beneficial Owner	54,000	Long	0.003%

(D) China Resources Land Limited

China Resources Land Limited ("CR Land") is an associated corporation of the Company (as defined under the SFO). Details of shares and outstanding options in CR Land held by the Directors as at 31 December 2012 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Land
Zhou Junqing	Beneficial Owner	30,000	Long	0.001%
Du Wen Min	Beneficial Owner	840,000	Long	0.014%
Chen Ying	Beneficial Owner	500,000	Long	0.009%

(E) China Resources Cement Holdings Limited

China Resources Cement Holdings Limited ("CR Cement") is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Cement held by the Directors as at 31 December 2012 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Cement
Zhang Shen Wen	Beneficial Owner	100,000	Long	0.002%
Chen Ying	Beneficial Owner	230,000	Long	0.004%

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES

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

CONTRACTS OF SIGNIFICANCE

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

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

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2012, the Directors were not aware of any other persons (other than a Director or chief executive, whose interests are disclosed in the section headed "Directors' Interests in Securities" above) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

Name of shareholders	Note	Capacity	No. of Shares held	Long/short position	Approximate % of shareholding
CRH (Power) Limited	1	Beneficial owner	3,024,999,999	Long	63.51%
CRH	1	Interest in a controlled corporation	3,025,001,999	Long	63.51%
CRC Bluesky Limited	1	Interest of a controlled corporation	3,025,001,999	Long	63.51%
China Resources Co., Limited ("CRC")	1	Interest of a controlled corporation	3,025,001,999	Long	63.51%
China Resources National Corporation ("CRNC")	1	Interest of a controlled corporation	3,025,001,999	Long	63.51%

Note: CRH (Power) Limited (formerly known as Finetex International Limited) is a 100% subsidiary of CRH, which is a 100% subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by CRC, which is in turn held as to 100% by CRNC. Each of CRH, CRNC, CRC and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in 3,024,999,999 Shares as those of CRH (Power) Limited. CRH, through another wholly-owned subsidiary, is interested in 2,000 Shares of the Company. Accordingly, each of CRNC, CRC and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the 2,000 Shares as those of CRH.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

On 9 April 2010, China Resources Power Logistics (Tianjin) Company Limited ("CR Tianjin Logistics"), a 71.5% non-wholly-owned subsidiary of the Company, entered into a master agreement with China Resources Cement Investments Limited ("CR Cement Investments"), a wholly owned subsidiary of China Resources Cement Holdings Limited, pursuant to which CR Logistics agreed to supply coal to CR Cement Investments on a continuing basis for a term from 9 Apr 2010 to 31 Dec 2012. Under the master agreement, the specification, quantity and unit price of the coal are to be agreed by the parties each time when a monthly sale and purchase order is being placed, on or before the 15th day of each month. The unit price of coal will be negotiated on an arm's length basis between CR Cement Investments and CR Tianjin Logistics based on the prevailing market prices for coal. Details of the continuing connected transactions are as stated in the Company's announcement dated 9 April 2010. For the year ended 31 December 2012, the aggregate amount of supply of coal amounted to HK$217,127,000.

In accordance with paragraph 14A.37 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that save as these transactions, other continuing connected transactions of the Company conducted during the year ended 31 December 2012, were exempt from the reporting, announcement and independent shareholders' approval requirements under paragraph 14A.33 of the Listing Rules and that the above continuing connected transactions:

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

(ii) have been entered into either:

  (a) on normal commercial terms; or

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

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

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

(a) have received the approval of the Board;

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

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

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

Save for the following transactions, none of the related party transactions contained in Note 47 to the financial statements falls under the definition of "connected transactions" or "continuing connected transactions" within the meaning of the Listing Rules:

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

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

Name of related company	Relationship	Nature of transactions	2012 HK$'000
CRC	Intermediate holding company	Interest expense paid	25,657
CRH	Intermediate holding company	Interest expense paid	18,954
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expense paid	4,217
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expense paid	9,745
Certain subsidiaries of CR Cement	Fellow subsidiaries	Sales of de-sulphur Gypsum	5,155
		Sales of ash and slag	15,559
		Sales of coal	217,127
		Purchase of limestone powder	9,285
China Resources Packaging Materials Co., Ltd.	Fellow subsidiary	Sales of coal	15,468
Certain subsidiaries of Elite Wing Limited	Fellow subsidiaries	Interest income received	12,614

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2012.

MAJOR CUSTOMERS AND SUPPLIERS

Purchases from the Group's five largest suppliers together accounted for 33.0% of the Group's total purchases during the year. The five largest suppliers are 中國神華能源股份有限公司 (China Shenhua Energy Company Limited) (11.3%), 平頂山天安煤業股份有限公司 (Ping Ding Shan Tian An Coal Co., Ltd) (9.0%), 中國中煤能源股份有限公司 (China Coal Energy Company Limited) (6.5%), 中國東方電氣集團有限公司 (Dongfang Electric Corporation) (3.2%) and 內蒙古伊泰集團 (Inner Monogolia Yital Group Company Limited (3.0%).

Sales to the Group's five largest customers together accounted for 75.1% of the Group's total turnover during the year. The five largest customers are 江蘇省電力公司 (Jiangsu Electric Power Company) (33.8%), 河南省電力公司 (Henan Provincial Power Company) (18.1%), 廣東電網公司 (Guangdong Power Grid Company) (12.1%), 湖北省電力公司 (Hubei Provincial Power Comapny) (6.2%) and 安徽省電力公司 (Anhui Electric Power Corporation) (4.9%).

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

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

The Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the year ended 31 December 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES AND CORPORATE GOVERNANCE CODE

The Company has applied all of the principles and complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (effective from 1 April 2012) (the "Code") during the period from 1 April 2012 to 31 December 2012, each as contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the HKEX CR Power also complied with all of the recommended best practices in the Code save for B.1.8, C.1.6 and C.1.7.

The Company's corporate governance practices is set out in the Corporate Governance Report on pages 60 to 77 of this annual report.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2012.

PUBLIC FLOAT

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

AUDIT AND RISK COMMITTEE

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

AUDITORS

The consolidated financial statements for the year ended 31 December 2012 was audited by PricewaterhouseCoopers.

At the annual general meeting of the Company held on 8 June 2012, Messrs. Deloitte Touche Tohmatsu retired as the auditor of the Company and Messrs. PricewaterhouseCoopers was appointed as the new auditor of the Company.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint PricewaterhouseCoopers as the auditors of the Company.

On behalf of the Board
China Resources Power Holdings Company Limited

Zhou Junqing
Chairman

Hong Kong, 18 March 2013

Management's Discussion and Analysis

BUSINESS REVIEW FOR 2012

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

In 2012, as a result of the slowdown in China's economic growth we witnessed only a mild increase in national electricity consumption. The first three quarters of the year were relatively weak while in the fourth quarter the economy showed signs of recovery. Supply and demand for electricity had been generally balanced nationwide since May 2012, and in some regions there was over supply of electricity capacity. According to the statistics of the China Electricity Council (CEC), China's power consumption in 2012 recorded approximately 4.96 trillion kWh, representing an increase of 5.5%, decelerating by 6.5 percentage points compared with 2011.

China's total power generation reached 4.98 trillion kWh in 2012, representing an increase of 5.2%, decelerating by 6.8 percentage points compared with 2011. Coal-fired power generation amounted to 3.9 trillion kWh, representing an increase of 0.3%, decelerating by 13.9 percentage points compared with 2011. Wind power generation amounted to 0.1 trillion kWh, representing an increase of 12.6% compared with 2011.

Benefiting from the tariff hikes announced by the Chinese government in 2011, our subsidiary coal-fired power plants recorded an increase of 4.9% in average tariffs (exclusive of VAT) in 2012 compared to 2011.

The demand and supply situation in the coal market was relatively easy in 2012. Domestic coal production capacity continued to expand, and the amount of coal imported into China grew significantly to 234 million tonnes during the year, increasing by 28.7% year on year. On the other hand coal prices fell sharply because of the weak domestic demand for coal. The price of the Qinhuangdao 5,500 kcal Shanxi Premier Blend was RMB805/tonne at the end of 2011 and fell to RMB620/tonne at the end of 2012, representing a decrease of RMB185/tonne or 23.0%. As a result of the decrease in coal prices, the Group's coal business experienced a decrease in earnings. However, due to the sharp increase in earnings of our coal-fired and wind power business, the Group still recorded a significant increase in its overall earnings.

According to the statistics of CEC, as at the end of 2012, the total generation capacity in China increased to approximately 1,144.9GW, representing an increase of approximately 7.8% or 80.2GW compared with the end of 2011. The total new capacity added for coal-fired, hydro, grid-connected wind power projects and grid-connected solar power projects amounted to approximately 50.7GW, 15.5GW, 12.8GW and 1.2GW, respectively. New coal-fired generation capacity added during the year only represented 63.2% of the total new capacity additions, representing a decrease of 8 percentage points from 2011.

In 2012, the average utilisation hours for coal-fired generation units in China decreased by 340 hours or 6.4% year on year to 4,965 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. The average full-load equivalent utilisation hours of our 32 coal-fired power plants which were operational for the full year of 2012 reached 5,680 hours, exceeding the national average level by 715 hours.

In 2012, the average utilisation hours for wind power generation units in China were 1,893 hours. Wind farms of the Group are mainly located in coastal regions of Eastern China and Southern China. The average full-load equivalent utilisation hours of our wind farms which were operational for the full year of 2012 reached 2,096 hours, exceeding the national average level by 203 hours.

Growth of generating capacity

As at 31 December 2012, our total attributable operational generation capacity increased to 25,271MW from 22,230MW as at 31 December 2011.

As at 31 December 2012, coal-fired attributable operational generation capacity amounted to 23,292MW, accounting for 92.2% of our total attributable operational generation capacity, representing a decrease of 1.2 percentage points compared to the end of last year. Wind, gas-fired and hydro capacity amounted to 1,622MW, 77MW and 280MW, respectively, and together accounting for 7.8% of our total attributable operational generation capacity, representing an increase of 1.2 percentage points compared to the end of last year which is mainly attributable to the commissioning of wind capacity and of our Yazuihe Hydro-electric Power Project.

In 2012, we commissioned four large-scale coal-fired generation units, including the second 600MW supercritical generation unit in Dengfeng Power Plant Phase II in Henan, a 1,000MW ultra-supercritical generation unit in Puqi Power Plant in Hubei and 2 x 1,000MW ultra-supercritical generation units in Hezhou Power Plant in Guangxi. In addition, Cangzhou Power Plant increased its capacity from 2 x 325MW to 2 x 330MW, together representing a 2,520MW increase in attributable operational generation capacity. In addition, we commissioned a number of wind farms in Inner Mongolia, Shandong, Heilongjiang, Gansu and Liaoning, which collectively added a total of 388MW of new attributable operational wind generation capacity. The Yazuihe Hydro-electric Project in Sichuan was also commissioned during the year, adding 133MW of new attributable operational generation capacity.

Generation volume

The total gross generation volume of our 55 consolidated operating power plants and wind farms amounted to 123,690,705MWh in 2012, representing an increase of 3.4% from 119,656,029MWh in 2011.

The total net generation volume of our 55 consolidated operating power plants and wind farms amounted to 116,273,170MWh in 2012, representing an increase of 3.7% from 112,080,283MWh in 2011.

On a same plant basis (using 32 coal-fired power plants which were in commercial operations for the entire year of 2011 and 2012), gross and net generation volumes decreased by 7.1% and 7.0%, respectively. The average full-load equivalent utilisation hours for 2012 of the 32 coal-fired power plants amounted to 5,680 hours, representing a decrease of 6.3% from 6,065 hours for 2011.

Fuel costs

Average unit fuel cost for our consolidated operating power plants in 2012 was RMB254.37/MWh representing a year-on-year decrease of 9.3%. Average standard coal cost for our consolidated operating power plants in 2012 decreased by 7.9% on a year-on-year basis.

In 2012, the average net generation standard coal consumption rate of our coal-fired power plants was 320.16g/kWh, representing a decrease of 5.83g/kWh or 1.8% from 325.99g/kWh in the previous year.

Environmental expenses

In 2012, environmental fees incurred by each of the subsidiaries were in the range of RMB11,000 to RMB28 million. The total amount of environmental fees incurred by our subsidiaries was RMB234 million, as compared with RMB227 million for 2011. The increase in environmental expenses was mainly due to the increase in the Company's production capacity.

Development of renewable energy projects

In 2012, we continued to increase our investment in renewable energy projects, especially in the development and construction of wind farms. At the end of 2012, our attributable operational wind generation capacity reached 1,622MW and wind power capacity under construction was 180MW.

At the end of 2012, we obtained preliminary approvals from the government for the construction of wind power projects with a capacity of 3,800MW. At the same time, we have signed wind power investment and development agreements with 24 provinces and autonomous regions in China, with contracted reserves of wind power capacity of 45,000MW.

Coal mine operations

In 2012, our coal mine operations in Shanxi, Jiangsu, Henan and Hunan provinces produced a total of approximately 16.84 million tonnes of coal (aggregation of each mine production volume on a 100% basis), representing an increase of 1.8% from 2011, among which, 10.22 million and 6.62 million tonnes were produced by our subsidiary coal mines and associate coal mines respectively.

PROSPECTS FOR 2013

According to CEC forecasts, domestic investment and consumption is expected to maintain rapid growth and China's economy is estimated to grow at an annual GDP growth rate of 7.6% to 8.3% in 2013. These forecasts take into account the macro regulations and control measures, commencement of key construction projects under the "Twelfth Five-Year Plan" and the implementation of consumption stimulus policies. Due to factors such as industrial restructuring and the persistent control measures on the property market, the growth rate of power consumption in high energy consumption industries is not expected to rise significantly. Tertiary industry and household power consumption will continue to maintain high growth momentum and the growth pace of national demand for electricity will increase compared to 2012. It is expected that China's total electricity consumption in 2013 will increase to between 5.3 to 5.4 trillion kWh, representing an increase of 7.0% to 9.0% compared to 2012. It is also expected that newly installed generation capacity in 2013 will be no more than 80GW and the growth rate of generation capacity will further slow down.

On 25 December 2012, the General Office of the State Council issued the "Guidelines on Further Reforming Thermal Coal Marketization" (《關於深化電煤市場化改革的指導意見》), which states that the key contracts system and the double-track pricing system for thermal coal shall be cancelled with effect from 1 January 2013 and expressly requires that the coal-electricity tariff linkage mechanism be further developed. In the event that thermal coal prices fluctuate by 5% or beyond, corresponding adjustments will be made to on-grid tariffs on an annual basis and the proportion of power producers' exposure to coal price movements will be changed from 30% to 10%. Due to the further increase in coal supply resulting from the gradual increase in coal production capacity, the coal demand and supply situation will continue to remain easy in 2013. The thermal coal marketization reform will not have a material impact on coal prices in 2013, but will facilitate the electricity tariff marketization reform in the medium to long run.

In 2012, we constantly improved the operational efficiency of our power plants by reducing the net generation standard coal consumption rate. In 2013, we will continue to improve our operational efficiency and adopt standardized lean management throughout all our operational power plants to further enhance operational efficiency.

In light of the regulatory environment in China's coal-fired power generation sector, we screen our investment projects very stringently and select coal-fired power plant projects that we consider to be highly competitive and can create future value for our shareholders, such as highly efficient 1,000MW ultra-supercritical generation units with good logistics conditions in the coastal regions, and 300MW heat and power co-generation units in areas with high demand for heating. Furthermore, we also continue to increase our investments in the clean and renewable energy sectors, with a focus on the construction of wind farms.

We will continue to further increase the production output of our existing coal mines, especially in Shanxi Province. We aim to complete the construction, technological upgrade and acceptance inspections of most consolidated coal mines and obtain the licences required for coal production and operation issued by the government in 2013. With an increase in coal production, we will endeavour to develop stable and reliable sales channels as well as develop and establish the logistics system of our coal sales.

We have been broadening our financing channels with an aim to secure long-term low cost capital to support our business development. It is also critical for us to continue to monitor our capital structure and balance sheet on an on-going basis to ensure a stable capital structure to support the Group's operations and various development plans. In May 2012, we issued RMB2.0 billion medium term notes in China, with a term of 7 years and a coupon rate of 5.05%.

OPERATING RESULTS

The audited results of operations for the years ended 31 December 2012 and 2011 are as follows:

Consolidated Income Statement

For the year ended 31 December 2012

	2012 **HK$'000**	2011 HK$'000
Turnover	**62,435,520**	60,708,674
Operating expenses		
Fuels	**(35,589,027)**	(38,382,666)
Repairs and maintenance	**(1,145,345)**	(1,015,042)
Depreciation and amortisation	**(6,183,139)**	(5,502,030)
Employee benefit expenses	**(3,762,080)**	(3,247,286)
Consumables	**(928,894)**	(1,008,657)
Business tax and surcharge	**(499,995)**	(424,735)
Others	**(4,028,319)**	(4,066,615)
Total operating expenses	**(52,136,799)**	(53,647,031)
Other income	**1,306,198**	1,248,732
Other gains — net	**400,938**	1,230,015
Operating profit	**12,005,857**	9,540,390
Finance costs	**(3,835,796)**	(3,515,563)
Share of results of associates	**1,643,372**	740,378
Share of results of joint ventures	**90,328**	96,944
Profit before income tax	**9,903,761**	6,862,149
Income tax expense	**(1,179,214)**	(1,242,763)
Profit for the year	**8,724,547**	5,619,386
Profit for the year attributable to:		
Owners of the Company	**7,478,916**	4,450,576
Non-controlling interests		
– Perpetual capital securities	**418,344**	269,275
– Others	**827,287**	899,535
	8,724,547	5,619,386
Earnings per share attributable to owners of the Company during the year		
– Basic	**HK$1.59**	HK$0.95
– Diluted	**HK$1.58**	HK$0.94

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**8,724,547**	5,619,386
Other comprehensive income:		
Currency translation difference	**226,225**	1,724,851
Share of changes in translation reserve of associates and joint ventures	**224,418**	763,786
Fair value changes on cash flow hedges, net of tax	**(2,485)**	(29,103)
Other comprehensive income for the year, net of tax	**448,158**	2,459,534
Total comprehensive income for the year, net of tax	**9,172,705**	8,078,920
Attributable to:		
Owners of the Company	**7,888,405**	6,711,817
Non-controlling interests		
– Perpetual capital securities	**418,344**	269,275
– Others	**865,956**	1,097,828
	1,284,300	1,367,103
Total comprehensive income for the year, net of tax	**9,172,705**	8,078,920

Consolidated Balance Sheet

As at 31 December 2012

	2012 HK$'000	2011 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**103,660,633**	96,418,551
Prepaid lease payments	**2,372,579**	2,301,477
Mining rights	**14,051,781**	10,703,707
Prepayment for non-current assets	**4,447,854**	4,212,585
Investments in associates	**19,060,119**	18,294,014
Investments in joint ventures	**1,728,980**	1,694,679
Goodwill	**3,914,280**	4,033,453
Deferred income tax assets	**264,296**	171,875
Available-for-sale investments	**1,319,116**	1,101,266
Loans to an associate	—	2,394,638
Loan to a joint venture	—	1,233,500
Loan to an available-for-sale investee company	**176,772**	—
	150,996,410	142,559,745
Current assets		
Inventories	**3,258,710**	3,592,567
Trade receivables, other receivables and prepayments	**14,758,931**	16,123,016
Loans to associates	**3,454,804**	—
Amounts due from associates	**592,171**	593,992
Amounts due from joint ventures	—	122,122
Amounts due from other related companies	**77,730**	570,823
Financial assets at fair value through profit or loss	**3,687**	3,042
Pledged bank deposits	**249,986**	303,977
Cash and cash equivalents	**4,397,289**	4,496,605
	26,793,308	25,806,144
Total assets	**177,789,718**	168,365,889

	2012 HK$'000	2011 HK$'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	**4,762,863**	4,745,092
Share premium and reserves	**49,280,120**	42,727,906
	54,042,983	47,472,998
Non-controlling interests		
– Perpetual capital securities	**5,897,056**	5,900,367
– Others	**8,955,962**	8,198,800
	14,853,018	14,099,167
Total equity	**68,896,001**	61,572,165
LIABILITIES		
Non-current liabilities		
Borrowings	**59,876,386**	56,568,988
Derivative financial instruments	**320,851**	210,354
Deferred income tax liabilities	**573,881**	579,455
Deferred income	**487,547**	226,631
Retirement benefit obligations	**136,481**	231,859
	61,395,146	57,817,287
Current liabilities		
Trade payables, other payables and accruals	**23,022,262**	19,305,755
Amounts due to associates	**600,557**	669,548
Amounts due to other related companies	**2,977,131**	2,036,924
Current income tax liabilities	**506,479**	398,408
Borrowings	**20,390,649**	26,418,243
Derivative financial instruments	**1,493**	147,559
	47,498,571	48,976,437
TOTAL LIABILITIES	**108,893,717**	106,793,724
TOTAL EQUITY AND LIABILITIES	**177,789,718**	168,365,889
NET CURRENT LIABILITIES	**(20,705,263)**	(23,170,293)
TOTAL ASSETS LESS CURRENT LIABILITIES	**130,291,147**	119,389,452

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**9,903,761**	6,862,149
Adjustments for:		
Depreciation for property, plant and equipment	**5,789,430**	5,146,478
Amortisation of mining rights	**312,433**	285,980
Amortisation of prepaid lease payments	**81,276**	69,572
Recognition of share-based payments	**1,477**	153,734
Impairment loss on property, plant and equipment	**324,226**	—
Impairment loss on goodwill	**274,000**	—
Impairment loss on investment in associates	**46,723**	—
Impairment loss on available-for-sale investments	—	53,350
Provision for doubtful accounts	**34,762**	6,037
Interest expense	**3,835,796**	3,515,563
Interest income	**(230,072)**	(271,465)
Fair value change on financial assets at fair value through profit or loss	**(645)**	502
Fair value change on derivative financial instruments	**(38,054)**	4,925
Share of results of associates	**(1,643,372)**	(740,378)
Share of results of joint ventures	**(90,328)**	(96,944)
Dividends received from available-for-sale investments	**(158,256)**	(51,956)
Net loss (gain) on disposal of property, plant and equipment	**(97,076)**	53,345
Net gains on disposal of equity investments	**(35,698)**	—
Damages received from termination of contract	**(174,547)**	—
Changes in working capital:		
Decrease/(Increase) in inventories	**333,857**	(1,469,559)
Decrease/(Increase) in trade receivables, other receivables and prepayments	**1,258,032**	(3,325,474)
Increase in trade payables, other payables and accruals	**535,916**	3,391,406
Decrease in retirement benefit obligations	**(95,378)**	(36,342)
Income tax paid	**(1,203,230)**	(975,887)
CASH FLOWS FROM OPERATING ACTIVITIES — NET	**18,965,033**	12,575,036

	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from associates	**1,011,099**	1,006,871
Dividend received from available-for-sale investments	**182,379**	51,956
Interest received	**232,425**	388,942
Withdrawal of pledged bank deposits	**53,991**	45,754
Recovery of deposits for acquisition of mining rights and exploration and resources rights and related interests	**1,558,209**	—
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	**(10,374,241)**	(12,199,050)
Deposit paid for acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	**(295,883)**	(2,829,839)
Proceeds from disposal of property, plant and equipment	**24,923**	239,994
Loan repaid from a non-controlling shareholder of a subsidiary	**77,929**	16,205
Loan repaid from a joint venture	—	133,837
Advances to associates	**(812,137)**	(41,018)
Advances to an available-for-sale investee company	**(176,772)**	(57,975)
Capital contributions for investments made in associates	**(270,265)**	(350,980)
Capital contributions into joint ventures	**(266,841)**	(634,663)
Capital contributions for available-for-sale investments	**(245,340)**	—
Net cash outflow on acquisition of a subsidiary	**(424,540)**	—
Net cash outflow on acquisition of interest in an associate	**(518,819)**	(4,673,608)
Government grant related to assets	**260,916**	—
CASH FLOWS FROM INVESTING ACTIVITIES — NET	**(9,982,967)**	(18,903,574)

	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings raised	**33,574,785**	34,944,441
Proceeds from issuance of corporate bonds	**2,453,200**	4,934,000
Net proceeds from issuance of perpetual capital securities	—	5,789,305
Proceeds on issuance of shares for exercised options	**107,929**	116,595
Capital contribution from non-controlling interests	**243,762**	156,668
Repayment of bank and other borrowings	**(39,599,742)**	(36,403,474)
Coupon paid on perpetual capital securities	**(421,655)**	(204,658)
Purchase of shares held by a medium to long-term performance evaluation incentive plan	**(13,455)**	(77,610)
Repayment of advances from associates	**(68,991)**	(366,723)
Repayment from/(advance to) other related companies	**41,776**	(404,923)
Loans advance from an intermediate holding company	**2,600,000**	3,700,700
Loans repaid to an intermediate holding company	**(1,238,337)**	(2,488,363)
(Repayment to)/advance from non-controlling interests of subsidiaries	**(154,874)**	708,172
Interest paid	**(4,346,029)**	(3,950,587)
Dividends paid	**(1,414,371)**	(1,549,311)
Dividends paid to non-controlling interests of the subsidiaries	**(882,867)**	(1,184,643)
CASH FLOWS FROM FINANCING ACTIVITIES — NET	**(9,118,869)**	3,719,589
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(136,803)**	(2,608,949)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**4,496,605**	6,801,707
EXCHANGE GAIN	**37,487**	303,847
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**4,397,289**	4,496,605

Overview

Net profit for Year 2012 amounted to approximately HK$7,479 million, representing an increase of approximately 68.0% from approximately HK$4,451 million in 2011.

Given the continuous decrease in coal prices since mid-2012, the average unit fuel cost of our consolidated operating coal-fired power plants decreased by 9.3% year on year, which, together with the 4.9% increase in average tariff of our consolidated coal-fired power plants, drove our profit from operations to rise by 25.8% on a year-on-year basis to HK$12,006 million. Combined with the higher profit contribution from associates, net profit attributable to owners of the Company in 2012 increased by 68.0% compared to 2011.

Basis of preparation of financial statements and principal accounting policies

The consolidated financial statements have been prepared under the historical cost convention, as modified for available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair values.

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

At 31 December 2012, the Group had net current liabilities of approximately HK$20,705 million. The directors of the Company (the "Directors") are of the opinion that, taking into account the current operation and business plan of the Group as well as the banking facilities undrawn by the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as they fall due for the following twelve months from the balance sheet date. Therefore, these consolidated financial statements have been prepared on a going concern basis.

SEGMENT INFORMATION

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

	2012	2011
	HK$'000	HK$'000
Sales of electricity	**55,547,575**	50,705,427
Heat supply	**2,344,618**	2,018,296
Sales of coal	**4,543,327**	7,984,951
	62,435,520	60,708,674

Our turnover for the Year 2012 was HK$62,436 million, representing a 2.8% increase from HK$60,709 million in 2011. The increase in turnover was mainly due to (1) the 3.7% increase in total net generation volume of our 55 consolidated operating power plants and wind farms to 116,273,170 MWh from 112,080,283 MWh in 2011; and (2) the year-on-year increase in average tariff. The average tariff (exclusive of VAT) of our subsidiary coal-fired power plants during the year was RMB389.62/MWh, an increase of 4.9% from the year before. This was partially offset by (1) a decrease in the average sales price of coal per tonne; the average sales price of coal per tonne (exclusive of VAT) of subsidiary coal mines during the year was RMB405.5/tonne, a decrease of 20.3% from 2011; and (2) a decrease in total coal production volume of our subsidiary coal mines; our subsidiary coal mines produced a total of 10,220,000 tonnes of coal in 2012, a decrease of approximately 22.2% year-on-year from 2011.

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

Segment revenue and results

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

For the year ended 31 December 2012

	Generation of electricity and heat HK$'000	**Coal mining HK$'000**	**Eliminations HK$'000**	**Total HK$'000**
Segment Revenue				
External sales	**57,892,193**	**4,543,327**	—	**62,435,520**
Inter-segment sales	—	**62,272**	**(62,272)**	—
Total	**57,892,193**	**4,605,599**	**(62,272)**	**62,435,520**
Segment profit	**11,448,784**	**775,104**	—	**12,223,888**
Unallocated corporate expenses				**(486,157)**
Interest income				**230,072**
Fair value change on derivative financial instruments				**38,054**
Finance costs				**(3,835,796)**
Share of results of associates				**1,643,372**
Share of results of joint ventures				**90,328**
Profit before income tax				**9,903,761**

For the year ended 31 December 2011

	Generation of electricity and heat HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue				
External sales	52,723,723	7,984,951	—	60,708,674
Inter-segment sales	—	447,793	(447,793)	—
Total	52,723,723	8,432,744	(447,793)	60,708,674
Segment profit	6,109,516	3,621,895	—	9,731,411
Unallocated corporate expenses				(457,561)
Interest income				271,465
Fair value change on derivative financial instruments				(4,925)
Finance costs				(3,515,563)
Share of results of associates				740,378
Share of results of joint ventures				96,944
Profit before income tax				6,862,149

Inter-segment sales are charged at prevailing market rates.

Geographical segments

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

Operating expenses

Operating expenses mainly comprise fuel costs, repair and maintenance, depreciation and amortisation, employee benefit expenses, consumables, business tax and surcharge, and other operating expenses. Other operating expenses include (among others) sustainable development funds, safety fees, discharge fees, professional fees, office rent, travelling expenses, entertainment expenses and write-off of pre-operating expenses. Operating expenses in 2012 amounted to HK$52,137 million, a decrease of 2.8% from HK$53,647 million in 2011. The decrease was primarily attributable to the decrease in fuel costs as a result of the decrease in coal prices in the year.

Fuel costs in 2012 amounted to approximately HK$35,589 million, representing a decrease of HK$2,794 million or 7.3% from HK$38,383 million in 2011. Although the net generation volume of our consolidated power plants increased by 3.7% over last year, the average unit fuel cost for our consolidated power plants in 2012 decreased by 9.3% on a year-on-year basis, and as a result, fuel costs decreased over last year.

The total depreciation and amortisation expenses in 2012 increased by approximately HK$681 million or 12.4% to a total of approximately HK$6,183 million. This is mainly due to an increase in the total number of operating coal-fired power plants and wind farms during the year with our attributable operational capacity increasing from 22,230MW as at the end of 2011 to 25,271MW as at the end of 2012.

In 2012, repairs and maintenance costs increased by approximately HK$130 million or 12.8% to approximately HK$1,145 million. This was mainly due to the fact that the number of coal-fired generation units which underwent repair and maintenance increased during the year as compared to Year 2011 as the installed capacity increased. However, consumables decreased from approximately HK$1,009 million in 2011 to HK$929 million, down 7.9%, which is due to the decrease of production volume in coal mines and the decrease in the usage of materials accordingly.

Employee benefit expenses increased by approximately 15.9% or HK$515 million from approximately HK$3,247 million in 2011. This was due to an increase in the number of employees as a result of the expansion of the operations. As at the end of 2012, the Group had approximately 38,118 full-time employees, an increase from approximately 36,400 employees as at the end of 2011.

Business tax and surcharges increased by approximately 17.7% from HK$425 million in 2011 to approximately HK$500 million. This was attributed to (1) an increase of over 10% in the turnover of the Group from power generation and supply of heat and steam business during the year and (2) increased internal loan interest income through centralized management of internal funds during the year.

Other operating expenses for Year 2012 amounted to approximately HK$4,028 million, decreased by HK$39 million or 0.9% from HK$4,067 million in 2011. This is mainly due to the decrease of the production volume of coal in 2012, which results in a decrease in the related expenses, including sustainable development fund, safety fees and other fees, and charges and funds levied by the Chinese government.

Other income and other gains — net

During 2012, Other income amounted to approximately HK$1,306 million, representing an increase of 4.6% when compared with approximately HK$1,249 million in 2011, other gains - net were approximately HK$401 million, compared with other gains in 2011 of approximately HK$1,230 million.

Other income mainly included by-products of coal ash of approximately HK$345 million, interest income of approximately HK$230 million, government grant and subsidies of approximately HK$342 million, and dividend income of approximately HK$158 million.

Other gains — net represented mainly gains from compensation for breach of contract of HK$175 million, net gains from disposal of property, plants and equipment of HK$97 million, revenue from insurance claims of HK$24 million, and investment gains from disposal of equity of HK$37 million.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expense and non-controlling interests. Profit from operations amounted to approximately HK$12,006 million in 2012, representing a 25.8% increase from HK$9,540 million in 2011. The increase in profit from operations was mainly due to (1) the increase in both the power generation volume and average tariff of our power plants and (2) the decrease in unit fuel cost of our consolidated coal-fired power plants, but partially offset by (1) the decrease in both the production volume and price of coal of our consolidated coal mine operations and (2) the decrease in other gains — net.

Finance costs

Finance costs amounted to approximately HK$3,836 million in 2012, representing a 9.1% increase from HK$3,516 million in 2011. The increase in finance costs is due to a 3.4% increase in average bank and other borrowings (calculated using bank and other borrowings outstanding at the beginning and end of the year) from HK$78,949 million for 2011 to HK$81,627 million for 2012.

	2012 **HK$'000**	2011 HK$'000
Interests on bank and other borrowings:		
– wholly repayable within five years	**3,395,615**	3,248,543
– not wholly repayable within five years	**163,591**	255,378
Interests on corporate bonds:		
– wholly repayable within five years	**227,271**	227,315
– not wholly repayable within five years	**578,373**	259,615
Others	**61,496**	120,025
	4,426,346	4,110,876
Less: Interest capitalised in property, plant and equipment	**(590,550)**	(595,313)
	3,835,796	3,515,563

Share of results of associates

Share of results of associates in 2012 amounted to approximately HK$1,643 million, an increase of 122% from HK$740 million in 2011. The increase was mainly due to (1) the full year contribution of Asian American-Daning whose coal production for this year was 4,725,000 tonnes, a year-on-year increase of approximately 214%, following the resumption of its production in September 2011 and (2) the improved performance of our associate power plants as a result of lower coal prices and higher tariffs.

Share of results of joint ventures

Share of results of joint ventures in 2012 amounted to approximately HK$90.3 million (2011: HK$96.9 million), mainly due to increase from contribution from Guangxi Hezhou Power plant but offset by (1) loss of Tianjin Zhonghai Huarun Marine as a result of reduction in freight rate and (2) loss of Shanxi China Resources before it became a subsidiary.

Fair value change on derivative financial instruments

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion and changes in fair value of some swaps that do not qualify for hedge accounting are recognised immediately in profit and loss. Fair value gain on derivative financial instruments in 2012 amounted to HK$38.1 million and represented the gain relating to the ineffective portion of cash flow hedge.

Income tax expense

Income tax expense in 2012 was approximately HK$1,179 million, a decrease of 5.1% from approximately HK$1,243 million in 2011. The higher PRC enterprise income tax in 2011 was due to the relatively high profit of our consolidated coal mine operations which paid tax at the standard tax rate. As the profit of the coal segment decreased, the enterprise income tax decreased in 2012. In addition, although the profit of our consolidated power plants increased, certain of our power plants still enjoy preferential taxation treatments. The above reasons resulted in a decrease in income tax expense for this year.

Details of the Income tax expense for the years ended 31 December 2012 and 2011 are set out below:

	2012 **HK$'000**	2011 HK$'000
Current income tax — PRC enterprise income tax	**1,183,628**	1,216,396
Deferred income tax	**(4,414)**	26,367
	1,179,214	1,242,763

No provision for Hong Kong income tax has been made as the Group had no taxable profit in Hong Kong or incurred tax losses 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 certain subsidiaries in the PRC.

Profit for the year

	2012 HK$'000	2011 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration		
– Fees	**1,280**	1,280
– Salaries and bonus	**14,777**	12,937
– Pension costs	**524**	478
– Share-based compensations	**24**	33,037
	16,605	47,732
Wages, salaries and bonus	**3,152,585**	2,569,729
Pension costs, excluding directors — retirement benefit schemes	**591,437**	509,128
Share-based compensations, excluding directors	**1,453**	120,697
Total staff costs	**3,762,080**	3,247,286
Amortisation of prepaid lease payments	**81,276**	69,572
Amortisation of mining rights (included in depreciation and amortisation)	**312,433**	285,980
Auditor's remuneration	**6,898**	7,200
Cost of inventories recognised as operating expenses	**36,517,921**	39,391,323
Depreciation of property, plant and equipment	**5,789,430**	5,146,478
Impairment loss on property, plant and equipment	**324,226**	—
Impairment loss on goodwill	**274,000**	—
Impairment loss on investment in associates	**46,723**	
Impairment loss on available-for-sale investments	—	53,350
Minimum lease payments under operating leases in respect of:		
– land and buildings	**57,695**	72,341
– other assets	—	6,214
Fair value change on financial assets at fair value through profit or loss (included in other gains — net)	**(645)**	502
Fair value change on derivative financial instruments (included in other gains and losses)	**(38,054)**	4,925

	2012 HK$'000	2011 HK$'000
and after crediting:		
CDM income	**26,540**	100,235
Dividend income from available-for-sale investee company	**158,256**	51,956
Government grant	**341,741**	425,195
Interest income	**230,072**	271,465
Sales of scrap materials	**345,271**	198,354
Service income from heat connection contracts	**153,692**	15,860
Gains from liquidated damages	**174,547**	—
Net exchange gains/(losses) (included in other gains — net)	**(4,344)**	1,183,620
Net gains/(losses) on disposal of property, plant and equipment (included in other gains — net)	**97,076**	(53,345)
Expenses capitalised in construction in progress:		
Other staff cost	**503,046**	113,248
Pension costs	**8,316**	25,062
Depreciation and amortisation	**33,701**	11,537

Profit for the year attributable to owners of the Company

As a result of the above, the profit attributable to owners of the Company has increased from approximately HK$4,451 million in 2011 to HK$7,479 million in 2012, representing a 68.0% increase 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:

	2012 HK$'000	2011 HK$'000
Profit attributable to owners of the Company	**7,478,916**	4,450,576

	Number of ordinary shares	
	2012	2011
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	**4,715,737,893**	4,695,272,325
Effect of dilutive potential ordinary shares:		
– share options	**29,432,773**	42,626,981
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,745,170,666**	4,737,899,306

	2012 HK$	2011 HK$
Basic earnings per share	**1.59**	0.95
Diluted earnings per share	**1.58**	0.94

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK$0.45 per share for the year of 2012 (2011: HK$0.24 per share).

	2012 HK$'000	2011 HK$'000
Dividends recognised as distribution during the year:		
2012 Interim, paid — HK$0.06 per share (2011: HK$0.06 per share)	**285,446**	284,458
2011 Final, paid — HK$0.24 per share (2010: HK$0.27 per share)	**1,140,325**	1,278,745
	1,425,771	1,563,203

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 7 June 2013 (the "AGM"), the proposed final dividend will be distributed on or about Wednesday, 26 June 2013 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 17 June 2013.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 3 June 2013 to Friday, 7 June 2013 (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 Friday, 31 May 2013.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2012, the register of members of the Company will be closed on Monday, 17 June 2013, during which no share transfer will be registered. To qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 14 June 2013.

Capital structure management

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

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

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

Liquidity and financial resources, borrowings, and charge of assets

The Group had net current liabilities as at 31 December 2012. The Directors are of the opinion that, taking into account the presently undrawn borrowing 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 2012 denominated in local currency and foreign currencies amounted to approximately HK$299 million, RMB3,187 million and US$21 million.

The bank and other borrowings of the Group as at 31 December 2012 and 2011 were as follows:

	2012 **HK$'000**	2011 HK$'000
Secured bank loans	**5,548,401**	1,039,999
Unsecured bank loans	**56,290,178**	65,997,182
Corporate bonds and notes	**18,428,456**	15,950,050
	80,267,035	82,987,231

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

	2012 **HK$'000**	2011 HK$'000
Within 1 year	**20,390,649**	26,418,243
Between 1 and 2 years	**6,183,528**	7,274,267
Between 2 and 5 years	**34,143,493**	24,066,113
Over 5 years	**19,549,365**	25,228,608
	80,267,035	82,987,231
The above secured bank and other borrowings are secured by:		
Pledge of assets (note)	**5,986,147**	4,436,737

Note: Certain bank loans were secured by the Group's prepaid lease payments, buildings, and power generating plant and equipment with carrying values of HK$30,475,000 (2011: HK$447,107,000), HK$10,773,000 (2011: HK$134,923,000) and HK$5,944,899,000 (2011: HK$3,854,707,000) respectively.

The bank and other borrowings as at 31 December 2012 denominated in local currency and foreign currencies amounted to HK$19,226 million, RMB44,331 million and US$820 million, respectively.

As at 31 December 2012, bank and other borrowings of approximately HK$19,226 million and US$820 million (2011: HK$17,645 million and US$191 million) bore interest at a range from HIBOR plus 0.8% to HIBOR plus 2.6% per annum and LIBOR plus 0.59% to LIBOR plus 2.4% per annum, respectively. The remaining bank and other borrowings carried interest rates at a range from 3.6% to 7.2% (2011: 1.34% to 7.4%) per annum.

The Group uses interest rate swaps with net quarterly settlement to minimise its exposure to interest expenses of certain Hong Kong Dollar bank borrowings by swapping floating interest rates to fixed interest rates. As at 31 December 2012, loans of HK$8,202 million which were provided using floating rates were swapped to fixed interest rates at a range from 1.12% to 3.36% per annum.

As at 31 December 2012, the Group's ratio of net debt to shareholders' equity was 140.4%, with total debt to total capitalisation ratio of 53.8%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plan and operations.

In 2012, the Group's primary sources of funding included new bank loans, issuance of medium-term notes, advances from an intermediate holding company and net cash inflows from operating activities, which amounted to HK$33,574 million, HK$2,453 million, HK$2,600 million and HK$18,965 million, respectively. The Group's funds were primarily used in repayment of bank loans, acquisition of property, plant and equipment and land use rights, and interest paid, which amounted to HK$39,600 million, HK$10,374 million and HK$4,346 million, respectively.

Trade receivables

	2012 **HK$'000**	2011 HK$'000
Account receivables	**9,162,384**	8,029,065
Note receivables	**887,710**	988,163
	10,050,094	9,017,228
Less: provision for impairment of trade receivables	**(47,117)**	(14,695)
	10,002,977	9,002,533

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

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

	2012 **HK$'000**	2011 HK$'000
0 - 30 days	**7,933,241**	7,492,863
31 -60 days	**505,681**	560,258
Over 60 days	**1,611,172**	964,107
	10,050,094	9,017,228

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:

	2012 **HK$'000**	2011 HK$'000
0 - 30 days	**5,539,284**	4,110,078
31 - 90 days	**1,476,954**	1,330,446
Over 90 days	**1,937,454**	492,105
	8,953,692	5,932,629

Key financial ratios of the Group

	2012	2011
Current ratio (times)	**0.56**	0.53
Quick ratio (times)	**0.50**	0.45
Net debt to shareholders' equity (%)	**140.4**	165.3
EBITDA interest coverage (times)	**4.5**	3.9

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 total bank and other borrowings at the end of the year — balance of bank balances and cash at the end of the year)/balance of equity attributable to owners of the Company at the end of the year
EBITDA interest coverage	=	(profit before taxation + interest expense + depreciation and amortisation)/interest expenditure (including capitalised interests)

Foreign exchange rate risk

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

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

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

As at 31 December 2012, the Group had approximately HK$299 million and US$21 million cash at bank and HK$19,226 million and US$820 million bank and other borrowings on its balance sheet, the remaining assets and liabilities of the Group were mainly denominated in RMB.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2012 (2011: Nil).

Employees

The Group had approximately 38,118 employees as at 31 December 2012 (2011: 36,400 employees).

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

Medium to Long-term Performance Evaluation Incentive Plan

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

Corporate Governance Report

INTRODUCTION

China Resources Power Holdings Company Limited (the "Company" or "CR Power", and together with its subsidiaries and other controlled entities, the "Group") and the directors of the Company (the "Directors") are committed to maintaining high standards of corporate governance. To achieve maximization of shareholder value, employee value and Company value, the Directors and the senior management of the Company believe that a higher standard of corporate governance is crucial to the success of a company, and are committed to improving the overall standard of corporate governance with reference to international corporate governance practices. We acknowledge our responsibilities in establishing and maintaining a good and sound corporate governance structure and complying with the best corporate governance practices, in order to continuously improve our accountability and transparency and fully disclose our corporate governance principles and practices.

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

In 2012, CR Power has applied all of the principles and complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (effective from 1 April 2012) (the "Code") during the period from 1 April 2012 to 31 December 2012, each as contained in Appendix 14 of the HKEX Listing Rules, CR Power also complied with all of the recommended best practices in the Code save for B.1.8, C.1.6 and C.1.7.

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

A.1 The Board

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

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

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

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

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

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

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

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

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

Pursuant to code provision A.1.1 of the Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals. During the Year, the Board held a total of four Board meetings.

In the period under review, Ms. Zhou Junqing, Mr. Wang Yu Jun, Mr. Zhang Shen Wen, Ms. Wang Xiao Bin, Mr. Du Wen Min, Mr. Wei Bin, Mr. Anthony H. Adams, Mr. Chen Ji Min, Mr. Andrew Ma Chiu Cheung, Ms. Elsie Leung Oi-Sie and Dr. Raymond Ch'ien Kuo-Fung were Directors throughout the year and Mr. Huang Daoguo and Mr. Chen Ying became Directors in June 2012.

In 2012, the following changes in directorship were announced during the year:

Mr. Li She Tang resigned as an Executive Director of the Company on 11 May 2012.

Mr. Shi Shanbo and Dr. Zhang Haipeng resigned as Non-executive Directors of the Company on 9 June 2012.

Mr. Huang Daoguo and Mr. Chen Ying were appointed as Non-executive Directors of the Company on 9 June 2012.

Mr. Zhang Shen Wen was appointed as the Vice Chairman of the Board on 9 June 2012.

The above Directors' attendance at the meetings of the Board and AGM during the year is as follows:

	Number of board meetings attended/ Number of meetings held during the office of directorship	Attendance rate of board meetings during the office of directorship	Attendance of AGM
Executive Directors			
Zhou Junqing	4/4	100%	√
Wang Yu Jun	4/4	100%	—
Zhang Shen Wen	4/4	100%	√
Wang Xiao Bin	4/4	100%	√
Non-executive Directors			
Du Wen Min	3/4	75%	—
Wei Bin	4/4	100%	√
Huang Daoguo	2/3	67%	—
Chen Ying	3/3	100%	—
Independent Non-executive Directors			
Anthony H. Adams	4/4	100%	√
Chen Ji Min	4/4	100%	—
Andrew Ma Chiu Cheung	4/4	100%	√
Elsie Leung Oi-Sie	4/4	100%	—
Raymond K. F. Ch'ien	3/4	75%	√
Resigned Directors			
Li She Tang	1/1	100%	—
Shi Shanbo	1/1	100%	—
Zhang Haipeng	1/1	100%	—

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

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

A.1.4 Minutes of Board meetings and meetings of Board Committees were kept by the Company Secretary and were arranged to be reviewed by the Directors present at the meetings before signing by the Chairperson of the respective meetings. Such minutes will be made available by the Company for inspection at any reasonable time on reasonable notice by any Director when he/she deems necessary.

A.1.5 Minutes of Board meetings and meetings of Board Committees recorded in detail the matters considered by the Board and decisions reached. Draft and final versions of minutes of Board meetings and meetings of Board Committees were sent to all Directors for their comments within a reasonable time after the Board or Committee meetings were held.

A.1.6 The Company has policies and procedures in place to ensure that Directors may seek professional advice from independent third parties when the Directors deem necessary at the Company's expense in order to assist Directors to discharge their duties to the Company.

A.1.7 Directors are required to notify the Chairman of any contracts, offices (including other directorships) held, interests in other companies or transactions which may involve real or potential conflicts, and at each Board meeting, declare any conflicts or changes to their independence. A Director who has a conflict with respect to a matter will not, without the Chairman's approval, receive relevant Board papers, be present during any discussion or vote on that matter.

A.1.8 The Company has arranged corporate liability insurance coverage in respect of legal actions against its Directors.

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

A.2 The Chairman and the President

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

In the period under review, the Company strictly complied with the Code principle and Code provisions A.2.1 to A.2.9 as described as follows:

A.2.1 The roles of the Chairman and the President of the Company are separate and are currently assumed by Ms. Zhou Junqing and Mr. Wang Yu Jun, respectively. The division of responsibilities between the Chairman and the President has been clearly established and set out in writing.

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

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

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

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

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

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

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

A.2.6 The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and takes the lead to ensure that the Board acts in the best interest of the Company. The Chairman also encourages Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensures that Board decisions fairly reflect Board consensus.

A.2.7 The Chairman, Ms. Zhou Junqing held a meeting with the Independent Non-executive Directors on 3 September 2012 without the presence of other Executive Directors.

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

A.2.9 The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-executive Directors and ensures constructive relations between Executive and Non-executive Directors. In September 2012, Independent Non-executive Directors were invited to visit our Daning Coal Mine located in Jincheng, Shanxi province and met with the local management team. This enabled Independent Non-executive Directors to gain first hand understanding of the industry and business operations of the Company in order to enable them to discharge their duties and responsibilities to the Company and shareholders as a whole.

A.3 Board Composition

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

- the Company should appoint and maintain Independent Non-executive Directors representing at least one third of the Board;
- the role of Chairman and President must be held by separate persons;
- the Board should comprise of Directors with an appropriate range and mix of skills, experience, expertise and diversity;
- the performance of the Board and its members should be reviewed annually and objectively; and
- all Directors must submit themselves for re-election at regular intervals.

As at the date of this report, the Board consists of 13 Directors, 4 of whom are Executive Directors, 4 are Non-executive Directors and 5 are Independent Non-executive Directors. The number of Independent Non-executive Directors complied with the requirement of Rule 3.10 and Rule 3.10A of the Listing Rules. The list of Directors and their biographies are set out in the Directors and Senior Management Section on page 14 to page 23 of this Annual Report, and are available on the Company's website.

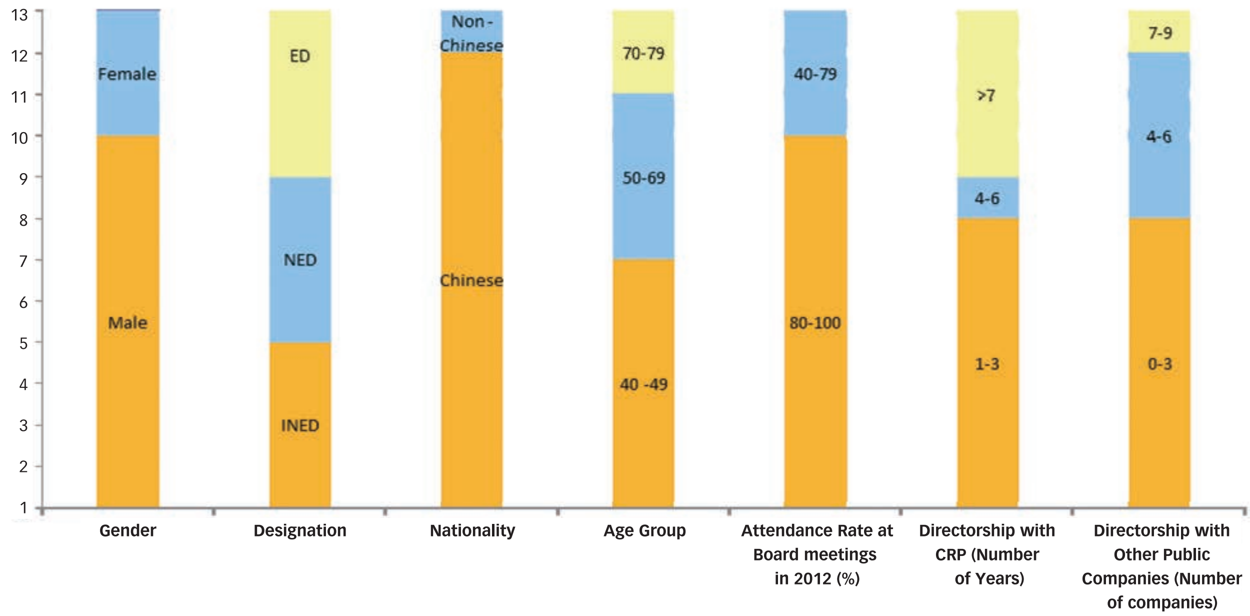
Set out below are details of the composition of the Board and its Committees as at the date of this report:

Director	Board Designation	Committee Membership: Sustainability	Audit and Risk	Remuneration	Nomination
Zhou Junqing	E, Chairman	√			Chairman
Wang Yu Jun	E				
Zhang Shen Wen	E				
Wang Xiao Bin	E				
Du Wen Min	NE			√	√
Wei Bin	NE				
Huang Daoguo	NE		√		
Chen Ying	NE				
Anthony H. Adams	INED	Chairman	√	√	
Chen Ji Min	INED		√		√
Andrew Ma Chiu Cheung	INED	√	Chairman	√	
Elsie Leung Oi-Sie	INED		√	Chairman	√
Raymond Ch'ien Kuo-Fung	INED	√		√	√

Note:

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

Board Composition
Numbers of Directors



In the period under review, the Company strictly complied with the above principles and Code provisions A.3.1 and A.3.2 as described as follows:

A.3.1 The Independent Non-executive Directors accounted for more than one-third of the members of the Board and are expressly identified in all corporate communications that disclose the names of Directors of the Company.

A.3.2 The Company posts the names and biographical details of the Board members on its website (www.cr-power.com), with their designations in the Board clearly stated.

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

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

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

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

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

In the period under review, the Company strictly complied with the above principle and Code provisions A.4.1 to A.4.3 as described as follows:

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

In accordance with Article 120 of the Company's Articles of Association, one-third of the Directors, including executive Directors, Non-executive Directors as well as Independent Non-executive Directors, shall retire by rotation at each AGM of the Company, provided that every Director shall be subject to retirement by rotation at least every three years and a retiring director shall be eligible for re-election. Pursuant to Article 120 of the Articles of Association, Ms. Zhou Junqing, Mr. Zhang Shen Wen, Ms. Wang Xiao Bin, Mr. Anthony H. Adams, Dr. Raymond K. F. Ch'ien and Ms. Elsie Leung Oi-Sie, retired from office by rotation and were re-elected at the AGM on 8 June 2012.

A.4.2 In accordance with the Company's Articles of Association, all new Directors appointed to fill a casual vacancy or being a new member of the Board shall be subject to election by shareholders at the next general meeting after their appointment (in the case of filling casual vacancy) or next AGM (in the case of addition to the Board). Pursuant to Article 98 of the Articles of Association, Ms. Zhou Junqing who was a newly appointed Director on 21 October 2011, retired from office and was re-elected at the AGM on 8 June 2012.

A.4.3 Apart from Mr. Anthony H. Adams, who has served as an Independent Non-executive Director for more than 9 years and re-elected in the 2011 AGM on 8 June 2012, no other Independent Non-executive Director currently has served more than 9 years. If an Independent Non-executive Director serves more than 9 years, any further appointment of such Independent Non-executive Director will be subject to a separate resolution to be approved by shareholders.

A.5 Nomination Committee

In the period under review, the Company strictly complied with the above principle and Code provisions A.5.1 to A.5.5 as described as follows:

A.5.1 The Company has established a Nomination Committee which is comprised of 5 members, including 3 Independent Non-executive Directors, 1 Executive Director and 1 Non-executive Director. During 2012, the Nomination Committee met once to review, discuss and consider the role, responsibility and functions of the Committee and to consider the appointments of Mr. Huang Daoguo and Mr. Chen Ying. Ms. Zhou Junqing, Mr. Du Wenmin, Mr. Chen Ji Min, Dr. Raymond K. F. Ch'ien and Ms. Elsie Leung Oi-Sie attended the meeting.

A.5.2 Nomination Committee's major responsibilities are to formulate and implement the policy for nominating candidates for election by Shareholders, and to assess the independence of Independent Non-executive Directors based on the criteria such as reputation for integrity, accomplishment and experience, professional and educational background, and potential time commitments. The terms of reference of the Nomination Committee (formulated by the Company and adopted by the Board) have incorporated the specific duties set out in the Code provision.

A.5.3 The Nomination Committee's terms of reference are available on the Company's website.

A.5.4 The Company ensures that the Nomination Committee is provided with sufficient resources to discharge its duties.

Where necessary, the Nomination Committee may seek independent professional advice at the Company's expense, to perform its responsibility.

A.5.5 If the Board proposes a resolution to elect an individual as an Independent Non-executive Director at the general meeting, it will set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the Company believes the individual should be elected and the reasons why it considers the individual to be independent.

A.6 Responsibilities of Directors

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

In the period under review, the Company strictly complied with the above principle and Code provisions A.6.1 to A.6.8 as described as follows:

A.6.1 Every newly appointed Director receives a formal and tailored induction on the first occasion of his/her appointment in order to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements.

A.6.2 The Non-executive Directors actively participated in Board meetings of the Company and the Company's Audit and Risk Committee, Remuneration Committee, Nomination Committee and Substainability Committee comprise a majority of Independent Non-executive Directors. The Directors were encouraged to participate in continuous professional development program at the Company's expense to remain abreast of developments impacting the business. The roles of the Non-executive Directors also include providing their independent views to Executive Directors on business proposals and strategies and supporting the implementation of these strategies. They also scrutinise and monitor senior management's performance in meeting goals and objectives. The Independent Non-executive Directors were also invited to visit the Group's operations in different locations to broaden their knowledge of the Group's business.

A.6.3 Directors' attendance of Board meetings and committee meetings is set out on pages 61, 66, 73 and 74 of this annual report. Each Executive Director and Non-executive Director ensured that he/she gave sufficient time and attention to the affairs of the Company.

A.6.4 The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with their obligations regarding dealings in securities of the Company under the Model Code throughout the year ended 31 December 2012.

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

A.6.5 The Company's Executive and Non-executive Directors participated in various development programs to develop and refresh their knowledge and skills to help ensure that their contribution to the Board remains informed and relevant. Directors are encouraged to participate in professional training programs and the Company will organize and fund such training programs.

For the year ended 31 December 2012, Directors participated in training programs regarding Directors' responsibilities and duties and visited the Company's operations. Attendance record is as follows:

	Directors' training on recent developments of the Hong Kong Listing Rules, Corporate Governance and Directors' Responsibilities	Physical Site Visits to Coal-Fired Power Plants, Coal Mines or Wind Farms
Zhou Junqing	√	√
Wang Yu Jun	√	√
Zhang Shen Wen	√	√
Wang Xiao Bin	√	√
Du Wen Min	√	√
Wei Bin	√	√
Huang Dao Guo	√	√
Chen Ying	√	√
Anthony H. Adams	√	√
Chen Ji Min	√	—
Andrew Ma Chiu Cheung	√	√
Elsie Leung Oi-Sie	√	—
Raymond K.F. Chi'en	√	—

A.6.6 Each Director has disclosed to the Company at the time of his or her appointment, and on a periodic basis, the number and nature of offices held in public companies or organizations and other significant commitments, with the identity of the public companies or organizations and an indication of the time involved.

A.6.7 Independent Non-executive Directors and other Non-executive Directors actively participated in Board meetings and Committee meetings. In order to develop a balanced understanding of the views of Shareholders, a number of Executive Directors participated in roadshows and investor forums to meet with institutional investors during the year. A number of Executive and Non-executive Directors attended the AGM held on 8 June 2012. Due to other business engagements three Non-executive Directors (including two former directors), namely Mr. Du Wen Min, Mr. Shi Shan Bo and Mr. Zhang Hai Peng and two Independent Non-executive Directors, namely Ms. Elsie Leung Oi-Sie and Mr. Chen Ji Min were unable to attend the AGM. All Directors are encouraged to attend general meetings in the future to enhance communication with shareholders. For the Company's report on communication with Shareholders, please refer to page 75 to 76 of the annual report.

A.6.8 Independent Non-executive Directors and other Non-executive Directors actively participated in Board meetings and Committee meetings and made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

A.7 Supply and Access to Information

In the period under review, the Company strictly complied with Code provisions A.7.1 to A.7.3 as described as follows:

A.7.1 In respect of regular Board meetings and Committee meetings, the Company's policy is to provide a 14-day notice prior to the meeting setting out the intended agenda. As much as practicable, an agenda and accompanying board papers are delivered in full to all Directors at least three days before the intended date of a Board or Board Committee meeting.

A.7.2 To enable Directors to make decisions based upon the related data on hand, the management is required to provide adequate, complete and reliable information and provide briefing to the Board in respect of the matters and issues under consideration. Starting from 1 April 2012, the Company supplied Directors with monthly management reports to keep Board members informed of the latest development and performance of the Company.

A.7.3 All Directors are entitled to have access to board papers and related materials.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION

B.1 The level and make-up of remuneration and disclosure

In the period under review, the Company strictly complied with the Code provisions B.1.1 to B.1.5 and the recommended best practices B.1.6 to B.1.9 except for B.1.8 as described as follows:

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

In 2012, the Remuneration Committee held one meeting to review, discuss and consider the role, responsibility and functions of the Committee. Ms. Elsie Leung Oi-Sie, Mr. Anthony H. Adams and Mr. Andrew Ma Chiu Cheung attended the meeting.

B.1.1 The Remuneration Committee had consulted the Chairman and/or President about their proposals relating to the remuneration of other Executive Directors. The Company has a policy that the Remuneration Committee may seek professional advice from independent third parties if it thinks necessary at the expense of the Company.

B.1.2 The terms of reference of the Remuneration Committee (formulated by the Company and adopted by the Board) have incorporated the specific duties set out in the Code provision.

The Remuneration Committee makes recommendations to the Board on the remuneration packages of individual Executive Directors and senior management.

B.1.3 The terms of reference of the Remuneration Committee are set out in the Company's website: www.cr-power.com.

B.1.4 The Remuneration Committee was provided with sufficient resources to discharge its duties. The Company has a policy that the Remuneration Committee may seek professional advice from independent third parties if it thinks necessary at the expense of the Company in order to enable it to properly discharge its duties and responsibilities.

B.1.5 The Company has disclosed details of the remuneration paid to members of Directors and senior management by band on page 176 of the annual report.

B.1.6 The Board has no disagreement with the Remuneration Committee on remuneration or compensation arrangements with regards to Executive Directors and senior management.

B.1.7 A significant proportion of Executive Directors' remuneration is structured so as to link rewards to corporate and individual performance. The Company sets its strategic and performance targets on an annual and three year rolling forward basis. Based on the Company's overall performance targets, the Company assigns responsibilities and sets performance benchmarks and evaluation methods for each Executive Director, members of the senior management team and other managerial staff. The total remuneration of Executive Directors and senior management comprises three key components, namely basic salary, annual bonus and the Medium to Long-term Performance Evaluation Incentive Plan. The actual performance of the Company and each Executive Director and senior management team members' own performance against performance targets determine the component paid under the annual bonus and Medium to Long-term Performance Evaluation Incentive Plan. Please refer to Note 37 under the section "Notes to the Financial Statements" in this Annual Report on pages 174 to 176 for details on Directors' remuneration.

B.1.8 The Company has not disclosed details of any remuneration paid to members of senior management on an individual and named basis in the annual report and accounts which represents a deviation of the recommended best practices. The Company believes that disclosure of individual senior management's remuneration does not benefit Shareholders and have disclosed Directors' remuneration and that of the five highest paid individuals. Shareholders are mostly concerned with the total amount of remuneration, rather than on an individual basis.

B.1.9 Evaluation and performance reviews are conducted by the Directors on a regular basis.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial Reporting

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

In the period under review, the Company strictly complied with the above principle and Code provisions C.1.1 to C.1.5 as described as follows:

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

C.1.2 To enable Directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules, the management is required to provide adequate, complete and reliable information and provide briefing to the Board in respect of the matters and issues under consideration. Starting from 1 April 2012, the Company supplied Directors with monthly management reports to keep Board members informed of the latest development and performance of the Company.

C.1.3 The Directors acknowledge that they are responsible for overseeing the preparation of financial statements of each financial period, which gives a true and fair view of the operating results and financial conditions of the Company. More information about the external auditor's responsibilities is set out in the Independent Auditor's Report on pages 78 to 79 of this annual report. In preparing the financial reports for the year ended 31 December 2012, the Directors have selected appropriate accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable, and prepared accounts on an ongoing basis.

C.1.4 The Chairman's Statement of the Annual Report on pages 6 to 13 provides a summary of the Company's performance and future prospects on how the Company will preserve value over the longer term and our strategies for delivering the Company's objectives.

C.1.5 The Directors acknowledge that their responsibility to present a balanced, clear and understandable assessment extend to annual and interim reports, and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The Company has not resolved to announce and publish financial results on a quarterly basis and has not adopted recommended best practices C.1.6 and C.1.7.

C.2 Internal Controls

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

In the period under review, the Company strictly complied with the above principle and Code provisions C.2.1 to C.2.2 and recommended best practices C.2.3 to C.2.6 as described as follows:

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

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

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

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

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

The Company has an internal audit department that is independent of the activities it audits, which is responsible for the monitoring of the Company's internal control. The internal audit team is led by the Company's Chief Audit Officer and consists of 15 professionals as members. The internal auditors have unrestricted access and authority to review the information on the business and internal control matters of the Company. The Chief Audit Officer reports directly to the Chairman of the Audit and Risk Committee and administratively to the President. The internal auditors can employ outside resources when necessary. During 2012, the internal audit department completed 33 internal audits and follow-up audits on a number of subsidiaries and branches of the Company, and presented their findings and recommendations to the Audit and Risk Committee and the Board.

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

C.2.2 On 11 March 2013, the Audit and Risk Committee reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and believes that as the Group expands rapidly in China, the Group will monitor on an ongoing basis its total resources in the accounting and financial reporting function, and continues to increase its investment and budgets for staff recruitment and training and information technology system.

In the annual assessment of the effectiveness and adequacy of the internal controls, the Company takes into consideration the recommended best practices contained in C.2.3 to C.2.6.

C.3 Audit and Risk Committee

In the period under review, the Company strictly complied with the Code provisions C.3.1 to C.3.7 and recommended best practice C.3.8 as described as follows:

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

C.3.2 The Audit and Risk Committee comprises five Non-executive Directors and none of them was a former partner of the Company's existing auditing firm. The Company's Audit and Risk Committee comprises four Independent Non-executive Directors and one Non-executive Director, namely Mr. Andrew Ma Chiu Cheung, Mr. Anthony H. Adams, Mr. Chen Ji Min and Ms. Elsie Leung Oi-Sie and Mr. Huang Daoguo with its terms of reference adopted by the Board. Mr. Andrew Ma Chiu Cheung is the Chairman of the Committee. Mr. Andrew Ma Chiu Cheung is a Certified Public Accountant in Hong Kong, and a fellow member of the Institute of Chartered Accountants in England & Wales, Hong Kong Institute of Certified Public Accountants, The Taxation Institute of Hong Kong and The Hong Kong Institute of Directors.

C.3.3 The main duties of the Audit and Risk Committee include the following:

- To investigate any activity within its terms of reference with full access to all books, records, facilities and personnel. It is authorised to seek information it requires from any employee and all employees are required to co-operate with any request made by the Audit and Risk Committee;

- To obtain independent legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary to carry out its duties;

- To be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal.

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

Audit and Risk Committee	**Number of meetings attended/Number of meetings held during office of directorship**	**Attendance rate during the office of directorship**
Andrew Ma Chiu Cheung (Chairman)	4/4	100%
Anthony H. Adams	3/4	75%
Elsie Leung Oi-Sie	2/4	50%
Chen Ji Min	4/4	100%
Huang Dao Guo (appointed on 9 June 2012)	1/2	50%
Shi Shan Bo (resigned on 9 June 2012)	1/2	50%

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

For the period from 1 January 2012 to the date of this report, the Audit and Risk Committee has performed its duties, including reviewing the Company's interim and annual results, financial controls and internal control, the internal control report prepared by the Company's internal audit department and the statement relating to internal control system as set out in the corporate governance report. On 11 March 2013, the Audit and Risk Committee reviewed the financial statements of the Company for the year ended 31 December 2012, including the major accounting issues raised by external auditors.

C.3.4 The terms of the reference of the Audit and Risk Committee are available on the Company's website (www.cr-power.com).

C.3.5 In 2012, there was no disagreement between the Board and Audit and Risk Committee on the selection and appointment of the internal and external auditors, fees and terms of engagement of auditors and proposal in relation to the appointment of auditors. The Audit and Risk Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements. Prior to the commencement of the audit of the Group's 2012 accounts, the Audit and Risk Committee received written confirmation from the external auditor on its independence and objectivity. The external auditor is refrained from engaging in non-audit services except for limited tax-related services or specific approved items. The Audit and Risk Committee reviews the external auditor's statutory audit scope and non-audit services and approves its fees.

	2012 HKD'000	2011 HKD'000
Audit services	**6,898**	7,200
Non-audit services	**101**	850
Total	**6,999**	8,050

C.3.6 The Audit and Risk Committee was provided with sufficient resources to discharge its duties in 2012.

C.3.7 The terms of reference of the Audit and Risk Committee have incorporated all the duties contained in this Code provision.

C.3.8 The Audit and Risk Committee has established a whistleblowing policy and system as a means of raising concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company. The contents of the whistleblowing policy are available on the Company's website (www.cr-power.com).

D. DELEGATION BY THE BOARD

D.1 Management functions

In the period under review, the Company strictly complied with the principle set out in the Code and Code provisions D.1.1 to D.1.4 as described below:

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

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

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

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

D.2 Board committees

In the period under review, the Company strictly complied with the principle set out in the Code and Code provisions D.2.1 to D.2.2 as described below:

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

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

In addition to the Nomination, Remuneration and Audit and Risk committee meetings held as mention on pages 66, 69 and 72, the Sustainability Committee also held one meeting to review, discuss and consider the role, responsibility and functions of the Committee, Mr. Anthony H. Adams, Ms. Zhou Junqing, and Mr. Andrew Ma Chiu Cheung attended the meeting.

D.3 Corporate Governance Functions

In the period under review, the Company strictly complied with the principle set out in the Code and Code provisions D.3.1 to D.3.2 as described below:

D.3.1&D.3.2 The Company's terms of reference for the committees (namely, Audit and Risk, Nomination, Remuneration and Sustainability Committees) of the Board includes the duties as specified in the Code.

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

In the period under review, the Company strictly complied with the Code provision E.1.1 to E.1.4 as described below:

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

Matters resolved at the 2012 AGM

- Received the audited financial statements for the year ended 31 December 2011 together with the Reports of the Directors and the Auditor
- Approved payment of the final dividend of HK$0.24 per share for the year ended 31 December 2011
- Re-elected Ms. Zhou Junqing, Mr. Zhang Shen Wen, Ms. Wang Xiao Bin, Mr. Anthony H. Adams, Ms. Elsie Leung Oi-Sie, Dr. Raymond Ch'ien K. F. as Directors, and authorized the Board of Directors to fix the remuneration of the Directors for the year ending 31 December 2012
- Appointed PwC as Auditor of the Company and authorized of the Board to fix the Auditor's remuneration
- Granted a general mandate to the Board for the share repurchase of an amount not exceeding 10% of the aggregate nominal amount of the Company's issued share capital as at the date of 2012 AGM
- Granted a general mandate to the Directors to issue new shares of the Company not exceeding 20% of the issued share capital as at the date of 2012 AGM
- Approved to extend the general mandate granted to the Directors to issue new shares of the Company by addition thereto of the shares repurchased by the Company

E.1.2 The general meeting is the ideal venue for the interchange of ideas between the Board, the management and shareholders. We therefore encourage shareholders to attend our AGM to discuss matters of business substance with the Board and management and to give us valuable advice on both operational and governance matters. At the AGM held on 8 June 2012 at 10:00 am, there were a total of 29 individual shareholders, authorized representatives of corporate shareholders as well as proxies participated and the number of shares voted represented 85.5% of the total number of the Company's issued shares.

Moreover, a number of Directors, including the Chairman Ms. Zhou Junqing (who is also the Chairman of the Nomination Committee), the President Mr. Wang Yu Jun, the Chairman of the Audit and Risk Committee and Independent Non-executive Director Mr. Andrew Ma Chiu Cheung, the Chairman of the Sustainability Committee and Independent Non-executive Director Mr. Anthony H. Adams, together with the Chief Financial Officer and Company Secretary Ms. Wang Xiao Bin attended the 2012 AGM. The Directors and management of the Company took the opportunity to communicate with the shareholders present, and answered their queries with respect to the Company's operations and industries. The external auditor attended the AGM and was available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

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

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

E.1.4 An Investor Relations team has been designated to maintain purposeful dialogue and ongoing relationships with investors and analysts. We strive to provide quality information to shareholders as well as our many stakeholders regarding the latest developments at the Company whilst ensuring that relevant information is equally and simultaneously provided and accessible to all interested parties. The Company has established a shareholder's communication policy which is available on the Company's website.

Convening Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Shareholder(s) holding not less than one-twentieth of the paid up capital of the Company can make a requisition to convene an extraordinary general meeting pursuant to Section 113 of the Companies Ordinance of Hong Kong (the "Ordinance"). The requisition must state the objects of the meeting, and must be signed by the relevant Shareholder(s) and deposited at the registered office of the Company. Besides, Section 115A of the Ordinance provides that (i) shareholder(s) representing not less than one-fortieth of the total voting rights of all Shareholders of the Company or (ii) not less than 50 shareholder holding the shares in the Company on which there has been paid up an average sum of not less than HK$2,000 per Shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant Shareholder(s) at the registered office of the Company.

Procedure for Shareholders to propose a person for election as Director

The procedures for Shareholders to propose a person for election as Director is available on the website of the Company.

The Board always welcomes shareholders' view and input. Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the Investor Relations Department of the Company by letter, telephone, fax or email. Details of the contact information can be found at page 190 of this annual report.

E.2 Voting by Poll

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

Investor Relations Activities

The Company also enhances communication with shareholders through various investor relations activities. Details of major investor relations activities in 2012 are set out below.

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

In 2012, Executive Directors and management team actively participated in 18 investor forums and conferences organized by major international securities companies. In addition, Executive Directors and the management also conducted roadshows in Hong Kong, Singapore, main financial centers in the US and Europe, Australia and Tokyo, after the announcements of our interim and final results.

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

In 2012, there were more than 120 requests for company visits and teleconferences from different investors, together with the investor conferences and roadshows which we attended or conducted, we met approximately more than 300 fund managers and securities analysts from all over the world. The level of investor relations activities during the year illustrates the increased level of interest from capital markets given the recovery of the power industry as well as investor confidence in CR Power's prospects.

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

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

F. COMPANY SECRETARY

In the period under review, the Company strictly complied with the Code principle and Code provision F.1.1 to F.1.4.

The role of Company Secretary is taken on by Ms. Wang Xiao Bin, who is also an Executive Director and Chief Financial Officer of the Company and has day-to day knowledge of the Company's affairs. Her duties as Company Secretary ensures good information flow among the Directors and that board policy, procedures and all applicable laws, rules and regulations are followed. She advises the Directors through the Chairman and/or the President of the Company and also facilitates induction and professional development of directors.

In the period under review, Ms. Wang Xiao Bin has attended relevant professional training. For the year commencing 1 January 2013, Ms. Wang will be required to take no less than 15 hours of relevant training in order to comply with rule 3.29 of the Hong Kong Listing Rules.

Independent Auditor's Report

羅兵咸永道

To the shareholders of China Resources Power Holdings Company Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Resources Power Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 80 to 188, which comprise the consolidated and Company balance sheets as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

羅兵咸永道

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2013

Consolidated and Company's Balance Sheets

As at 31 December 2012

	Note	Group As at 31 December 2012 HK$'000	Group 2011 HK$'000	Company As at 31 December 2012 HK$'000	Company 2011 HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**103,660,633**	96,418,551	**92,623**	5,112
Prepaid lease payments	7	**2,372,579**	2,301,477	—	—
Mining rights	8	**14,051,781**	10,703,707	—	—
Prepayments for non-current assets	14	**4,447,854**	4,212,585	**75,716**	73,927
Investments in subsidiaries	9(a)	—	—	**18,790,166**	16,367,649
Loans to subsidiaries	9(b)	—	—	**3,420,704**	12,160,610
Investments in associates	10(a)	**19,060,119**	18,294,014	**2,712,810**	2,592,139
Loans to an associate	10(b)	—	2,394,638	—	—
Investments in joint ventures	11(a)	**1,728,980**	1,694,679	**777,874**	631,212
Loan to a joint venture	11(b)	—	1,233,500	—	—
Goodwill	12	**3,914,280**	4,033,453	—	—
Deferred income tax assets	34	**264,296**	171,875	—	—
Available-for-sale investments	13(a)	**1,319,116**	1,101,266	**99,421**	70,265
Loan to an available-for-sale investee company	13(b)	**176,772**	—	—	—
		150,996,410	142,559,745	**25,969,314**	31,900,914
Current assets					
Inventories	15	**3,258,710**	3,592,567	—	—
Trade receivables, other receivables and prepayments	16	**14,758,931**	16,123,016	**99,628**	120,767
Loans to associates	10(b)	**3,454,804**	—	—	—
Amounts due from associates	17	**592,171**	593,992	**86,655**	12,111
Amounts due from joint ventures	18	—	122,122	—	138
Amounts due from other related companies	19	**77,730**	570,823	**34,212,233**	23,379,875
Financial assets at fair value through profit or loss	20	**3,687**	3,042	—	—
Pledged bank deposits	21	**249,986**	303,977	—	—
Cash and cash equivalents	22	**4,397,289**	4,496,605	**310,420**	1,380,662
		26,793,308	25,806,144	**34,708,936**	24,893,553
Total assets		**177,789,718**	168,365,889	**60,678,250**	56,794,467

Consolidated and Company's Balance Sheets

As at 31 December 2012

	Note	Group As at 31 December 2012 HK$'000	Group As at 31 December 2011 HK$'000	Company As at 31 December 2012 HK$'000	Company As at 31 December 2011 HK$'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	**4,762,863**	4,745,092	**4,762,863**	4,745,092
Share premium and reserves	25	**49,280,120**	42,727,906	**18,586,429**	20,133,278
		54,042,983	47,472,998	**23,349,292**	24,878,370
Non-controlling interests					
– Perpetual capital securities	27	**5,897,056**	5,900,367	—	—
– Others		**8,955,962**	8,198,800	—	—
		14,853,018	14,099,167	—	—
Total equity		**68,896,001**	61,572,165	**23,349,292**	24,878,370
LIABILITIES					
Non-current liabilities					
Borrowings	31	**59,876,386**	56,568,988	**23,120,850**	18,863,868
Derivative financial instruments	32	**320,851**	210,354	**320,851**	210,354
Deferred income tax liabilities	34	**573,881**	579,455	—	—
Deferred income		**487,547**	226,631	—	—
Retirement benefit obligations	38	**136,481**	231,859	—	—
		61,395,146	57,817,287	**23,441,701**	19,074,222
Current liabilities					
Trade payables, other payables and accruals	28	**23,022,262**	19,305,755	**365,460**	171,910
Loans from subsidiaries	9(c)	—	—	**5,835,750**	5,835,750
Amounts due to associates	29	**600,557**	669,548	**99**	99
Amounts due to other related companies	30	**2,977,131**	2,036,924	**3,725,448**	1,557
Current income tax liabilities		**506,479**	398,408	—	—
Borrowings	31	**20,390,649**	26,418,243	**3,959,007**	6,685,000
Derivative financial instruments	32	**1,493**	147,559	**1,493**	147,559
		47,498,571	48,976,437	**13,887,257**	12,841,875
Total liabilities		**108,893,717**	106,793,724	**37,328,958**	31,916,097
Total equity and liabilities		**177,789,718**	168,365,889	**60,678,250**	56,794,467
Net current (liabilities)/assets		**(20,705,263)**	(23,170,293)	**20,821,679**	12,051,678
Total assets less current liabilities		**130,291,147**	119,389,452	**46,790,993**	43,952,592

The notes on pages 88 to 188 are an integral part of these consolidated financial statements.

The financial statements on pages 80 to 188 were approved by the Board of Directors on 18 March 2013 and were signed on its behalf.

Zhou Junqing
Director

Wang Yu Jun
Director

Consolidated Income Statement

For the year ended 31 December 2012

	Note	Year ended 31 December 2012 HK$'000	2011 HK$'000
Turnover	5	**62,435,520**	60,708,674
Operating expenses			
Fuels		**(35,589,027)**	(38,382,666)
Repairs and maintenance		**(1,145,345)**	(1,015,042)
Depreciation and amortisation		**(6,183,139)**	(5,502,030)
Employee benefit expenses	37	**(3,762,080)**	(3,247,286)
Consumables		**(928,894)**	(1,008,657)
Business tax and surcharge		**(499,995)**	(424,735)
Others		**(4,028,319)**	(4,066,615)
Total operating expenses		**(52,136,799)**	(53,647,031)
Other income	35	**1,306,198**	1,248,732
Other gains – net	36	**400,938**	1,230,015
Operating profit		**12,005,857**	9,540,390
Finance costs	39	**(3,835,796)**	(3,515,563)
Share of results of associates	10(a)	**1,643,372**	740,378
Share of results of joint ventures	11(a)	**90,328**	96,944
Profit before income tax		**9,903,761**	6,862,149
Income tax expense	40	**(1,179,214)**	(1,242,763)
Profit for the year		**8,724,547**	5,619,386
Profit attributable to:			
Owners of the Company		**7,478,916**	4,450,576
Non-controlling interests			
– Perpetual capital securities		**418,344**	269,275
– Others		**827,287**	899,535
		1,245,631	1,168,810
		8,724,547	5,619,386
Earnings per share attributable to owners of the Company during the year	41		
– Basic		**HK$1.59**	HK$0.95
– Diluted		**HK$1.58**	HK$0.94

The notes on pages 88 to 188 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Note	Year ended 31 December 2012 HK$'000	2011 HK$'000
Profit for the year		**8,724,547**	5,619,386
Other comprehensive income:			
Currency translation difference		**226,225**	1,724,851
Share of changes in translation reserve of associates and joint ventures		**224,418**	763,786
Fair value changes on cash flow hedges, net of tax		**(2,485)**	(29,103)
Other comprehensive income for the year, net of tax		**448,158**	2,459,534
Total comprehensive income for the year, net of tax		**9,172,705**	8,078,920
Attributable to:			
Owners of the Company		**7,888,405**	6,711,817
Non-controlling interests			
– Perpetual capital securities		**418,344**	269,275
– Others		**865,956**	1,097,828
		1,284,300	1,367,103
Total comprehensive income for the year, net of tax		**9,172,705**	8,078,920

The notes on pages 88 to 188 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December 2012 HK$'000	2011 HK$'000
Dividends	42	**2,430,556**	1,424,131

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to the owners of the Company											Non-controlling interests			Total equity
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 25)	Special reserve HK$'000 (Note 25)	Capital reserve HK$'000 (Note 25)	Shares held for share award scheme HK$'000 (Note 26)	Translation reserve HK$'000	Share- based com-pensation reserve HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Perpetual capital securities HK$'000	Others HK$'000	Total HK$'000	Total HK$'000
Balance at 1 January 2012	4,745,092	16,822,389	1,547,854	40,782	251,354	(588,354)	6,712,491	236,425	(314,538)	18,019,503	47,472,998	5,900,367	8,198,800	14,099,167	61,572,165
Profit for the year	–	–	–	–	–	–	–	–	–	7,478,916	7,478,916	418,344	827,287	1,245,631	8,724,547
Currency translation difference	–	–	–	–	–	–	187,556	–	–	–	187,556	–	38,669	38,669	226,225
Share of changes in translation reserve of associates and joint ventures	–	–	–	–	–	–	224,418	–	–	–	224,418	–	–	–	224,418
Fair value change on cash flow hedges	–	–	–	–	–	–	–	–	(2,485)	–	(2,485)	–	–	–	(2,485)
Total comprehensive income for the year ended 31 December 2012	–	–	–	–	–	–	411,974	–	(2,485)	7,478,916	7,888,405	418,344	865,956	1,284,300	9,172,705
Transactions with owners															
Shares issued upon exercise of options	17,771	90,158	–	–	–	–	–	–	–	–	107,929	–	–	–	107,929
Transfer of share option reserve upon exercise of share options	–	52,197	–	–	–	–	–	(52,197)	–	–	–	–	–	–	–
Recognition of equity settled share-based payments	–	–	–	–	–	–	–	1,477	–	–	1,477	–	–	–	1,477
Purchase of shares under medium to long-term performance evaluation incentive plan	–	–	–	–	–	(13,455)	–	–	–	–	(13,455)	–	–	–	(13,455)
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	243,762	243,762	243,762
Acquisitions of a subsidiary	–	–	–	–	–	–	–	–	–			–	221,954	221,954	221,954
Coupon paid on perpetual securities	–	–	–	–	–	–	–	–	–	–	–	(421,655)	–	(421,655)	(421,655)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(574,510)	(574,510)	(574,510)
Dividends paid to owners of the Company	–	–	–	–	–	–	–	–	–	(1,414,371)	(1,414,371)	–	–	–	(1,414,371)
Transfer of reserves	–	–	193,126	–	–	–	–	–	–	(193,126)	–	–	–	–	–
Transfers (Note 25)	–	–	–	–	257,642	–	–	–	–	(257,642)	–	–	–	–	–
Transfers upon utilisation (Note 25)	–	–	–	–	(346,161)	–	–	–	–	346,161	–	–	–	–	–
Transactions with owners	17,771	142,355	193,126	–	(88,519)	(13,455)	–	(50,720)	–	(1,518,978)	(1,318,420)	(421,655)	(108,794)	(530,449)	(1,848,869)
Balance at 31 December 2012	4,762,863	16,964,744	1,740,980	40,782	162,835	(601,809)	7,124,465	185,705	(317,023)	23,979,441	54,042,983	5,897,056	8,955,962	14,853,018	68,896,001

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to the owners of the Company											Non-controlling interests			Total equity
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 25)	Special reserve HK$'000 (Note 25)	Capital reserve HK$'000 (Note 25)	Shares held for share award scheme HK$'000 (Note 26)	Translation reserve HK$'000	Share-based com-pensation reserve HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Perpetual capital securities HK$'000	Others HK$'000	Total HK$'000	Total HK$'000
Balance at 1 January 2011	4,719,501	16,680,090	1,145,610	40,782	199,911	(681,500)	4,422,147	277,084	(285,435)	15,646,028	42,164,218	–	8,095,891	8,095,891	50,260,109
Profit for the year	–	–	–	–	–	–	–	–	–	4,450,576	4,450,576	269,275	899,535	1,168,810	5,619,386
Currency translation difference	–	–	–	–	–	–	1,526,558	–	–	–	1,526,558	–	198,293	198,293	1,724,851
Share of changes in translation reserve of associates and joint ventures	–	–	–	–	–	–	763,786	–	–	–	763,786	–	–	–	763,786
Fair value change on cash flow hedges	–	–	–	–	–	–	–	–	(29,103)	–	(29,103)	–	–	–	(29,103)
Total comprehensive income for the year ended 31 December 2011		–	–	–	–	–	2,290,344	–	(29,103)	4,450,576	6,711,817	269,275	1,097,828	1,367,103	8,078,920
Transactions with owners															
Shares issued upon exercise of options	25,591	91,004	–	–	–	–	–	–	–	–	116,595	–	–	–	116,595
Transfer of share option reserve upon exercise of share options	–	51,295	–	–	–	–	–	(51,295)	–	–	–	–	–	–	–
Recognition of equity settled share-based payments	–	–	–	–	–	–	–	153,734	–	–	153,734	–	–	–	153,734
Issuance of perpetual capital securities	–	–	–	–	–	–	–	–	–	–	–	5,835,750	–	5,835,750	5,835,750
Coupon paid on perpetual securities	–	–	–	–	–	–	–	–	–	–	–	(204,658)	–	(204,658)	(204,658)
Direct costs for issue of perpetual capital securities	–	–	–	–	–	–	–	–	–	(46,445)	(46,445)	–	–	–	(46,445)
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	156,668	156,668	156,668
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(1,151,587)	(1,151,587)	(1,151,587)
Dividends paid	–	–	–	–	–	–	–	–	–	(1,549,311)	(1,549,311)	–	–	–	(1,549,311)
Shares vested under medium to long-term performance evaluation incentive plan	–	–	–	–	–	170,756	–	(143,098)	–	(27,658)	–	–	–	–	–
Purchase of shares under medium to long-term performance evaluation incentive plan	–	–	–	–	–	(77,610)	–	–	–	–	(77,610)	–	–	–	(77,610)
Transfer of reserves	–	–	402,244	–	–	–	–	–	–	(402,244)	–	–	–	–	–
Transfers (Note 25)	–	–	–	–	301,082	–	–	–	–	(301,082)	–	–	–	–	–
Transfers upon utilisation (Note 25)	–	–	–	–	(249,639)	–	–	–	–	249,639	–	–	–	–	–
Transactions with owners	25,591	142,299	402,244	–	51,443	93,146	–	(40,659)	–	(2,077,101)	(1,403,037)	5,631,092	(994,919)	4,636,173	3,233,136
Balance at 31 December 2011	4,745,092	16,822,389	1,547,854	40,782	251,354	(588,354)	6,712,491	236,425	(314,538)	18,019,503	47,472,998	5,900,367	8,198,800	14,099,167	61,572,165

The notes on pages 88 to 188 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	Year ended 31 December 2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Cash generated from operations	43	**20,168,263**	13,550,923
Income tax paid		**(1,203,230)**	(975,887)
Cash flows from operating activities - net		**18,965,033**	12,575,036
Cash flows from investing activities			
Dividend received from associates		**1,011,099**	1,006,871
Dividend received from available-for-sale investments		**182,379**	51,956
Interest received		**232,425**	388,942
Withdrawal of pledged bank deposits		**53,991**	45,754
Recovery of deposits for acquisition of mining rights and exploration and resources rights and related interests		**1,558,209**	—
Acquisition of property, plant and equipment, prepaid lease payments and mining rights and exploration and resources rights		**(10,374,241)**	(12,199,050)
Deposits paid for acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights		**(295,883)**	(2,829,839)
Proceeds from disposal of property, plant and equipment		**24,923**	239,994
Loan repaid from a non-controlling shareholder of a subsidiary		**77,929**	16,205
Loan repaid from a joint venture		—	133,837
Advances to associates		**(812,137)**	(41,018)
Advances to an available-for-sale investee company		**(176,772)**	(57,975)
Capital contributions for investments made in associates		**(270,265)**	(350,980)
Capital contributions for available-for-sale investments		**(245,340)**	—
Capital contributions into joint ventures		**(266,841)**	(634,663)
Net cash outflow on acquisition of a subsidiary	45	**(424,540)**	—
Net cash outflow on acquisition of interest in an associate		**(518,819)**	(4,673,608)
Government grant related to assets		**260,916**	—
Cash flows from investing activities - net		**(9,982,967)**	(18,903,574)

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	Note	Year ended 31 December 2012 HK$'000	2011 HK$'000
Cash flows from financing activities			
Proceeds from bank and other borrowings raised		**33,574,785**	34,944,441
Proceeds from issuance of corporate bonds		**2,453,200**	4,934,000
Repayment of bank and other borrowings		**(39,599,742)**	(36,403,474)
Net proceeds from issuance of perpetual capital securities		—	5,789,305
Coupon paid on perpetual capital securities		**(421,655)**	(204,658)
Proceeds from issuance of shares for exercised options		**107,929**	116,595
Capital contributions from non-controlling interests		**243,762**	156,668
Purchase of shares held by a medium to long-term performace evaluation incentive plan		**(13,455)**	(77,610)
Repayment of advances from associates		**(68,991)**	(366,723)
Repayment from /(advances to) other related companies		**41,776**	(404,923)
Loans advance from an intermediate holding company		**2,600,000**	3,700,700
Loans repaid to an intermediate holding company		**(1,238,337)**	(2,488,363)
(Repayment to) /advance from non-controlling interests of subsidiaries		**(154,874)**	708,172
Interests paid		**(4,346,029)**	(3,950,587)
Dividends paid		**(1,414,371)**	(1,549,311)
Dividends paid to non-controlling interests of the subsidiaries		**(882,867)**	(1,184,643)
Cash (outflows)/inflows from financing activities - net		**(9,118,869)**	3,719,589
Net decrese in cash and cash equivalents		**(136,803)**	(2,608,949)
Cash and cash equivalents at beginning of the year		**4,496,605**	6,801,707
Exchange gain		**37,487**	303,847
Cash and cash equivalents at end of the year		**4,397,289**	4,496,605

The notes on pages 88 to 188 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

China Resources Power Holdings Company Limited (the "Company") is a public company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The intermediate holding company of the Company as at 31 December 2012 is China Resources (Holdings) Company Limited ("CRH"), a company incorporated in Hong Kong. The directors regard the ultimate holding company of the Company to be China Resources National Corporation (the "CRNC"), a company registered in the People's Republic of China (the "PRC").

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") is principally engaged in the construction and operations of power stations and coal mining. The address of the registered office of the Company is Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

These consolidated financial statements are presented in HK dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 18 March 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, available-for-sale investments and derivative financial instruments.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Going concern

At 31 December 2012, the Group had net current liabilities of approximately HK$20,705,263,000. In addition, there was outstanding capital commitment amounting to HK$24,639,511,000 (Note 44). The directors are of the opinion that, taking into account the current operation and business plan of the Group as well as the banking facilities (Note 31) available to the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as they fall due for the following twelve months from the balance sheet date. Therefore, these consolidated financial statements have been prepared on a going concern basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Change in accounting standards and disclosures

(i) New and amended standards adopted by the Group

The following new and amended standards are mandatory for the first time for the financial year beginning 1 January 2012:

- The HKICPA has amended HKAS 12, 'Income taxes', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012. The change in accounting standard does not have any material impact on the Group.

- Amendment to HKFRS 7 'Disclosures - Transfer of financial assets' is effective for the annual periods beginning on or after 1 July 2011. This amendment promotes transparency in the reporting of transfer transactions and improves users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The change in accounting standard does not have any material impact on the Group.

- Amendment to HKFRS 1 'Severe hyperinflation and removal of fixed dates for first-time adopters' is effective for the annual periods beginning on or after 1 July 2011. These amendments include two changes to HKFRS 1, 'First-time adoption of HKFRS'. The first replaces references to a fixed date of 1 January 2004 with 'the date of transition to HKFRSs', thus eliminating the need for entities adopting HKFRSs for the first time to restate derecognition transactions that occurred before the date of transition to HKFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with HKFRSs after a period when the entity was unable to comply with HKFRSs because its functional currency was subject to severe hyperinflation. The change in accounting standard does not have any material impact on the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Change in accounting standards and disclosures *(continued)*

(ii) New and amended standards not yet adopted by the Group

The following new and amended standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted by the Group:

- HKAS1 (Amendment)'Financial statement presentation' regarding other comprehensive income is effective for annual periods beginning on or after 1 July 2012
- HKFRS1 (Amendment)'First time adoption', on government loans is effective for annual periods beginning on or after 1 January 2013
- Amendment to HKFRS10, 11, 12 on transition guidance is effective for annual periods beginning on or after 1 January 2013
- HKFRS 10 (Amendment) 'Consolidated financial statements' is effective for annual periods beginning on or after 1 January 2013
- HKAS 27 (Revised) 'Separate financial statements' is effective for annual periods beginning on or after 1 January 2013
- HKFRS 11 (Amendment) 'Joint arrangements' is effective for annual periods beginning on or after 1 January 2013
- HKFRS 28 (Revised) 'Associates and joint ventures' is effective for annual periods beginning on or after 1 January 2013
- HKFRS 12 (Amendment) Disclosure of interests in other entities' is effective for annual periods beginning on or after 1 January 2013
- HKFRS 13 (Amendment) 'Fair value measurements' is effective for annual periods beginning on or after 1 January 2013
- HKFRS 19 (Amendment) 'Employee benefits' is effective for annual periods beginning on or after 1 January 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Change in accounting standards and disclosures *(continued)*

(ii) New and amended standards not yet adopted by the Group *(continued)*

- HKFRIC 20 (Amendment) 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013

- HKFRS 7 (Amendment) 'Financial instruments:Disclosures' on asset and liability offseting' is effective for annual periods beginning on or after 1 January 2013

- HKAS 32 (Amendment) 'Financial instruments: Presentation' on asset and liability offseting' is effective for annual periods beginning on or after 1 January 2014.

- Annual improvements 2011 issued by HKICPA is effective for annual periods beginning on or after 1 January 2013.

The Group has assessed that the adoption of IFRS 10 does not have any material financial impact on the Group as all subsidiaries within the Group satisfy the requirements for control under IFRS 10 and there are no new subsidiaries identified under the new guidance.

Apart from IFRS 10, management is in the process of making an assessment of the impact of the above standards, amendments to standards and interpretations. Management is not yet in a position to state what impact they would have, if any, on the Group's results of operations and financial positions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

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

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate or a joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or the joint venture and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' or 'share of profit/(loss) of a joint venture' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates or joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates or joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates or joint ventures are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company (the "ED") that makes strategic decisions.

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars ("HK$"), while the Company's functional currency is Renminbi.

2.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within 'other gains - net'.

Translation difference on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss.

2.5.3 Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates; and

- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment

Property, plant and equipment consists of buildings, power generating plant and equipment, mining structures, motor vehicles, furniture, fixtures, equipment and others and construction-in-progress ("CIP"). Property, plant and equipment, other than the CIP are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Estimated useful lives
Buildings	18 - 45 years
Power generating plant and equipment	15 - 18 years
Mining structures	10 - 20 years
Motor vehicles, furniture, fixtures, equipment and others	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision or depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains – net' in the consolidated income statement.

2.7 Mining rights

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Exploration and resources rights

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

2.9 Goodwill

Goodwill arises on the acquisitions of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill and intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered from impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and designated upon initial recognition as at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise `trade and other receivables' and 'cash and cash equivalents' in the balance sheet (Note 2.16 and 2.17).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in current assets when the investment matures or management intends to dispose of the available-for-sale financial assets within 12 months of the balance sheet date.

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Financial assets *(continued)*

2.11.2 Recognition and measurement *(continued)*

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'other gains - net'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.13 Impairment of financial assets

2.13.1 Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Impairment of financial assets *(continued)*

2.13.2 Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.14 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Gain or loss arising from subsequent change in the fair value of derivative financial instruments is recognised in profit or loss except for those effective portion of gain or loss on the derivative financial instruments designated as cash flow hedges which is recognised directly in other comprehensive income.

The Group documents their assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. The Group applies ratio analysis method to evaluate the ongoing effectiveness of the cash flow hedge.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge item is more than 12 months.

2.14.1 Cash flow hedge

Cash flow hedge represents a hedge against the exposure to variability in cash flows, which such cash flow is originated from a particular risk associated with highly probable forecast transactions and variable rate borrowings and could affect the consolidated statement of comprehensive income.

The hedged items of cash flow hedge are the designated items with respect to the risks associated with future cash flow change of the Group. Hedging instruments are designated derivative for cash flow hedge whose cash flows are expected to offset changes in the cash flows of a hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income within 'other gains - net'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Derivative financial instruments and hedging activities *(continued)*

2.14.1 Cash flow hedge *(continued)*

Amounts accumulated in equity are reclassified to the profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated statement of comprehensive income within 'finance costs'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. In case the Group expects all or a portion of net loss previously recognised directly in other comprehensive income will not be recovered in future financial periods, the irrecoverable portion will be reclassified into profit or loss.

When a hedging instrument expires or is sold, terminated or exercised or when a hedge no longer meets the criteria for hedge accounting, the Group will discontinue hedge accounting. Any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income within 'other gains - net'.

2.14.2 Derecognition

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Inventories

Inventories include fuel for power generation, materials for repairs and maintenance and spare parts, and are stated at lower of cost and net realisable values.

Inventories are initially recorded at cost and are charged to fuel costs or repairs and maintenance, or comsumables, respectively when used, or capitalised to property, plant and equipment when installed, as appropriate, using weighted average cost basis. Cost of inventories includes costs of purchase and transportation expenses.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 Cash and cash equivalents

Cash and cash equivalents listed in the consolidated statement of cash flows represent cash in hand, deposits held at call with banks, and other short-term, highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Perpetual capital securities

Perpetual capital securities issued by the Group are classified as equity instruments and are initially recorded at the amount of proceeds received.

2.20 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred taxtion asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Employee benefits

Employee benefits include all expenditures relating to the employees for their services. The Group recognises employee benefits as liabilities during the accounting period when employees render services and allocates to related cost of assets and expenses based on different beneficiaries.

(a) Defined contribution plan

In connection with pension obligations, the Group operates various defined contribution plans in accordance with the local conditions and practices in the countries and provinces in which they operate. A defined contribution plan is a pension plan under which the Group pay fixed contributions into a separate publicly administered pension insurance plan on mandatory and voluntary bases. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when incurred. Prepaid contributions are recognised as assets to the extent that a cash refund or a reduction in the future payment is available.

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

(b) Termination benefits

Termination benefits are payable when selected employees who meet certain criteria accept voluntary redundancy in exchange for these benefits, with specific approval granted by management of the Group. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.25 Equity-settled share-based payment transactions

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.25 Equity-settled share-based payment transactions *(continued)*

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

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

2.26 Provisions

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

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

2.27 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-basis over the expected lives of the related assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the group companies. Revenue is recognised as follows:

2.28.1 Sales of electricity

Revenue is earned and recognised upon transmission of electricity to the customers and the power grid owned by the respective regional or provincial grid companies.

2.28.2 Sales of coal

Revenue is recognised when the coal delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the coal.

2.28.3 Heat supply

Revenue is recognised when the heat is delivered to the customers.

2.28.4 CERs income

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

(1) CDM projects have received the approval from National Development and Reform Commission ("NDRC") and have been approved by the United Nations as registered CDM projects;

(2) the counterparties have committed to purchase the CERs and prices have been agreed; and

(3) the relevant electricity has been generated.

2.28.5 Sales of services

Service income is recognised when services are rendered.

2.29 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.30 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.31 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Group is the lessee - Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group is the lessor - When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

2.32 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central group treasury department under policies approved by the board of directors. The department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk

(i) Foreign exchange risk

The Group does not have significant exposure to foreign currency risk from their operations. The majority of the Group's operations are in the PRC and transactions are maily denominated in Renminbi which is the functional currency of the Company and the respective group entities except for certain cash and cash equivalents, and borrowings which are denominated in HK dollars, US dollars and Euros.

The carrying amounts of the foreign currencies denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group	
	As at 31 December	
	2012	2011
	HK$'000	HK$'000
Assets		
US dollars ("US$")	**160,648**	232,418
Hong Kong dollars ("HK$")	**158,631**	170,538
Euros ("EUR$")	**6,841**	23,284
Liabilities		
US dollars ("US$")	**6,416,834**	9,015,058
Hong Kong dollars ("HK$")	**19,267,594**	14,072,865
Euros ("EUR$")	**15,984**	21,268

The following table shows the sensitivity analysis of a 5% increase/decrease in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at year end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect on the profit before income tax is as follows:

	Group	
	As at 31 December	
	2012	2011
	HK$'000	HK$'000
Increase/(decrease) in profit for the year		
– US dollar ("US$")	**312,809**	439,132
– Hong Kong dollar("HK$")	**955,448**	695,116
– Euro ("EUR$")	**457**	(101)

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at bank with interest income accrued at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2012, except for HK$18,011,710,000 (2011: HK$12,535,118,000) of long-term bank and other borrowings of the Group whose interests were charged at floating rates, interests on all remaining long-term bank and other borrowings of the Group were charged at fixed rates (Note 31).

In order to keep borrowings at fixed rate and to minimise the cash flow interest rate risk, the Group has adopted floating to fixed interest rate swaps to manage the cash flow interest rate risk exposure associated with the borrowings at floating interest rates amounting to HK$8,202,000,000 (2011: HK$11,941,000,000) (Note 32). Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates, which are usually at rates lower than those if the Group had borrowed at fixed rates directly. Under the interest rate swap arrangements, the Group agrees with other parties to exchange, at specified intervals (primarily semiannually), the difference between fixed contract rate and floating-rate interest amounts calculated with reference made to the agreed notional amounts.

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at floating rates which are not hedged with hedging instruments. The analysis is prepared by assuming the financial instruments outstanding at the end of the period were outstanding for the whole year.

At 31 December 2012, if interest rates on long-term borrowings at that date had been 10 basis point higher/lower with all other variables held constant, the interest expenses for the year would have been HK$9,809,000 (2011: HK$594,000) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

Interest income is derived from the Group's current and fixed bank deposits, loans to associates, loan to a joint venture and loan to an available-for-sale investee company that carry interest at prevailing market rates (Notes 21, 22, 10(b), 11(b) and13(b)). The Group's bank deposits are short-term in nature and the exposure of cash flow interest rate risk is minimal.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(iii) Other price risk

The Group is exposed to price risk because of investments held by the Group and classified as available-for-sale and at fair value through profit and loss on the consolidated balance sheet.

To manage its price risk arising from investments in equity interests, the Group diversifies its portfolio. Diversification of the portfolio is made in accordance with the limits set by the Group.

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, amounts due from associates,amounts due from joint ventures and amounts due from other related companies. The maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2012 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has reviewed the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Credit risk for the Group is concentrated on a limited number of power grids, associates, joint ventures and related companies. However, management of the Group, having considered the financial background and good creditability of the power grids and related companies, and good operating prospects of associates and joint ventures, believes that there is no significant credit risk.

Credit risk on liquid funds is limited because the counterparties are banks with good reputation.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

The Group operates a central treasury function at corporate level that surplus cash of operating entities within the Group is gathered in a pool. The cash balance is then advanced to entities within the Group with cash needs. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions in order to meet the liquidity requirements of the Group in the short and longer terms.

As stated in Note 2, the Group had net current liabilities of HK$20,705,263,000 at 31 December 2012 and outstanding capital commitment of HK$24,639,511,000, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the Group had obtained sufficient short and long-term bank facilities at the end of the reporting period. In addition, there are positive operating cash flows generated by power plants and mines owned by the Group in the PRC. In this regard, the directors of the Company consider that the Group's liquidity risk has been significantly reduced and they are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the coming twelve months from 31 December 2012.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on undiscounted cash flows of financial liabilities, computed on the earliest date when the Group would be required to settle them. The table includes both interest and principal cash flows. To the extent that interest flows are computed at floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by making reference to the current interest rates at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments is prepared based on contractual maturities as management considers that the contractual maturities are essential for an understanding of the expected timing of the cash flows associated with the derivatives.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

	Group						
	Weighted average interest rate %	On demand HK$'000	Less than 1 year HK$'000	1 – 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2012							
Non-derivative financial liabilities							
Non-interest bearing	**N/A**	**10,471,149**	**9,509,508**	—	—	**19,980,656**	**19,980,656**
Fixed interest rate instruments	**5.159**	—	**23,488,153**	**29,199,923**	**28,607,982**	**81,296,058**	**62,129,588**
Variable interest rate instruments *	**1.912**	—	**3,691,381**	**18,859,235**	—	**22,550,616**	**21,252,366**
		10,471,149	**36,689,042**	**48,059,158**	**28,607,982**	**123,827,330**	**103,362,610**
Derivatives - net settlement							
Interest rate swaps		—	**1,493**	**328,911**	—	**330,404**	**322,344**
At 31 December 2011							
Non-derivative financial liabilities							
Non-interest bearing	N/A	12,484,736	5,440,524	—	—	17,925,260	17,925,260
Fixed interest rate instruments	5.439	—	24,132,744	26,307,926	32,559,485	83,000,155	65,005,450
Variable interest rate instruments *	1.451	—	7,632,275	13,071,460	—	20,703,735	19,736,387
		12,484,736	37,205,543	39,379,386	32,559,485	121,629,150	102,667,097
Derivatives - net settlement							
Interest rate swaps		—	212,721	181,389	—	394,110	357,913

* The interest rates applied to projected undiscounted future cash flows of variable interest rate instruments are the interest rates at the end of the reporting period. The amounts included above for variable interest rate instruments of non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital based on gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents.

The gearing ratios at 31 December 2012 were as follows:

	2012 **HK$'000**	2011 HK$'000
Total borrowings	**80,267,035**	82,987,231
Less: cash and cash equivalents	**(4,397,289)**	(4,496,605)
Net debt	**75,869,746**	78,490,626
Total equity (excluding non-controlling interests)	**54,042,983**	47,472,998
Gearing ratio	**58%**	62%

The directors of the Company consider the Group's gearing ratio has been maintained at a comfortable level.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012:

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Financial assets at fair value through profit or loss	**3,687**	—	—	**3,687**
Available-for-sale investments	—	—	**1,319,116**	**1,319,116**
	3,687	—	**1,319,116**	**1,322,803**
Liabilities				
Derivative financial instruments	—	**322,344**	—	**322,344**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2011:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at fair value through profit or loss	3,042	—	—	3,042
Available-for-sale investments	—	—	1,101,266	1,101,266
	3,042	—	1,101,266	1,104,308
Liabilities				
Derivative financial instruments	—	357,913	—	357,913

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 and they comprise equity investments in Beijing Jingneng and Yangtze Power classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not determined based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The forward exchange contracts and fuel oil swaps are both valued using quoted market prices or dealer quotes for similar instruments.

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

There were no transfers of financial assets between level 1 and level 2 fair value hierarchy classifications during the year ended 31 December 2012. In addition, there were no significant changes in level 3 instruments for the year ended 31 December 2012.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Useful lives of property, plant and equipment

The estimate of depreciable lives of property, plant and equipment, especially power generating plant and equipment and mining structures, was made by the directors with reference to the following: (1) the historical usage of the assets; (2) their expected physical wear and tear; (3) results of recent durability assessment performed; (4) technical or commercial obsolescence arising from changes or improvements in production of similar fixed assets; and (5) the changes in market demand for, or legal or comparable limits imposed on, the use of such fixed assets. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly.

The current estimated useful lives are stated in Note 2.6. It is possible that the estimates made based on existing experience are different to the actual outcomes within the next financial period and could cause a material adjustment to the depreciation and carrying amount of property, plant and equipment.

If the estimated depreciable lives of power generating plant and equipment and mining structures had been increased/decreased by 5%, the depreciation expenses of fixed assets for the year ended 31 December 2012 would have been decreased/increased by approximately HK$223,767,000 and HK$205,705,000 respectively (2011: HK$193,625,000 and HK$195,679,000).

(b) Mining rights and exploration and resources rights

As stated in Note 2.7, mining rights are amortised using the unit of production method based on the proved and probable mineral reserves.

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgements and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change. Reserve estimates are based on current production forecasts, prices and economic conditions. The directors exercise their judgement in estimating the total proved and probable reserves of the coal mines and on the assumption that the PRC government will continue to renew the mining rights certificate and the exploration and resources rights certificate (the "Certificates") upon its expiration at minimal charges. If the quantities of reserves are different from current estimates and significant charge would be incurred in renewal of the relevant Certificates upon its expiration, it will result in significant changes to amortisation and depreciation expenses of mining rights and affect the recoverable amount of mining rights, in which a material impairment loss may arise. As at 31 December 2012, the carrying amount of the mining rights are HK$14,051,781,000 (2011: HK$10,703,707,000) (Note 8).

In addition, as at 31 December 2012, the Certificates held by an associate of the Group, Taiyuan China Resources Coal Company Limited ("Taiyuan China Resources Coal"), with an aggregate carring value of approximately HK$2,958,550,000 had expired. The directors of the Company performed a thorough assessment on the renewal application status and considered that there was no legal restriction for the Group to renew the Certificates and it should not lead to any significant adverse impact on the operations of the associate. If the associate could not renew the Certificates as scheduled or significant charge would be incurred in the renewal of the Certificates, it may result in a significant impairment in investment in the associate. As at 31 December 2012, the carrying amount of the investment in the associate is HK$1,927,452,000 (2011: HK$2,318,136,000) (Note 10).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(c) Impairment review of deposits paid for acquisition of mining/exploration rights

Deposits paid for acquisition of mining/exploration rights are reviewed for impairment whenever one of the following events or changes in circumstances indicate that the carrying amounts may not be recoverable (the list is not exhaustive).

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

In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the deposits and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position. At 31 December 2012, the carrying amount of deposits paid for acquisition of mining/exploration rights is HK$1,171,607,000 (2011: HK$1,295,175,000) (Note 14).

(d) Impairment review of goodwill

As of 31 December 2012, there was goodwill substantially arising from acquisition of various power plants amounting to HK$3,914,280,000 (2011: HK$4,033,453,000) (Note 12). Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and any residual value from disposing the related assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(e) Estimated impairment of non-financial assets (other than goodwill)

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, management has to exercise judgement, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rate or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(f) Approval of operations and construction of power plants

As of 31 December 2012, the Group had not yet received relevant government approvals from the NDRC for certain of its power plant projects. The ultimate approval from the NDRC on these projects is a critical estimate and judgement of the directors. Such an estimate and judgement are based on initial approval documents received as well as their understanding of the nature projects. Based on historical experience and the current estimation of the approval application status, the directors believe that the Group will receive final approval from the NDRC on the related power plant projects. Deviation from this estimate and judgement could result in material adjustments to the carrying amount of property, plant and equipment.

5 TURNOVER AND SEGMENT INFORMATION

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

	2012 **HK$'000**	2011 HK$'000
Sales of electricity	**55,547,575**	50,705,427
Heat supply	**2,344,618**	2,018,296
Sales of coal	**4,543,327**	7,984,951
	62,435,520	60,708,674

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

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

Inter-segment sales are charged at prevailing market rates.

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment information about the Group's revenue and results is presented below:

For the year ended 31 December 2012:

	Generation of electricity and heat HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue				
External sales	**57,892,193**	**4,543,327**	—	**62,435,520**
Inter-segment sales	—	**62,272**	**(62,272)**	—
Total	**57,892,193**	**4,605,599**	**(62,272)**	**62,435,520**
Segment profit	**11,448,784**	**775,104**	—	**12,223,888**
Unallocated corporate expenses				**(486,157)**
Interest income				**230,072**
Fair value changes on derivative financial instruments				**38,054**
Finance costs				**(3,835,796)**
Share of results of associates				**1,643,372**
Share of results of joint ventures				**90,328**
Profit before income tax				**9,903,761**

For the year ended 31 December 2011:

	Generation of electricity and heat HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue				
External sales	52,723,723	7,984,951	—	60,708,674
Inter-segment sales	—	447,793	(447,793)	—
Total	52,723,723	8,432,744	(447,793)	60,708,674
Segment profit	6,109,516	3,621,895	—	9,731,411
Unallocated corporate expenses				(457,561)
Interest income				271,465
Fair value changes on derivative financial instruments				(4,925)
Finance costs				(3,515,563)
Share of results of associates				740,378
Share of results of joint ventures				96,944
Profit before income tax				6,862,149

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment information about the Group's assets and liabilities is presented below:

	2012 **HK$'000**	2011 HK$'000
Segment assets		
– Generation of electricity and heat	**123,615,565**	122,054,203
– Coal mining	**26,955,930**	21,196,907
Total segment assets	**150,571,495**	143,251,110
Investments in associates	**19,060,119**	18,294,014
Investments in joint ventures	**1,728,980**	1,694,679
Pledged bank deposits, and cash and cash equivalents	**4,647,275**	4,800,582
Deferred income tax assets	**264,296**	171,875
Corporate assets, mainly representing assets held by head office and investment holding companies	**1,517,553**	153,629
Consolidated assets	**177,789,718**	168,365,889

	2012 **HK$'000**	2011 HK$'000
Segment liabilities		
– Generation of electricity and heat	**(13,285,256)**	(17,181,986)
– Coal mining	**(13,264,538)**	(5,150,105)
Total segment liabilities	**(26,549,794)**	(22,332,091)
Bank and other borrowings	**(80,267,035)**	(82,987,231)
Derivative financial instruments	**(322,344)**	(357,913)
Deferred income tax liabilities	**(573,881)**	(579,455)
Current income tax liabilities	**(506,479)**	(398,408)
Corporate liabilities, mainly representing liabilities of head office and investment holding companies	**(674,184)**	(138,626)
Consolidated liabilities	**(108,893,717)**	(106,793,724)

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

- all assets are allocated to operating segments other than interests in associates, interests in joint ventures, pledged bank deposits, and cash and cash equivalents management by corporate office, deferred income tax assets and unallocated corporate assets; and

- all liabilities are allocated to operating segments other than bank and other borrowings, derivative financial instruments, current income tax liabilities, deferred income tax liabilities and unallocated corporate liabilities.

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

Other segment information is presented below:

For the year ended 31 December 2012:

	Generation of electricity and heat HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit and segment assets:				
Additions to non-current assets (Note)	11,781,850	3,215,464	68,842	15,066,156
Depreciation and amortisation	(5,676,742)	(473,154)	(33,243)	(6,183,139)
Impairment charges	(320,723)	(324,226)	—	(644,949)
Provision for doubtful accounts	(29,811)	(4,951)	—	(34,762)
Net gains on disposal of property, plant and equipment	96,629	372	75	97,076
Amounts regularly provided to chief operating decision maker but not included in the measure of segment profit:				
Share of results of associates	810,056	833,316	—	1,643,372
Share of results of joint ventures	89,372	956	—	90,328
Finance costs	(1,258,362)	(815,747)	(1,761,687)	(3,835,796)
Income tax expense	(1,020,442)	(90,720)	(68,052)	(1,179,214)

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2011:

	Generation of electricity and heat HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit and segment assets:				
Additions to non-current assets (Note)	12,130,654	1,259,607	2	13,390,263
Depreciation and amortisation	(4,908,375)	(590,716)	(2,939)	(5,502,030)
Impairment charges	(29,603)	(23,747)	—	(53,350)
Provision for doubtful accounts	122	(6,159)	—	(6,037)
Net loss on disposal of property, plant and equipment	(53,345)	—	—	(53,345)
Amounts regularly provided to chief operating decision maker but not included in the measure of segment profit:				
Share of results of associates	604,082	136,296	—	740,378
Share of results of joint ventures	85,347	11,597	—	96,944
Finance costs	(1,804,594)	(724,597)	(986,372)	(3,515,563)
Income tax expense	(463,259)	(773,697)	(5,807)	(1,242,763)

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

Geographical information

The Group's operations are principally located in the PRC. All of the Group's revenue from external customers are attributed to customers located in the PRC, other than Hong Kong. The Group's non-current assets excluding financial instruments and deferred income tax assets, which amounted to HK$149,079,202,000 as at 31 December 2012 (2011: HK$137,653,354,000) are located in the PRC, other than Hong Kong.

Information about major customers

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

	2012 HK$'000	2011 HK$'000
Customer A	**21,066,113**	12,471,559
Customer B	**11,271,958**	9,606,057
Customer C	**7,563,268**	8,254,581

Note: The customers quoted relate to the electricity generation and thermal heat segments.

6 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Buildings HK$'000	Power generating plant and equipment HK$'000	Mining structures HK$'000	Motor vehicles, furniture, fixtures, equipment and others HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2011						
Cost	14,469,212	61,001,458	1,553,696	1,408,999	19,388,148	97,821,513
Accumulated depreciation	(2,742,601)	(10,191,804)	(175,188)	(438,163)	—	(13,547,756)
Net book amount	11,726,611	50,809,654	1,378,508	970,836	19,388,148	84,273,757
Year ended 31 December 2011						
Opening net book amount	11,726,611	50,809,654	1,378,508	970,836	19,388,148	84,273,757
Additions and exchange differences	1,537,512	8,106,636	32,851	622,794	7,296,355	17,596,148
Transfer	1,474,996	5,049,257	—	13,916	(6,538,169)	—
Disposals	(31,434)	(109,284)	—	(152,621)	—	(293,339)
Depreciation charge	(1,009,116)	(3,787,456)	(104,554)	(256,889)	—	(5,158,015)
Closing net book amount	13,698,569	60,068,807	1,306,805	1,198,036	20,146,334	96,418,551
At 31 December 2011						
Cost	17,475,225	74,366,378	1,590,148	1,873,121	20,146,334	115,451,206
Accumulated depreciation	(3,776,656)	(14,297,571)	(283,343)	(675,085)	—	(19,032,655)
Net book amount	13,698,569	60,068,807	1,306,805	1,198,036	20,146,334	96,418,551
Year ended 31 December 2012						
Opening net book amount	**13,698,569**	**60,068,807**	**1,306,805**	**1,198,036**	**20,146,334**	**96,418,551**
Exchange differences	**(14,700)**	**24,590**	**345**	**(696)**	**(245,156)**	**(235,617)**
Acquistion of a subsidiary (Note 45)	—	—	—	—	**1,076,245**	**1,076,245**
Additions	**706,602**	**1,133,139**	**146,555**	**164,926**	**10,411,987**	**12,563,209**
Transfer	**5,790,880**	**11,321,885**	—	**136,375**	**(17,249,140)**	—
Disposals	—	**(12,897)**	—	**(2,259)**	—	**(15,156)**
Impairment	**(125,934)**	**(23,514)**	—	**(7,476)**	**(167,302)**	**(324,226)**
Depreciation charge	**(1,185,238)**	**(4,199,191)**	**(110,788)**	**(327,156)**	—	**(5,822,373)**
Closing net book amount	**18,870,179**	**68,312,819**	**1,342,917**	**1,161,750**	**13,972,968**	**103,660,633**
At 31 December 2012						
Cost	**24,002,186**	**86,832,505**	**1,736,703**	**2,118,773**	**14,140,270**	**128,830,437**
Impairment	**(125,934)**	**(23,514)**	—	**(7,476)**	**(167,302)**	**(324,226)**
Accumulated depreciation	**(5,006,073)**	**(18,496,172)**	**(393,786)**	**(949,547)**	—	**(24,845,578)**
Net book amount	**18,870,179**	**68,312,819**	**1,342,917**	**1,161,750**	**13,972,968**	**103,660,633**

6 PROPERTY, PLANT AND EQUIPMENT – GROUP *(continued)*

Depreciation expenses of HK$5,789,430,000 and HK$32,943,000 (2011: HK$5,146,478,000 and HK$11,537,000) has been recorded in operating expenses and construction in progress, respectively.

The impairment charge related to property, plant and equipment amounting to HK$324,226,000(2011: Nil) has been recorded in operating expenses.

Construction work in progress as at 31 December 2012 mainly comprises infrastructure contruction of coal companies, technical reformation projects of power plants and new power plants being constructed in the PRC.

During the year, the Group has capitalised borrowing costs amounting to HK$590,550,000 (2011: HK$595,313,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowing of 5.80% (2011: 4.97%).

As at 31 December 2012, total net book value of property, plant and equipment pledged as collateral for the Group's bank borrowings amounted to approximately HK$5,955,672,000 (2011: HK$3,989,630,000) (Note 31).

As at 31 December 2012, the ownership certificates of certain buildings ("Building Ownership Certificates") of the Group with an aggregate carrying value of approximately HK$12,389,203,000 (2011: HK$13,700,028,000) had not been obtained by the Group. After consultation made with the Company's in-house counsel, the directors of the Company consider that there is no legal restriction for the Group to apply for and obtain the Building Ownership Certificates and it should not lead to any significant adverse impact on the operations of the Group.

7 PREPAID LEASE PAYMENTS - GROUP

The Group's prepaid lease payments are related to leases of land located in the PRC and their net book value are analysed as follows:

	31 December	
	2012	2011
	HK$'000	HK$'000
Outside Hong Kong,held on:		
Leases of between 10 to 50 years	**2,344,146**	2,266,209
Leases of less than 10 years	**28,433**	35,268
	2,372,579	2,301,477

Certain bank borrowings of the Group are secured by land leases at an aggregate carrying amount of HK$30,475,000 (2011: HK$447,107,000)(Note 31).

7 PREPAID LEASE PAYMENTS - GROUP *(continued)*

	2012 HK$'000	2011 HK$'000
At 1 January	**2,301,477**	1,891,805
Additions	**152,702**	383,089
Amortisation charge	**(82,034)**	(69,572)
Exchange differences	**434**	96,155
At 31 December	**2,372,579**	2,301,477

Amortisation of HK$81,276,000 and HK$758,000 (2011: HK$69,572,000 and nil) has been recorded in operating expenses and construction in progress, respectively.

As at 31 December 2012, land use right certificates ("Land Certificates") of certain parcels of land of the Group with an aggregate carrying value of HK$324,591,000 (2011: HK$164,033,000) had not been obtained. After consultation made with the Company's legal counsel, the directors consider that there is no legal restriction for the Group to apply for and obtain the Land Certificates and it should not lead to any significant adverse impact on the operations of the Group.

8 MINING RIGHTS – GROUP

	2012 HK$'000	2011 HK$'000
At 1 January		
Cost	**11,202,743**	10,136,480
Accumulated amortisation	**(499,036)**	(196,542)
Opening net book amount	**10,703,707**	9,939,938
Exchange differences	**23,207**	510,982
Transfer from deposits paid for acquisition of mining and exploration rights	—	214,845
Transfer from exploration and resources rights	—	149,964
Acquisition of a subsidiary (Note 45)	**1,981,320**	—
Additions	**1,655,980**	173,958
Amortisation charge	**(312,433)**	(285,980)
Closing net book amount	**14,051,781**	10,703,707
At 31 December		
Cost	**14,864,560**	11,202,743
Accumulated amortisation	**(812,779)**	(499,036)
Net book amount	**14,051,781**	10,703,707

Amortisation is provided to write off the cost of the mining rights using the unit of production method assessed based on the proved and probable reserves of the coal mines. Amortisation of HK$312,433,000 (2011: HK$285,980,000) has been recorded in operating expenses.

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY

	2012 HK$'000	2011 HK$'000
Unlisted shares/capital contribution, at cost (a)	**18,790,166**	16,367,649
Loans to subsidiaries (b)	**3,420,704**	12,160,610
	22,210,870	28,528,259
Loans from subsidiaries (c)	**5,835,750**	5,835,750

(a) Investments in subsidiaries

As at 31 December 2012, the investments in principal subsidiaries of the Company and their subsidiaries, all of which are unlisted, were as follows:

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
Resources Shajiao C Investments Limited 香港潤朗沙角投資有限公司	Hong Kong	Ordinary shares – HK$10,000	—	90	Investment holding
China Resources Power (Jiangsu) Investment Company Limited ("Jiangsu Investment") 華潤電力（江蘇）投資有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital and paid-up capital - RMB1,500,000,000	—	100	Investment holding
Nanjing Chemical Industry Park Thermoeletricity Co., Ltd. ("Nanjing Chemical") 南京化學工業園熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital -US$21,800,000	—	90	Operation of a power station
Jiang Su Nanre Power Generation Co. Ltd. ("Jiang Su Nanre") 江蘇南熱發電有限責任公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB 650,000,000	—	100	Operation of a power station
China Resources Power Dengfeng Co., Ltd. 華潤電力登封有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,260,000,000	—	85	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
China Resources (Luoyang) Thermal Power Co., Ltd. 洛陽華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB80,000,000	—	51	Operation of a power station
China Resources Power (Changshu) Co., Ltd. 華潤電力（常熟）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - US$173,520,000	—	100	Operation of a power station
China Resources Power Hunan Liyujiang Co., Ltd. ("Hunan Liyujiang") 湖南華潤電力（鯉魚江）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB573,660,000	—	60	Operation of a power station
China Resources Power Hubei Co., Ltd. 華潤電力湖北有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB 1,986,000,000	—	100	Operation of a power station
China Resources (Jiaozuo) Thermal Power Co., Ltd. 焦作華潤熱電有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB267,540,000 Paid-up capital - RMB218,548,500	—	100	Operation of a power station
China Resources Power Performance Co., Ltd.	The British Virgin Islands	Share - HK$0.01	100	—	Investment holding
Tangshan China Resources Thermal Power Co., Ltd. 唐山華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB270,490,000	—	80	Operation of a power station
China Resources Power (Tangshan Caofeidian) Co., Ltd 華潤電力（唐山曹妃甸）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB783,000,000	—	90	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
China Resources Power Project Service Co., Ltd. 華潤電力工程服務有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - HK$50,000,000	100	—	Power station project consultancy services
CR Power Fuel (Henan) Co., Ltd. 華潤電力燃料(河南)有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - HK$140,390,000	—	100	Sale of coal
Hu Nan CR Coal Industry Co., Ltd 湖南華潤煤業有限公司 (Wholly Foreign OwnedEnterprise)	PRC	Registered and paid-up capital - US$29,990,000	—	100	Coal mining
Shantou Dan Nan Wind Power Co., Ltd. 汕頭丹南風能有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - US$10,000,000	—	55	Operation of a power station
Guangzhou China Resources Thermal Power Co. Ltd. 廣州華潤熱電有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB1,100,000,000	—	100	Operation of a power station
China Resources Golden Concord (Beijing) Co-Generation Power Co. Ltd. 華潤協鑫(北京)熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and capital paid-up - RMB247,100,000	—	51	Operation of a power station
Fuyang China Resources Power Co., Ltd. 阜陽華潤電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered capital - RMB1,259,000,000 Paid-up capital - RMB919,000,000	—	55	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
Yunnan China Resources Power (Honghe) Co., Ltd. 雲南華潤電力（紅河）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB279,400,000	—	70	Operation of a power station
Yanshi China Resources Transport Co., Ltd. 偃師華潤運輸有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB11,000,000	—	55	Provision of local logistic services
China Resources Power Maintenance Henan Co., Ltd. ("Maintenance Henan") 華潤電力檢修(河南)有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB10,100,000	—	100	Power station maintenance service
Panzhihua Chian Resources Hydro Power Development Co., Ltd. 攀枝花華潤水電開發有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and Paid-up capital - RMB50,000,000	—	70	Development of a power station
Shenzhen South China Energy Co., Ltd. 深圳南國能源有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB50,000,000	—	100	Investment holding
China Resources Power Investment Co., Ltd. 華潤電力投資有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB15,800,000,000 Paid-up capital - RMB13,082,904,778	100	—	Investment holding
China Resources Cangzhou Co-generation Co., Ltd. 滄州華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB550,000,000	—	95	Operation of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
China Resources Power (Jinzhou) Co., Ltd. ("Jinzhou Power Company") 華潤電力（錦州）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB764,922,500	—	100	Operation of a power station
Xuzhou Huaxin Power Generation Co., Ltd. ("Xuzhou Huaxin") 徐州華鑫發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB480,000,000	—	72	Operation of a power station
China Resources Tianneng Xuzhou Coal & Power Co., Ltd. ("Xuzhou Tianneng") 華潤天能（徐州）煤電有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB109,364,623	—	100	Exploration and sale of coal and operation of a power station
China Resources Wind Power (Shantou) Co., Ltd. 華潤電力風能（汕頭）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB73,460,329	—	100	Operation of a power station
China Resources Power (Xingning) Co., Ltd. 華潤電力興寧有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB337,500,000	—	100	Operation of a power station
China Resources Wind Power (Chengde) Co., Ltd. 華潤電力風能（承德）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB176,332,198	—	100	Operation of a power station
China Resources Power (Jining) Co., Ltd. 華潤電力（濟寧）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB195,000,000	90	—	Development of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
China Resources Power (Heze) Co., Ltd. 華潤電力（荷澤）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB1,240,000,000 Paid-up capital - RMB744,680,077	90	—	Development of a power station
China Resources Power (Lianyuan) Co., Ltd. 華潤電力（漣源）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB 578,000,000	—	100	Operation of a power station
Shenyang China Resources Thermal Power Co., Ltd. ("Shenyang Power Company") 瀋陽華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB566,380,000	—	54	Operation of a power station
Inner Mongolia Dengkou Jinniu Coal and Power Co., Ltd. 內蒙古磴口金牛煤電有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB552,000,000	—	100	Operation of a power station
China Resources Wind Power (Yan Tai) Co., Ltd. 華潤電力風能（煙台）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered capital - RMB198,585,700 Paid-up capital - RMB194,468,645	—	95	Operation of a power station
China Resources Wind Power (Shantouchaonan) Co., Ltd. 華潤電力風能（汕頭潮南）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB457,949,500 Paid-up capital - RMB360,042,240	—	100	Operation of a power station
China Resources Power (Liuzhi) Co., Ltd 華潤電力（六枝）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - US$49,000,000 Paid-up capital - US$7,500,000	100	—	Development of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
Henan Tianzhong Coal Mining Co., Ltd 河南天中煤業有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB200,000,000 Paid-up capital - RMB199,979,411	—	100	Coal mining
China Resources Power (Wenzhou) Co., Ltd 華潤電力（溫州）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB2,000,000,000 Paid-up capital - RMB667,972,355	100	—	Development of a power station
China Resources Nanjing Co-generation Co., Ltd 南京華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB728,000,000	—	65	Operation of a power station
Shanxi China Resources Lashen Energy Investment Co., Ltd. 山西華潤聯盛能源投資有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB3,800,000,000	—	51	Coal mining
Sichuan China Resources Yazui River Hydro Power Development Co., Ltd. 四川華潤鴨嘴河水電開發有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB473,750,000	—	51	Development of a power station
Xuzhou Huaxing Investment Co., Ltd. ("Xuzhou Huaxing") 徐州華興投資有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB405,610,000	—	51	Investment holding
Yunnan China Resources Power (Xishuangbanna) Co., Ltd. 雲南華潤電力（西雙版納）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB20,000,000	—	95	Development of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
China Resources Power (Yichang) Co., Ltd. 華潤電力（宜昌）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - US$30,000,000 Paid-up capital - US$14,994,296	—	100	Development of a power station
China Resources Wind Power (Huilai) Co., Ltd. 華潤電力風能（惠來）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB120,025,763	—	100	Operation of a power station
China Resources Wind Power (Weihai) Co., Ltd. 華潤電力風能（威海）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB128,732,760	—	100	Operation of a power station
China Resources Wind Power (Yangjiang) Co., Ltd. 華潤電力風能（陽江）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB235,155,860	—	100	Operation of a power station
China Resources Wind Power (Yantai Penglai) Co., Ltd. 華潤電力風能（煙台蓬萊）有限公司 (Sino-Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB 171,505,465	—	95	Operation of a power station
China Resources Wind Power (Chengde Yudaokou) Co., Ltd. 華潤電力風能（承德禦道口）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB 379,585,074	—	100	Operation of a power station
AACI SAADEC(HK) Holdings Limited ("AACI (HK)")	Hong Kong	Ordinary shares - US$1,290; non-voting shares -US$30,016,000	—	100	Investment holding

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
Hunan China Resources Tangdong Coal Mining Co., Ltd. 湖南華潤煤業唐洞煤礦有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB15,000,000	—	77.77	Coal mining
China Resources Wind Power Inner Mongolia Ba Yinhile Co., Ltd. 華潤電力風能內蒙古巴音錫勒有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB171,420,000	—	100	Operation of a power station
China Reshources Wind Power (Shantou Haojiang) Co., Ltd. 華潤電力風能（汕頭濠江）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB56,002,238	—	100	Operation of a power station
China Resources Wind Power (Chengde Weichang) Co., Ltd. 華潤電力風能（承德圍場）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB162,684,117	—	100	Development of a power station
China Resources Wind Power (Guazhou) Co., Ltd. 華潤電力風能（瓜州）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB418,059,847	—	100	Development of a power station
China Resources Wind Power (Penglaidaliuhang) Co., Ltd. 華潤電力風能（蓬萊大柳行）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered capital - RMB196,600,000 Paid-up capital - RMB128,723,570	—	100	Development of a power station
China Resources Wind Power (Fuxin) Co., Ltd. 華潤電力風能（阜新）有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB228,854,322	—	100	Development of a power station

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
China Resources Wind Power (Jianping) Co., Ltd. 華潤電力風能(建平)有限公司 (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital - RMB237,001,167	—	100	Development of a power station
Shanxi China Resources Coal Company Limited ("Shanx China Resources Coal") 山西華潤煤業有限公司 (Sino-Foreign Equity Joint Venture)(Note 45)	PRC	Registered and paid-up capital - RMB800,000,000	—	75.5	Coal mining

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

The subsidiaries incorporated in the PRC are limited liability companies.

(b) Loans to subsidiaries

As at 31 December 2012, the amounts are unsecured, bear interest at rate from zero to 5%, denominated in HK$270,000,000, US$1,147,258,000 and RMB2,003,446,000 respectively, and repayable in 2015.

As at 31 December 2012, the fair values of loans to subsidiaries approximate their carrying amounts.

(c) Loans from subsidiaries

As at 31 Decmeber 2012, the amount is unsecured, bears fixed interest rate at 7.25% (2011: 7.25%) per annum, denominated in HK dollar and repayable on demand.

As at 31 December 2012, the fair values of loans from subsidiaries approximate their carrying amounts.

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY

(a) Investments in associates

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 January	**18,294,014**	12,279,541	**2,592,139**	2,473,729
Acquisition of an associate	—	5,207,718	—	—
Capital contribution to associates	**207,311**	350,980	**120,671**	118,410
Disposal of an associate	**(141,319)**	—	—	—
Share of results of associates	**1,643,372**	740,378	—	—
Dividends	**(884,210)**	(299,133)	—	—
Impairment charge	**(46,723)**	—	—	—
Currency translation differences	**(12,326)**	14,530	—	—
At 31 December	**19,060,119**	18,294,014	**2,712,810**	2,592,139

Included in the Group's cost of investment in associates is goodwill of HK$864,067,000 (2011: HK$910,790,000) arising on acquisition of certain associates, the changes in 2012 represent the impairment charge of approximately HK$46,723,000.

As at 31 December 2012, the investments in principal associates of the Group, all of which are unlisted, were as follows:

Name of associate	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
Guangdong Guanghope Power Co., Ltd. ("Guangdong Guanghope ") 廣東廣合電力有限公司 (Note i) (Sino-Foreign Co-operative Joint Venture)	PRC	Registered capital (US$391,600,000) Paid-up capital (US$241,600,000)	—	36	Operation of a power station
Hebei Harv Power Generation Company Limited ("Hebei Harv Power ") 河北衡豐發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB777,000,000	—	25	Operation of a power station
Zhejiang Wenzhou Telluride Power Generating Company Limited ("Zhejiang Wenzhou Telluride ") 浙江溫州特魯萊發電有限責任公司 (Sino-Foreign Co-operative Joint Venture)	PRC	Registered and paid-up capital - RMB796,120,000	—	40	Operation of a power station

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

Name of associate	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital 2012	Percentage of equity interest held		Principal activities
			Directly 2012	Indirectly 2012	
China Resources (Xuzhou) Electric Power Co., Ltd. ("CR Xuzhou Eletric Power") 徐州華潤電力有限公司 (Note ii) (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB863,110,000	—	50	Operation of a power station
Hengshui Hengxing Power Generation Company Limited 衡水恒興發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB475,000,000	—	25	Operation of a power station
Henan Yonghua Energy Co., Ltd. ("Henan Yonghua Energy") 河南永華能源有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB300,000,000	—	49	Exploration and sale of coal
Zhengzhou Huayuan Coal Mining Co., Ltd. 鄭州華轅煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB750,000,000	—	30.67	Exploration and sale of coal
Yangzhou No. 2 Power Generation Co.,Ltd ("Yangzhou No. 2 Power ") 揚州第二發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,692,000,000	45	—	Operation of a power station
Guizhou Hualong Coal Mining Co., Ltd. 貴州華隆煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB 800,000,000	49	—	Coal mining
Jiangsu Zhenjiang Power Generation Co., Ltd ('Jiangsu Zhenjiang Power ') 江蘇鎮江發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,482,200,000	—	42.5	Operation of a power station
Zhangjiagang Shazhou Power Corporation ("Zhangjiagang Shazhou Power") 張家港沙州電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,000,000,000	—	20	Operation of a power station

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

Name of associate	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
Guodian Changzhou Power Corporation ('Guodian Changzhou Power ') 國電常州發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB1,000,000,000	—	25	Operation of a power station
Xuzhou Chacheng Electric Power Co., Ltd. 徐州垞城電力有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB360,000,000	—	31.82	Operation of a power station
Taiyuan China Resources Coal Co., Ltd. ("Taiyuan China Resources Coal") 太原華潤煤業有限公司 (Note iii) (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB4,000,000,000	—	49	Coal mining
Shanxi Asian American-Daning Energy Co. Ltd. ("Shanxi Asian American-Daning") 山西亞美大寧能源有限公司 (Note iv) (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - US$53,600,000	—	56	Coal mining
Hunan Taohuajiang Nuclear Power Co., Ltd ("Hunan Taohuajiang Nuclear") 湖南桃花江核電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB649,600,000	—	25	Operation of a power station
Shanxi Jinrun Coal and Power Co., Ltd. 山西晉潤煤電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB750,000,000	40	—	Operation of a power station
Chongqing Energy(Guizhou) Coal and Power Co., Ltd 重慶能源（貴州）煤電有限公司 (Note v) (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital - RMB100,000,000	—	49	Operation of a power station

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

Notes:

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

ii. As defined under the shareholder's agreement of China Resources (Xuzhou) Electric Power Company Limited, two third of the board members' approval is required to decide on certain key financial and operating matters. Since the Group only has the right to appoint 4 out of 7 directors of the entity, the directors of the Company consider that the Group does not have control over the Company but it is just able to exercise significant influence in its operations. Therefore, China Resources (Xuzhou) Electric Power Company Limited is accounted for as an associate of the Group.

iii. The Group holds 49% interest in Taiyuan China Resources Coal. Under the provisions of the shareholder's agreement entered into by the three shareholders of Taiyuan China Resources Coal, two third of the board members' approval is required to decide on certain key financial and operating matters. Since the Group has the right to appoint 4 out of 9 directors of the entity, the directors of the Company consider that the Group does not have control over Taiyuan China Resources Coal but it is able to exercise significant influence in the operations thereof.

   Pursuant to a joint venture agreement dated 15 April 2010 made between the Group and one of shareholders of the Taiyuan China Resources Coal, an independent third party, the shareholder granted a call option at nil consideration to the Group to acquire its 31% equity interest in the associate on 16 April 2012 at a pre-determined consideration. The consideration is determined based on the capital contributed by that shareholder attributable to 31% equity interest plus the interest at an annual rate of 6.12%, reduced by the dividend received by the shareholder in respect of its 31% equity interest in that associate. The original contract expired on 15 April 2012 and was renewed by the contract parties with the annual interest rate adjusted to 7.96% per annum and the expiry period was extended to 16 April 2013. The fair value of the derivative arsing from this call option arrangement was assessed to be insignificant as of 31 December 2012 given the associate was still in business loss.

iv. Pursuant to the shareholders' agreement of Shanxi Asian American-Daning, the Group has the right to appoint 4 out of 7 directors of the entity. However, approval of 5 out of 7 of the board members is required in respect of certain key financial and operating matters. The directors of the Company consider that the Group does not have control over Shanxi Asian American-Daning but is able to exercise significant influence in the operation thereof. On 5 March 2013, all the 2 directors appointed by the another equity shareholders, Shanxi Lanhua Science and Technology Company Ltd., entered into an Acting in Concert Undertaking with the Group and agree to vote in board meetings resolutions proposed by the Group, as a result, Shanxi Asian American-Daning began to be accounted for as a subsidiary of the Group (Note 48).

v. The company was newly incorporated on 13 July 2012.

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

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

Notes: *(continued)*

The gross amounts of operating results, assets and liabilities (excluding goodwill) of the associates of the Company and its subsidiaries were as follows:

	2012 **HK$'000**	2011 HK$'000
Total assets	**72,275,653**	71,317,200
Total liabilities	**38,706,943**	38,686,274
Net assets	**33,568,710**	32,630,926
Group's share of net assets of associates	**18,196,052**	17,383,224
Turnover	**39,133,121**	35,177,140
Profit for the year	**5,305,168**	3,656,474
Other comprehensive income	**296,315**	997,263
Group's share of profit of associates for the year	**1,643,372**	740,378
Group's share of other comprehensive income of associates	**106,946**	723,439

(b) Loans to associates

	Group	
	2012 **HK$'000**	2011 HK$'000
Non - current (i)	—	2,394,638
Current	**3,454,804**	—
	3,454,804	2,394,638

(i) The associate owns the exploration rights of certain coal mines in Shanxi province. The balances had been classified as current assets as the directors of the Company consider that the loans would be repaid within one year from the end of the reporting period after considering the operational and business plan of the associate in the coming year.

As at 31 December 2012, loans to associates are all denominated in RMB, unsecured, with annual interest rates levied at a range of 5.85% to 6.56%.

As at 31 December 2012, the fair values of loans to associates approximate their carrying amounts.

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY

(a) Investments in joint ventures

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 January	**1,694,679**	935,595	**631,212**	221,065
Transferred to investment in subsidiaries (Note 45)	**(452,978)**	—	—	—
Capital contribution to joint ventures	**266,841**	634,663	**146,662**	410,147
Share of results of joint ventures	**90,328**	96,944	—	—
Currency translation differences	**130,110**	27,477	—	—
At 31 December	**1,728,980**	1,694,679	**777,874**	631,212

As at 31 December 2012, investments in joint ventures of the Group, all of which are unlisted, were as follows:

Name of joint venture	Place of incorporation and operation	Issued and fully paid share capital /registered capital and paid-up capital 2012	Percentage of equity interest held Directly 2012	Percentage of equity interest held Indirectly 2012	Principal activities
Tianjin Zhonghai China Resources Marine Shipping Company Limited (Note i) ("Tianjin Zhonghai CR Marine") 天津中海華潤航運有限公司	PRC	Registered and paid-up capital - RMB768,000,000	—	49	Provision of logistic services
Resources J Investment Company Holding Limited ("Recourses J") (Note ii) 潤捷能源投資有限公司	HK	Registered capital - US$2,000,000 Paid-up capital - US$1,602,000	50	—	Investment holding

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(a) Investments in joint ventures *(continued)*

Notes:

i. Under the shareholders' agreement and the Memorandum and Articles of Tianjin Zhonghai CR Marine, over two third of the board members' approval is required to decide on certain key financial and operating matters. The Group and the respective joint venture holder each hold 50% of the voting rights in the joint venture and hence the directors of the Company consider that the Group and the respective joint venture holder exercise joint control over Tianjin Zhonghai CR Marine.

ii. During the year ended 31 December 2010, the Group and an independent third party (the "Joint Venturer") entered into a share subscription agreement ("Share Subscription Agreement"), pursuant to which they formed a company, namely Resources J Energy Investment Limited ("Resources J"), of which the Group holds 50% of the issued capital and it controlls 50% of the voting power in general meetings of Resources J. Resources J holds 100% indirect interest in China Resources Power (Hezhou) Co., Ltd. ("CRP Hezhou"), a company engaged in the development of a power station in the PRC. Resources J is jointly controlled by the Group and the Joint Venturer by virtue of contractual arrangements enacted between the two parties. Therefore, Resources J has been accounted for as a jointly controlled entity of the Group.

Pursuant to a Call Option Agreement entered into between the Group and the Joint Venturer dated 19 August 2010, the Joint Venturer granted the Group a call option at a consideration of HK$1 to acquire 16% equity interest ("Call Option Shares") in Resources J at a pre-determined consideration. The consideration is determined based on the capital contributed by the Joint Venturer attributable to the Call Option Shares plus interest accrued at a compound annual interest rate at 5.5%, reduced by the dividend received by the Joint Venturer in respect of the Call Option Shares and the interest on dividend received by the Joint Venturer in respect of the Call Option Shares. The call option can be exercised on any business day within the period from 17 December 2015 to 1 January 2016 ("Call Option Period"). In the opinion of the directors of the Company, the fair value of the call option was insignificant as of 31 December 2012 given CRP Hezhou had just commenced its commercial operations in the second half of 2012.

Pursuant to Put Option Agreement entered into between the Group and the Joint Venturer dated 19 August 2010, the Group granted the Joint Venturer two put options at a consideration of HK$1. The first put option is to sell the 16% equity interest ("First Put Option Shares") in Resources J at a predetermined consideration. The first put option can be exercised on any business day within the period of 15 business days starting on the date upon the expiry of the above mentioned, i.e. from 2 January 2016 to 17 January 2016. The second put option is to sell the 34% equity interest ("Second Put Option Shares") in Resources J at a pre-determined consideration. The second put option may only be exercised on any business day within a period of 15 business days starting on the 5th anniversary date of the commencement of the commercial operations of CRP Hezhou, when the first and the second power plants of CRP Hezhou have passed the 168-hour reliability test, as supported by certain document(s) issued by Southern Grid or its authorised branch, or any other competent authority in the PRC after the test is passed.

The consideration is pre-determined based on capital contributed by the Joint Venturer attributable for First/Second Put Options Shares plus an interest computed at a compound annual interest at 5.5%, reduced by the dividend received by the Joint Venturer in respect of the First/Second Put Option Shares and the interest on dividend received by the Joint Venturer in respect of the First/Second Put Option Shares. In the opinion of the directors of the Company, the fair value of these two put options was not significant as of 31 December 2012.

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(a) Investments in joint ventures *(continued)*

Notes: *(continued)*

ii. *(continued)*

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

	2012		2011		
	Tianjin Zhonghai CR Marine HK$'000	**Recourses J and its subsidiaries HK$'000**	Tianjin Zhonghai CR Marine HK$'000	Recourses J and its subsidiaries HK$'000	Shanxi China Resources Coal HK$'000 (Note iii)
Assets:					
– Non-current assets	**1,242,469**	**7,058,187**	532,332	4,947,392	2,900,952
– Current assets	**332,045**	**1,665,135**	223,142	51,429	468,022
Liabilities:					
– Non-current liabilities	—	**3,359,427**	—	2,422,594	459,195
– Current liabilities	**586,932**	**2,873,765**	16,365	899,117	1,921,857
Net assets	**987,582**	**2,490,130**	739,109	1,677,110	987,922
Turnover	**140,872**	**1,149,735**	182,264	—	—
Expenses	**(152,382)**	**(936,034)**	(150,406)	(5,530)	(41,050)
Profit/(loss) after income tax	**1,951**	**178,745**	38,574	101,240	54,846
Other comprehensive income	—	**234,944**	—	92,680	—

(iii) Pursuant to a joint venture agreement dated 15 April 2010 made between the Group and the joint venturer of Shanxi China Resources Coal, an independent third party, the venture granted a call option at nil consideration to the Group to acquire its 50% equity interest in the jointly controlled entity, Shanxi China Resources Coal on 16 April 2012. The Group has exercised the option on 16 April 2012. Therefore, Shanxi China Resources Coal was controlled by the Group and was accounted for as a subsidiary of the Group from that date onwards (Note 45).

(b) Loan to a joint venture

The loan to a joint venture, Shanxi China Resources Coal, was unsecured, carried interest at the rate offered by the PBOC and had been overdue since 30 June 2010. On 16 April 2012, the Group acquired the remaining 50% interest of Shanxi China Resources Coal from its joint venture holder and it then became a subsidiary of the Group (Note 45). As a result, the amount had been eliminated in the consolidated financial statements of the Group as at 31 December 2012.

12 GOODWILL - GROUP

The movements in the carrying amount of goodwill during the years are as follows:

	Goodwill
	HK$'000
At 1 January 2011	
Cost	3,796,731
Accumulated impairment loss	—
Net book amount	3,796,731
Year ended 31 December 2011	
Opening net book amount	3,796,731
Currency translation differences	236,722
Closing net book amount	4,033,453
At 31 December 2011	
Cost	4,033,453
Accumulated impairment loss	—
Net book amount	4,033,453
Year ended 31 December 2012	
Opening net book amount	4,033,453
Impairment charge	(274,000)
Currency translation differences	154,827
Closing net book amount	**3,914,280**
At 31 December 2012	
Cost	4,188,280
Accumulated impairment loss	(274,000)
Net book amount	**3,914,280**

12 GOODWILL - GROUP *(continued)*

Impairment tests for goodwill:

Goodwill is allocated to the cash generating units ("CGUs") of the Company's subsidiaries operating power plants and coal mining in different provinces in the PRC. The carrying amounts of major goodwill allocated to individual CGUs are as follows:

2012	**Opening HK$'000**	**Impairment HK$'000**	**Exchange difference HK$'000**	**Closing HK$'000**
Generation of electricity and heat segment				
– Jinzhou Power Company	**1,512,259**	**(174,000)**	**15,202**	**1,353,461**
– Shenyang Power Company	**806,321**	**(100,000)**	**8,504**	**714,825**
– Other companies	**1,366,915**	—	**73,242**	**1,440,157**
Coal mining segment	**347,958**	—	**57,879**	**405,837**
Total	**4,033,453**	**(274,000)**	**154,827**	**3,914,280**

2011	Opening HK$'000	Impairment HK$'000	Exchange difference HK$'000	Closing HK$'000
Generation of electricity and heat segment				
– Jinzhou Power Company	1,438,876	—	73,383	1,512,259
– Shenyang Power Company	742,752	—	63,569	806,321
– Other companies	1,276,678	—	90,237	1,366,915
Coal mining segment	338,425	—	9,533	347,958
Total	3,796,731	—	236,722	4,033,453

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

As at 31 December 2012, the Group performed impairment review for goodwill based on pre-tax cash flow projection covering a period of shorter than the useful life of the property, plant and equipment and operation period of each of the CGU. The first 5 years derived from the most recent financial budgets approved by management, while the forecast beyond 5 years is compiled based on the financial budget and assumes no growth. The pre-tax discount rate used by the cash flow projection is 12% (2011: 8%).

In 2012, based on the assessments, except for the goodwill arising from the acquisition of Jinzhou Power Company and Shenyang Power Company, no other goodwill balance had been impaired.

At 31 December 2012, if the discount rate had been 50 basis points higher/lower, the impairment charge of goodwill for the year ended 31 December 2012 would have been increased /decreased by approximately HK$115,110,000 and HK$217,577,000, respectively.

13 AVAILABLE-FOR-SALE INVESTMENTS AND LOAN TO AN AVAILABLE-FOR-SALE INVESTEE COMPANY - GROUP AND COMPANY

(a) Available-for-sale investments

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 January	**1,101,266**	1,093,160	**70,265**	70,265
Additions	**245,340**	—	**29,156**	—
Exchange difference	**(27,490)**	8,106	—	—
At 31 December	**1,319,116**	1,101,266	**99,421**	70,265

Available-for-sale investments represent investments in unlisted equity securities issued by nine (2011: nine) limited liability entities registered in the PRC. According to the assessment of directors of the Company, the fair values of these investments approximate their carrying amounts as of 31 December 2012.

As at 31 December 2012, available-for sale investments are all denominated in RMB.

As at 31 December 2012, none of the carrying amounts of interests in each of the companies exceed 10% of total assets of the Company and the Group.

(b) Loan to an available-for-sale investee company

As at 31 December 2012, the loan to an available-for-sale investee company, is unsecured, denominated in RMB, carries interest at the rate offered by the PBOC for loan of the same maturity per annum and repayable in 2014.

As at 31 December 2012, the fair value of loan to an available-for-sale investee company approximates its carrying amount.

14 PREPAYMENTS FOR NON-CURRENT ASSETS - GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments for acquisition of property, plant and equipment	**3,093,066**	2,797,183	**1,789**	—
Prepayments for acquisition of mining/exploration rights (i)	**1,171,607**	1,295,175	—	—
Prepayments for establishment of associates	**140,896**	77,942	**31,642**	31,642
Deposits paid for capital contribution for an available-for-sale investment	**42,285**	42,285	**42,285**	42,285
	4,447,854	4,212,585	**75,716**	73,927

(i) Prepayments for acquisition of mining/exploration rights comprise:

	Group	
	2012	2011
	HK$'000	HK$'000
Payment for exploration rights of coal mines located in Inner Mongolia province - Project A (Note a)	**1,171,607**	1,171,825
Payment for exploration rights of coal mines located in Inner Mongolia province - Project B (Note b)	—	123,350
	1,171,607	1,295,175

Notes:

(a) In January 2008, the Group entered into an agreement with a local government authority in the PRC to acquire the exploration and resources right attached to an area of 21,000 hectares of a coal mine located in Inner Mongolia with a cconsideration amounted to RMB6,900,000,000 (equivalents to HK$8,108,742,000). Up to 31 December 2012, deposit amounting to RMB950,000,000 (equivalent to HK$1,171,607,000) (2011: RMB 950,000,000, equivalent to HK$1,171,825,000) had been paid by the Group, with the remaining balance payable at approximately RMB5,950,000,000 (equivalent to HK$7,337,957,000) (2011: RMB 5,950,000,000, equivalent to HK$7,339,325,000).

(b) In September 2008, the Group entered into an agreement with an independent third party to acquire an exploration and resources right attached to an area of 9,310 hectares of a coal mine located in Inner Mongolia with consideration amounted to RMB1,369,000,000 (equivalent to HK$1,688,662,000). Up to 31 December 2011, consideration amounting to RMB100,000,000 (equivalent to HK$123,350,000) had been paid by the Group. In May 2012, the Group and the third party reached an agreement on the contract termination and the third party is obliged to refund the deposits in full amount to the Group on or before 6 July 2013. As a result, the amount of RMB100,000,000 (equivalent to HK$123,327,000) had been transferred to "other receivables" of the Group as of 31 December 2012 (Note16(i)).

15 INVENTORIES - GROUP

	2012 HK$'000	2011 HK$'000
Coal	**2,355,459**	2,770,975
Spare parts and consumables	**849,402**	765,655
Fuel oil	**53,849**	55,937
	3,258,710	3,592,567

The cost of inventories recognised as operating expenses amounted to HK$36,517,921,000 (2011: HK$39,391,323,000).

At the end of the reporting period, all inventories were stated at cost.

16 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS - GROUP AND COMPANY

Trade and other receivables, and prepayments comprise the following:

	Group		Company	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Trade receivables				
– Accounts receivables	**9,162,384**	8,029,065	—	—
– Note receivables	**887,710**	988,163	—	—
	10,050,094	9,017,228	—	—
Less: provision for impairment of trade receivables	**(47,117)**	(14,695)	—	—
Trade receivables - net	**10,002,977**	9,002,533	—	—
Input VAT and prepayment for income tax	**2,334,710**	2,406,001	—	—
Prepayments for coal and fuel	**546,252**	1,680,551	—	—
Advances to power grid companies	**55,413**	385,872	—	—
Deposits paid for exploration right (i)	**123,327**	1,412,709	—	—
Others	**1,696,252**	1,235,350	**99,628**	120,767
	14,758,931	16,123,016	**99,628**	120,767

(i) During the year ended 31 December 2012, the Group received the full refund of the deposit paid for exploration rights amounting to RMB1,145,285,000 (equivalent to HK$1,412,709,000) due to an independent third party's termination of contract.

The balance as at 31 December 2012 represents another refundable deposit paid for exploration rights as described in Note 14(i)(b).

16 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS - GROUP AND COMPANY *(continued)*

The Group usually grant about 60 days' credit period to local power grid customers from the end of the month in which the sales of electricity is made. As of 31 December 2012, trade receivables of HK$1,522,255,000 (2011: HK$908,694,000) were past due but not impaired. They relate to a number of independent customers for whom there had been no significant financial difficulty experience based on past trading experience. As at 31 December 2012, the ageing analysis of trade receivables is as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
0-30 days	**7,933,241**	7,492,863
31-60 days	**505,681**	560,258
Over 60 days	**1,611,172**	964,107
	10,050,094	9,017,228

As at 31 December 2012, included in trade receivables was an amount of HK$568,747,000 (2011: HK$12,475,000) which is trade receivables from fellow subsidiaries or associates and is aged within 30 days.

Movements on the provision for impairment of trade receivables of the Group are as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
At 1 January	**14,695**	13,660
Provision for doubtful accounts	**34,762**	6,037
Receivables written off during the year as uncollectible	**(1,365)**	(4,516)
Exchange differences	**(975)**	(486)
At 31 December	**47,117**	14,695

Management of the Group closely monitors the credit quality of trade and other receivables. The Group makes provision against impairment of trade and other receivables based on the assessment results of credit quality of the respective parties.

All the trade and other receivables are denominated in RMB.

As at 31 December 2012, the carrying amounts of trade and other receivables approximate their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

17 AMOUNTS DUE FROM ASSOCIATES - GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Dividend receivable from associates	**90,287**	328,804	**—**	—
Interest receivable from associates	**258,708**	82,483	**85,373**	6,291
Other amounts due from associates	**243,176**	182,705	**1,282**	5,820
	592,171	593,992	**86,655**	12,111

Amounts due from associates are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors of the Company, the amounts will be repayable within one year from the end of the reporting period.

The Group and the Company do not provide any allowance for amounts due from associates because the Group had not experiened any default history from associates. Management of the Group closely monitors the credit quality of amounts due from associates and considers that the amounts are neither past due nor impaired. The Group and the Company do not hold any collateral over these balances.

The amounts due from associates are denominated in RMB.

As at 31 December 2012, the carrying amounts of the amounts due from associates approximate their fair values.

18 AMOUNTS DUE FROM JOINT VENTURES - GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest receivable from joint ventures	**—**	97,411	**—**	—
Other amounts due from joint ventures	**—**	24,711	**—**	138
	—	122,122	**—**	138

19 AMOUNTS DUE FROM OTHER RELATED COMPANIES - GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from fellow subsidiaries	**68,087**	425,276	**—**	—
Amounts due from subsidiaries	**—**	—	**24,201,293**	23,379,875
Loans to subsidiaries	**—**	—	**10,010,940**	—
Amounts due from available-for-sale investee companies	**—**	57,975	**—**	—
Amounts due from non-controlling shareholders of subsidiaries (i)	**9,643**	87,572	**—**	—
	77,730	570,823	**34,212,233**	23,379,875

19 AMOUNTS DUE FROM OTHER RELATED COMPANIES - GROUP AND COMPANY

(continued)

(i) The amounts due from non-controlling shareholders of subsidiaries comprise:

	Group	
	2012	2011
	HK$'000	HK$'000
Loans to non-controlling shareholders of subsidiaries	**9,643**	65,067
Amounts due from non-controlling shareholders of subsidiaries	—	22,505
	9,643	87,572

As at 31 December 2012, loans to non-controlling shareholders of subsidiaries were unsecured. They bear interest at rates offered by the PBOC and are repayable within one year.

Except for loans to non-controlling shareholders of subsidiaries, the amounts due from other related parties are unsecured, non-interest bearing and repayable on demand.

The Group and the Company do not provide any impairment provision against amounts due from other related companies because there was no default history experienced from the related companies Management of the Group closely monitor the credit quality of amounts due from other related companies and consider the amounts are neither past due nor impaired. The Group and the Company do not hold any collateral over these balances.

The amounts due from other related parties are all denominated in RMB.

As at 31 December 2012, the carrying amounts of the amounts due from other related parties approximate their fair values.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - GROUP

	2012	2011
	HK$'000	HK$'000
Listed securities - held-for-trading		
– Equity securities - PRC	**3,687**	3,042

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other gains - net" in the consolidated income statement (Note 36).

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the statement of cash flow (Note 43).

The fair value of all equity securities is based on their current bid prices in an active market.

21 PLEDGED BANK DEPOSITS - GROUP

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. As at 31 December 2012, deposits amounting to HK$249,986,000 (2011: HK$303,977,000) had been pledged to secure bank acceptance bills and are therefore classified as current assets.

As at 31 December 2012, the pledged bank deposits are denominated in RMB and the carrying amounts approximate their fair values.

22 CASH AND CASH EQUIVALENTS - GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and on hand	**3,804,086**	3,141,935	**310,420**	25,992
Term deposits	**593,203**	1,354,670	**—**	1,354,670
	4,397,289	4,496,605	**310,420**	1,380,662

The cash and cash equivalents of the Group and Company are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**3,930,262**	2,711,188	**14,786**	783
HK dollars	**299,534**	1,365,839	**213,852**	1,153,512
US dollars	**160,648**	396,654	**81,778**	226,365
Others	**6,845**	22,924	**4**	2
	4,397,289	4,496,605	**310,420**	1,380,662

As at 31 December 2012, the carrying amounts of cash and cash equivalents of the Group and Company approximate their fair values.

23 SHARE CAPITAL - GROUP AND COMPANY

	2012		2011	
	Number of shares '000	**Amount HK$'000**	Number of shares '000	Amount HK$'000
Authorised:				
At 1 January and 31 December	**10,000,000**	**10,000,000**	10,000,000	10,000,000
Issued and fully paid:				
At 1 January	**4,745,092**	**4,745,092**	4,719,501	4,719,501
Issue upon exercise of share options	**17,771**	**17,771**	25,591	25,591
At 31 December	**4,762,863**	**4,762,863**	4,745,092	4,745,092

The total authorised number of ordinary shares is 10 billion shares (2011: 10 billion shares) with a par value of HK$1 per share (2011: HK$1 per share). All issued shares are fully paid.

24 SHARE OPTIONS

Pursuant to a resolution in writing passed on 6 October 2003 by the shareholders of the Company, a Pre-IPO Share Option Scheme and a Share Option Scheme have been adopted by the Company.

(a) Pre-IPO Share Option Scheme

On 6 October 2003, the Company granted options to the grantees to subscribe for 167,395,000 shares in the Company at an exercise price of HK$2.80 per share, upon payment of HK$1 per each option grant. The options have a contractual option term of ten years. Options granted have a vesting period of five years and vested options are exercisable within the contractual option term.

Movements in the number of share options outstanding and their related weighted average exercise prices under Pre-IPO Share Option Scheme during the year ended 31 December 2012 are as follows:

		Number of options						
	Exercise price HK$	Outstanding as at 1 Jan 2011	Reclassification during the year ended 31 Dec 2011	Exercised during the year ended 31 Dec 2011	Outstanding as at 31 Dec 2011	Reclassification during the year ended 31 Dec 2012	Exercised during the year ended 31 Dec 2012	Outstanding as at 31 Dec 2012
A Director of the Company	2.75	753,320	—	(183,240)	570,080	(570,080)	—	—
Directors of CRH	2.75	1,140,160	40,720	—	1,180,880	—	—	1,180,880
Employees of the Group	2.75	6,127,260	—	(5,295,888)	831,372	—	(179,168)	652,204
Employees of CRH and its subsidiaries, other than the Group	2.75	16,361,296	(40,720)	(991,532)	15,329,044	570,080	(5,228,022)	10,671,102
		24,382,036	—	(6,470,660)	17,911,376	—	(5,407,190)	12,504,186
Exercisable at the end of the year		24,382,036	—	—	17,911,376	—	—	12,504,186

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in HK$ per share option	Options 2012	2011
5 October 2013	**2.75**	12,504,186	17,911,376

(b) Share Option Scheme

Pursuant to the Share Option Scheme approved by a resolution of the shareholders of the Company dated 6 October 2003, the Board may, at its absolute discretion, offer any employee, director, consultant or advisor of (i) CRH and its subsidiaries; and (ii) the Company, its subsidiaries and associated companies, options to subscribe for the Company's shares, for the promotion of success of the business of the Group. The exercise price of the share option will be determined at the highest of (1) the closing price of the Company's shares on the Stock Exchange on the date of grant of the option; (2) the average closing price of the Company's shares on the Stock Exchange on the five trading days immediately preceding the date of grant; and (3) the nominal value of the shares.

Options granted are exercisable during the period from the vesting date to the last day of the ten-year period after grant date. The share options have vesting periods from one to five years and every 20% will be vested at the end of each year.

24 SHARE OPTIONS *(continued)*

(b) Share Option Scheme *(continued)*

Movements in the number of share options outstanding and their related weighted average exercise prices granted under the Share Option Scheme in 2012 is as follows:

			Number of options					
	Exercise price	Date of grant	Outstanding as at 1 Jan 2011	Exercised during the year ended 31 Dec 2011	Outstanding as at 31 Dec 2011	Reclassification during the year ended 31 Dec 2012	Exercised during the year ended 31 Dec 2012	Outstanding as at 31 Dec 2012
	HK$							
Directors of CRH and its subsidiaries	3.919	18 Mar 2005	1,954,560	(875,480)	1,079,080	–	–	1,079,080
Directors of the Company	3.919	18 Mar 2005	879,080	–	879,080	(366,480)	(166,480)	346,120
	4.641	18 Nov 2005	203,600	–	203,600	–	(94,444)	109,156
	12.21	30 Mar 2007	407,200	–	407,200	–	–	407,200
Employees of CRH and its subsidiaries, other than the Group	3.919	18 Mar 2005	2,199,960	–	2,199,960	366,480	(366,480)	2,199,960
Employees of the Group	4.175	1 Sep 2004	3,413,540	(1,250,880)	2,162,660	–	(775,480)	1,387,180
	3.919	18 Mar 2005	2,735,440	(1,308,800)	1,426,640	–	–	1,426,640
	4.641	18 Nov 2005	22,456,640	(11,096,860)	11,359,780	–	(3,300,360)	8,059,420
	6.925	5 Sep 2006	15,552,920	(4,258,200)	11,294,720	–	(4,078,200)	7,216,520
	12.21	30 Mar 2007	23,321,760	(330,000)	22,991,760	–	(3,581,960)	19,409,800
			73,124,700	(19,120,220)	54,004,480	–	(12,363,404)	41,641,076
Exercisable at the end of the year			57,644,700	–	48,964,480	–	–	41,641,076
Weighted average exercise price			**7.48**	**5.17**	**8.30**	**N/A**	**7.53**	**8.54**

24 SHARE OPTIONS *(continued)*

(b) Share Option Scheme *(continued)*

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in HK$ per share option Options	Options 2012	2011
31 Aug 2014	4.175	**1,387,180**	2,162,660
17 Mar 2015	3.919	**5,051,800**	5,584,760
17 Nov 2015	4.641	**8,168,576**	11,563,380
4 Sep 2016	6.925	**7,216,520**	11,294,720
29 Mar 2017	12.21	**19,817,000**	23,398,960
		41,641,076	54,004,480

In current year, share option expense of HK$1,477,000 (2011: HK$153,734,000) has been recognised in the consolidated imcome statement, with a corresponding adjustment made in the Group's share option reserve.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$16.31 (2011: HK$14.19).

25 SHARE PREMIUM AND RESERVES - GROUP AND COMPANY

Group

Details of changes in reserves of the Group are set out in the consolidated statement of changes in equity on pages 84 and 85.

General reserve is part of the shareholders' funds and comprises statutory surplus reserves, enterprise expansion funds and reserve funds of subsidiaries in the PRC. Pursuant to the provisions of their respective Articles of Association, certain of the Company's subsidiaries established in the PRC shall make allocation from their profit after tax to the general reserves. The general reserves shall be used for making up losses, capitalisation into capital and expansion of the operations and production of the respective subsidiaries and associates.

The special reserves of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of subsidiaries acquired pursuant to a group reorganisation for the purpose of the preparation of the listing of the Company's share on the Stock Exchange of Hong Kong in previous years.

The movement of the capital reserve is as follows:

	As at 2012 HK$'000	2011 HK$'000
Opening balance at 1 January	**251,354**	199,911
Transfers (Note a)	**257,642**	301,082
Transfers upon utilisation (Note b)	**(346,161)**	(249,639)
Closing balance at 31 December	**162,835**	251,354

25 SHARE PREMIUM AND RESERVES - GROUP AND COMPANY *(continued)*

Group *(continued)*

Notes:

(a) Pursuant to certain regulations in the PRC governing the mining industry, the Group is required to make an annual transfer to the capital reserve account an amount being calculated at the volume of coal ore extracted each year, mulitplied by the applicable rate per tonne of coal ore. Pursuant to the relevant provisions of the PRC Companies Law, the fund can only be used for future improvement of the mining facilities and enhancement of safety production environment. The fund is not available for distribution to neither shareholders of the Company nor equity owners of the related entities.

(b) During the year ended 31 December 2012, HK$346,161,000 (2011: HK$249,639,000) of such capital reserve account had been utilised for expenditures inucrred in the relevant assets as stated in Note a, the corresponding amount was transferred out from the capital reserve account to retained earnings.

Company

	Share premium HK$'000	Merger reserve HK$'000	Hedging reserve HK$'000	Employee share-based compensation reserve HK$'000	Shares held for share award HK$'000 (Note 26)	Retained earnings HK$'000	Total HK$'000
At 1 January 2011	16,680,090	82,309	(285,435)	277,084	(681,500)	5,730,342	21,802,890
Fair value change on cash flow hedges, net of tax	—	—	(29,103)	—	—	—	(29,103)
Profit for the year	—	—	—	—	—	(258,326)	(258,326)
Total comprehensive income for the year	—	—	(29,103)	—	—	(258,326)	(287,429)
Shares issued upon exercise of options	91,004	—	—	—	—	—	91,004
Transfer of share option reserve on exercise of share options	51,295	—	—	(51,295)	—	—	—
Recognition of equity settled share-based payments	—	—	—	153,734	—	—	153,734
Purchase of shares under Restricted Share Award Scheme	—	—	—	—	(77,610)	—	(77,610)
Shares vested under Restricted Share Award Scheme	—	—	—	(143,098)	170,756	(27,658)	—
Dividends paid	—	—	—	—	—	(1,549,311)	(1,549,311)
At 31 December 2011	16,822,389	82,309	(314,538)	236,425	(588,354)	3,895,047	20,133,278
Fair value change on cash flow hedges, net of tax	—	—	(2,485)	—	—	—	(2,485)
Profit for the year	—	—	—	—	—	(208,173)	(208,173)
Total comprehensive income for the year	—	—	(2,485)	—	—	(208,173)	(210,658)
Shares issued upon exercise of options	90,158	—	—	—	—	—	90,158
Transfer of share option reserve on exercise of share options	52,197	—	—	(52,197)	—	—	—
Recognition of equity settled share-based payments	—	—	—	1,477	—	—	1,477
Purchase of shares under Restricted Share Award Scheme	—	—	—	—	(13,455)	—	(13,455)
Dividends paid	—	—	—	—		(1,414,371)	(1,414,371)
At 31 December 2012	**16,964,744**	**82,309**	**(317,023)**	**185,705**	**(601,809)**	**2,272,503**	**18,586,429**

25 SHARE PREMIUM AND RESERVES - GROUP AND COMPANY *(continued)*

Company *(continued)*

The merger reserve of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the group reorganisation and the nominal amount of the Company's shares issued for the acquisition.

In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained earnings of the Company amounting to HK$2,272,503,000 as at 31 December 2012 (2011: HK$3,895,047,000).

26 SHARES HELD FOR SHARE AWARD SCHEME

On 25 April 2008 (the "Adoption Date"), a Medium to Long-term Performance Evaluation Incentive Plan (the "Scheme") was adopted by the Company. The Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date.

Pursuant to the rules of the Scheme, the Company has set up a trust, BOCI - Prudential Trustee Limited ("Trustee"). The Company's shares may be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the qualified employees until such shares are vested with the qualified employees in accordance with the provisions of the Scheme.

During the year ended 31 December 2012, the Group purchased 982,000 (2011: 6,120,000) shares of its shares for the share award scheme at weighted average price of HK$13.70.

During the year ended 31 December 2012, none of shares (2011: 10,330,525) of the Company had been awarded to the employees and Directors of the Group.

26 SHARES HELD FOR SHARE AWARD SCHEME *(continued)*

Under the Scheme, there were total unvested shares of 38,001,475 (2011: 37,019,475) amounting to HK$601,809,000(2011: HK$588,354,000) held by the trustee at the end of the reporting period. The movement of the shares held for share award scheme is as follows:

	2012		2011	
	Number of shares '000	**Amount HK$'000**	Number of shares '000	Amount HK$'000
At 1 January	**37,019**	**588,354**	41,230	681,500
Treasury shares purchased during the year	**982**	**13,455**	6,120	77,610
Granted and vested during the year	—	—	(10,331)	(170,756)
At 31 December	**38,001**	**601,809**	37,019	588,354

27 PERPETUAL CAPITAL RESERVES - GROUP

On 11 May 2011, China Resources Power East Foundation Co., Ltd., a subsidiary of the Group, issued US$750,000,000 (equivalent to HK$5,835,750,000) 7.25% Guaranteed Perpetual Capital Securities ("Perpetual Capital Securities") at an issue price of US$100 per cent which is guaranteed by the Company. The Perpetual Capital Securities were issued for general corporate funding purposes. Coupon payments of 7.25% per annum on the Perpetual Capital Securities are paid semi-annually in arrears from 9 November 2011 and can be deferred at the discretion of the Group. The Perpetual Capital Securities have no fixed maturity and are redeemable at the discretion of the Group on or after 9 May 2016 at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon interest payments are unpaid or deferred, the Group undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

28 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS - GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (i)	**8,953,692**	5,932,629	**—**	—
Other payables and accruals (ii)	**14,068,570**	13,373,126	**365,460**	171,910
	23,022,262	19,305,755	**365,460**	171,910

(i) Ageing analysis of trade payables is as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
0-30 days	**5,539,284**	4,110,078
31-90 days	**1,476,954**	1,330,446
Over 90 days	**1,937,454**	492,105
	8,953,692	5,932,629

The average credit period for purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

(ii) Other payables and accruals include:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Payables in respect of purchase of non-current assets	**8,417,603**	7,890,093	**—**	—
Accrued purchases of fuel	**778,902**	1,521,534	**—**	—
Other tax payables	**803,490**	805,124	**30,315**	—
Accrued wages	**700,890**	592,762	**1,000**	1,089
Interest payable	**555,816**	475,499	**113,995**	115,597
Deferred consideration payables (Note i)	**633,743**	965,609	**—**	—
Payable in respect of employee settlement costs of a subsidiary	**587,350**	526,590	**—**	—
Others	**1,590,776**	595,915	**220,150**	55,224
	14,068,570	13,373,126	**365,460**	171,910

Note i:

As at 31 December 2012, included in deferred consideration payables was an amount of HK$345,057,000 (2011: HK$445,127,000) which was payable to the former shareholders of a subsidiary in connection with acquisition of assets during the year ended 31 December 2010.

The remaining balance of HK$288,686,000 arose from acquisition of interest in an associate, Shanxi China Resources Coal, during the year ended 31 December 2010, which had become a subsidiary of the Group in 2012 (Note 45).

28 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS - GROUP AND COMPANY

(continued)

Other payables are unsecured, interest free, and repayable on demands. They are mainly denominated in RMB.

As at 31 December 2012, the carrying amounts of trade and other payables of the Group and Company approximate their fair values.

29 AMOUNTS DUE TO ASSOCIATES - GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loan from an associate (i)	**514,919**	516,269	**—**	—
Amounts due to associates (ii)	**85,638**	153,279	**99**	99
	600,557	669,548	**99**	99

(i) Loan from an associate is unsecured, carries interest at the rate set by PBOC for loan of the same maturity minus 30% per annum, and repayable within one year.

(ii) Amounts due to associates as at 31 December 2012 are unsecured, non-interest bearing, and repayable on demand.

The amounts due to associates are mainly denominated in RMB.

As at 31 December 2012, the carrying amounts of amounts due to associates approximate their fair values.

30 AMOUNTS DUE TO OTHER RELATED COMPANIES - GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loans from an intermediate holding company (i)	**2,600,000**	1,238,337	**2,600,000**	—
Amounts due to non-controlling shareholders of subsidiaries	**333,798**	797,030	**—**	—
Amounts due to subsidiaries	**—**	—	**1,083,010**	—
Amounts due to fellow subsidiaries	**1,636**	1,537	**741**	1,537
Amounts due to holding company	**35,768**	—	**35,768**	—
Amounts due to an intermediate holding company	**5,929**	20	**5,929**	20
	2,977,131	2,036,924	**3,725,448**	1,557

(i) The loans from an intermediate holding company are unsecured, carry interest at HIBOR plus 1.90% per annum to HIBOR plus 2.0% per annum and repayable within one year from the end of the reporting period. As at 31 December 2012, they are denominated in HK dollar (2011: RMB).

(ii) The amounts due to other related companies are unsecured, non-interest bearing, repayable on demand. They are mainly denominated in RMB.

As at 31 December 2012, the carrying amounts of amounts due to other related companies approximate their fair values.

31 BORROWINGS - GROUP AND COMPANY

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
Bank loans				
– Secured	**4,780,204**	504,272	—	—
– Unsecured	**37,900,996**	40,114,666	**18,011,710**	12,535,118
Corporate bonds and notes (i)	**17,195,186**	15,950,050	**5,109,140**	6,328,750
	59,876,386	56,568,988	**23,120,850**	18,863,868
Current				
Bank loans				
– Secured	**768,197**	535,727	—	—
– Unsecured	**18,389,182**	25,882,516	**2,725,737**	6,685,000
Corporate bonds and notes (i)	**1,233,270**	—	**1,233,270**	—
	20,390,649	26,418,243	**3,959,007**	6,685,000
Total borrowings	**80,267,035**	82,987,231	**27,079,857**	25,548,868

At 31 December 2012, the borrowings were repayable as follows:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**20,390,649**	26,418,243	**3,959,007**	6,685,000
Between 1 and 2 years	**6,183,528**	7,274,267	**2,304,692**	3,989,562
Between 2 and 5 years	**34,143,493**	24,066,113	**20,816,158**	14,874,306
Over 5 years	**19,549,365**	25,228,608	—	—
	80,267,035	82,987,231	**27,079,857**	25,548,868

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Wholly repayable within 5 years	**57,958,373**	57,758,623	**27,079,857**	25,548,868
Wholly repayable after 5 years	**22,308,662**	25,228,608	—	—
	80,267,035	82,987,231	**27,079,857**	25,548,868

The carrying amounts of borrowings approximate their fair values.

31 BORROWINGS - GROUP AND COMPANY *(continued)*

The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**54,671,479**	59,943,396	**2,466,540**	2,536,076
HK dollars	**19,225,858**	17,674,329	**19,225,858**	17,674,329
US dollars	**6,353,714**	5,348,238	**5,387,459**	5,338,463
Euros	**15,984**	21,268	**—**	—
	80,267,035	82,987,231	**27,079,857**	25,548,868

As at 31 December 2012, the secured bank loans of the Group were secured by:

	Group	
	2012	2011
	HK$'000	HK$'000
Buildings (Note 6)	**5,955,672**	3,989,630
Prepaid lease payments (Note 7)	**30,475**	447,107
	5,986,147	4,436,737

As at 31 December 2012, the Group has the following undrawn borrowing facilities:

	Group	
	2012	2011
	HK$'000	HK$'000
Expiring within one year	**6,022,931**	10,744,809
Expiring beyond one year	**64,186,770**	56,827,537
	70,209,701	67,572,346

At 31 December 2012, the interest rate risk of the Group and the Company's borrowings of HK$8,202,000,000 (2011: HK$11,941,000,000) was hedged using interest rate swaps (floating to fixed interest swaps) (see Note 32 for details).

During the year ended 31 December 2012, bank borrowings bear average annual interest rate at 5.26% (2011: 5.36%).

31 BORROWINGS - GROUP AND COMPANY *(continued)*

(i) Corporate bonds and notes are fixed rate bonds and notes issued by the Group as follows:

(a) issued by China Resources Power Investment Company Limited, a wholly-owned subsidiary of the Company, in the PRC:

(1) RMB4,000,000,000 (equivalent to HK$4,933,080,000) - 5.6% due November 2018 (issued in November 2011).

(2) RMB3,300,000,000 (equivalent to HK$4,069,791,000) - 4.70% due January 2020 (issued in January 2010) and RMB500,000,000 (equivalent to HK$616,635,000) - 4.95% due January 2020 (issued in January 2010)

The maturity of the corporate bonds is 10 years from the date of issue, subject to the right of sale-back described below. The corporate bonds are divided into two tranches, amounting to RMB3,300,000,000 (equivalent to HK$4,069,791,000) ("Tranche 1") and RMB500,000,000 (equivalent to HK$616,635,000) ("Tranche 2"), and carry coupon rates of 4.70% and 4.95% for Tranche 1 and Tranche 2, respectively. At the end of the fifth and seventh year from the issue of corporate bonds for Tranche 1 and Tranche 2, respectively, the issuer has the right to adjust the coupon rate ("New Coupon Rate") and the corporate bonds holders have the right to sell the corporate bonds held by them, in whole or in part, to China Resources Power Investment Company Limited at a total consideration equivalent to the total face value of the corresponding corporate bonds to be sold within 5 business days after the announcement of the New Coupon Rate.

(3) RMB2,000,000,000 (equivalent to HK$ 2,466,540,000) - 5.05% due May 2019 (issued in May 2012).

(b) issued by the Company and listed on the Stock Exchange:

US$500,000,000 (equivalent to HK$3,875,870,000) - 3.75% due August 2015 (issued in August 2010)

The notes will mature on 3 August 2015 but may be redeemed before then at the option of the Company, in whole but not in part, at any time at the (a) the principal amount of such Note or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such note, together with the present values of the interest payable for the year from the date fixed for redemption to the maturity date, discounted to redemption date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.3%, as determined by an independent investment bank of international repute. The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong. The notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each note, together with interest accrued to the date for redemption, upon a change of controlling shareholder with respect to the Company.

(c) issued by the Company in Hong Kong:

RMB1,000,000,000 (equivalent to HK$1,233,270,000) - 2.90% due November 2013 (issued in November 2010) and RMB1,000,000,000 (equivalent to HK$1,233,270,000) - 3.75% due November 2015 (issued in November 2010)

The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong or the PRC.

32 DERIVATIVE FINANCIAL INSTRUMENTS - GROUP AND COMPANY

	2012 **HK$'000**	2011 HK$'000
Cash flow hedges - Interest rate swaps		
Analysed for reporting purposes:		
– Current	**1,493**	147,559
– Non-current	**320,851**	210,354
Cash flow hedges	**322,344**	357,913

The Group uses interest rate swaps (net quarterly settlement) to minimise its exposure to interest expenses of certain of its floating-rate Hong Kong Dollars/United States Dollars denominated bank borrowings by swapping floating interest rates to fixed interest rates. The interest rate swaps and the corresponding bank borrowings have the similar terms and the directors of the Company considered that the interest rate swaps are highly effective hedging instruments.

The full fair value of a hedging derivative is classified as a non-current liability if the remaining maturity of the hedged item is more than 12 months and, as a current liability, if the maturity of the hedged item is less than 12 months.

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2012 were HK$8,202,000,000 (2011: HK$11,941,000,000). As at 31 December 2012, the fixed interest rates were contracted at a ranging from 1.12% to 3.36% (2011: 1.12% to 4.52%), and the main floating rates are HIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2012 will be continuously released to the consolidated income statement until the repayment of the bank borrowings (Note 31).

For the year ended 31 December 2012, the gross fair value gain and fair value loss from the interest rate swaps under cash flow hedge amounted to HK$128,312,000 (2011: HK$143,271,000) and HK$130,797,000 (2011: HK$172,374,000), respectively, and resulted in a net fair value loss of HK$2,485,000 (2011: HK$29,103,000) had been deferred in equity and are expected to be released to the consolidated income statement when the hedged interest expense arising from borrowings is charged to the consolidated income statement quarterly. Fair value gain and fair value loss of interest rate swaps for the ineffective portion amounted to HK$44,217,000 (2011: HK$544,000) and HK$6,163,000 (2011: HK$5,469,000), respectively. The net fair value gain amounting to HK$38,054,000 (2011: loss of HK$4,925,000), was recognised in the consolidated income statement in the current year.

The above derivatives are measured at fair value by making reference to the market value provided by the counterparty financial institutions.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

33 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY

(a) Group

31 December 2012	Loans and receivables HK$'000	Assets at fair value through the profit &loss HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet				
Available-for-sale investments	—	—	1,319,116	1,319,116
Loan to an available-for-sale investee company	176,772			176,772
Loans to associates	3,454,804	—	—	3,454,804
Amounts due from associates	592,171	—	—	592,171
Amounts due from other related companies	77,730	—	—	77,730
Trade and other receivables excluding prepayments	11,699,229	—	—	11,699,229
Financial assets at fair value through profit or loss	—	3,687	—	3,687
Cash and cash equivalents	4,647,275	—	—	4,647,275
Total	20,647,981	3,687	1,319,116	21,970,784

31 December 2012	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	80,267,035	80,267,035
Derivative financial instruments	322,344	—	322,344
Trade and other payables excluding non-financial liabilities	—	19,517,887	19,517,887
Amounts due to associates	—	600,557	600,557
Amounts due to other related companies	—	2,977,131	2,977,131
Total	322,344	103,362,610	103,684,954

33 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY *(continued)*

(a) Group *(continued)*

31 December 2011	Loans and receivables HK$'000	Assets at fair value through the profit &loss HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet				
Available-for-sale investments	—	—	1,101,266	1,101,266
Loans to an associate	2,394,638	—	—	2,394,638
Amounts due from associates	593,992	—	—	593,992
Amounts due from joint ventures	122,122	—	—	122,122
Amounts due from other related companies	570,823	—	—	570,823
Trade and other receivables excluding prepayments	10,237,883	—	—	10,237,883
Financial assets at fair value through profit or loss	—	3,042	—	3,042
Cash and cash equivalents	4,800,582	—	—	4,800,582
Total	18,720,040	3,042	1,101,266	19,824,348

31 December 2011	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	82,987,231	82,987,231
Derivative financial instruments	357,913	—	357,913
Trade and other payables excluding non-financial liabilities	—	16,973,394	16,973,394
Amounts due to associates	—	669,548	669,548
Amounts due to other related companies	—	2,036,924	2,036,924
Total	357,913	102,667,097	103,025,010

33 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY *(continued)*

(b) Company

31 December 2012	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet			
Available-for-sale investments	—	99,421	99,421
Loans to subsidiaries	3,420,704	—	3,420,704
Amounts due from associates	86,655	—	86,655
Amounts due from other related companies	34,212,233	—	34,212,233
Trade and other receivables excluding prepayments	98,113	—	98,113
Cash and cash equivalents	310,420		310,420
Total	38,128,125	99,421	38,227,546

31 December 2012	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	27,079,857	27,079,857
Loans from subsidiaries	—	5,835,750	5,835,750
Amounts due to associates	—	99	99
Amounts due to other related companies	—	3,725,448	3,725,448
Derivative financial instruments	322,344	—	322,344
Trade and other payables excluding non-financial liabilities	—	266,355	266,355
Total	322,344	36,907,509	37,229,853

33 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY *(continued)*

(b) Company *(continued)*

31 December 2011	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet			
Available-for-sale investments	—	70,265	70,265
Loans to subsidiaries	12,160,610	—	12,160,610
Amounts due from associates	12,111	—	12,111
Amounts due from joint ventures	138	—	138
Amounts due from other related companies	23,379,875	—	23,379,875
Trade and other receivables excluding prepayments	120,767	—	120,767
Cash and cash equivalents	1,380,662		1,380,662
Total	37,054,163	70,265	37,124,428

31 December 2011	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowing	—	25,548,868	25,548,868
Loans from subsidiaries	—	5,835,750	5,835,750
Amounts due to associates	—	99	99
Amounts due to other related companies	—	1,557	1,557
Derivative financial instruments	357,913	—	357,913
Trade and other payables excluding non-financial liabilities	—	171,910	171,910
Total	357,913	31,558,184	31,916,097

34 DEFERRED INCOME TAX - GROUP

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2012 HK$'000	2011 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	180,110	105,738
– Deferred income tax assets to be recovered within 12 months	84,186	66,137
	264,296	171,875
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	(561,278)	(569,076)
– Deferred taxation liabilities to be settled within 12 months	(12,603)	(10,379)
	(573,881)	(579,455)
Deferred income tax liabilities	(309,585)	(407,580)

The gross movement on the deferred income tax accounts is as follows:

	2012 HK$'000	2011 HK$'000
At 1 January	(407,580)	(386,571)
Currency translation differences	(511)	(9,802)
Credited/(charged) to profit or loss(Note 40)	4,414	(26,367)
Settlement upon dividend received	94,092	15,160
At 31 December	(309,585)	(407,580)

34 DEFERRED INCOME TAX - GROUP *(continued)*

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdictions, are as follows:

Deferred income tax assets	Accural expenses	Retirement benefit obligations	Provision for trade and other receivables	Others	Total
As at 1 January 2011	20,717	70,281	13,732	5,206	109,936
Exchange differences	(3,828)	4,314	758	7,055	8,299
Credited/(charged) to profit or loss	49,248	(8,722)	3,568	65,888	109,982
As at 31 December 2011	66,137	65,873	18,058	78,149	228,217
Exchange differences	2	(7)	40	(46)	(11)
Credited to profit or loss	18,047	2,470	17,601	8,278	46,396
As at 31 December 2012	84,186	68,336	35,699	86,381	274,602

Deferred income tax liabilities	Accelerated tax depreciation	Fair value of mining rights	Fair value of prepaid lease payments	Fair value of property plant and equipment	Distributable profits of PRC subsidiaries, associates and jointly controlled entities	Others	Total
As at 1 January 2011	(153,264)	(63,816)	(67,945)	(107,523)	(103,959)	—	(496,507)
Exchange realignment	(5,759)	(2,261)	(2,179)	(5,782)	—	(2,120)	(18,101)
Credited /(charged) to profit or loss	5,038	6,286	3,821	(56,483)	(5,293)	(89,718)	(136,349)
Settlement upon dividend received	—	—	—	—	15,160	—	15,160
As at 31 December 2011	(153,985)	(59,791)	(66,303)	(169,788)	(94,092)	(91,838)	(635,797)
Exchange realignment	(109)	(58)	(93)	(221)	—	(19)	(500)
Credited/(charged) to profit or loss	2,047	18,472	232	(5,734)	(54,269)	(2,730)	(41,982)
Settlement upon dividend received	—	—	—	—	94,092	—	94,092
As at 31 December 2012	(152,047)	(41,377)	(66,164)	(175,743)	(54,269)	(94,587)	(584,187)

At 31 December 2012, the Group had unused tax losses of HK$737,657,000 (2011: HK$649,726,000) available to offset against future assessable profits. No deferred tax asset had been recognised in respect of the tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses at 31 December 2012 are losses of approximately HK$294,552,000 (2011: HK$398,067,000) that will expire within 5 years from the year of originating, in or before 2017. Other losses may be carried forward indefinitely.

34 DEFERRED INCOME TAX - GROUP *(continued)*

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$23,516,180,000 (2011: HK$14,983,079,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

35 OTHER INCOME

	2012 **HK$'000**	2011 HK$'000
Sales of scrap materials	**345,271**	198,354
Government grant (i)	**341,741**	425,195
Interest income	**230,072**	271,465
Dividend income from available-for-sale investments (ii)	**158,256**	51,956
Service income	**153,692**	15,860
CERs income	**26,540**	100,235
Others	**50,626**	185,667
	1,306,198	1,248,732

(i) During the year ended 31 December 2012, the Group received grants from certain PRC governmental departments to subsidise supply of heat at high operating costs amounting to HK$117,017,000 (2011: HK$233,813,000). There were no ongoing obligations or conditions attached with these grants and, therefore, the Group recognised the grants as income upon receipt.

During the year ended 31 December 2012, the Group received grants from the PRC government, which were used for encouraging the operations of certain PRC subsidiaries to their increase in supply of electricity, amounting to HK$133,563,000 (2011: HK$60,187,000); and grants for encouraging the development of environmental friendly electricity generation, amounting to HK$22,920,000 (2011: HK$26,510,000). There were no ongoing obligations or conditions attached to these grants and, therefore, the Group recognised the grants as income upon receipt.

During the year ended 31 December 2012, the Group received grants from certain PRC governmental departments for the high operating costs incurred by the Group due to increase in coal price amounting to HK$35,686,000 (2011: HK$84,386,000). There were no ongoing obligations or conditions attached to these grants and, therefore, the Group recognised the grants as income upon receipt.

During the year ended 31 December 2012, the government grants relating to assets are credited to other income amounting to HK$32,555,000 (2011: HK$20,299,000).

(ii) During the year ended 31 December 2012, all dividend investment income was derived from unlisted investments.

36 OTHER GAINS - NET

	2012 HK$'000	2011 HK$'000
Net exchange (losses)/gains	**(4,344)**	1,183,620
Fair value changes on derivative financial instruments	**38,054**	(4,925)
Fair value changes on financial assets at fair value through profit or loss (Note 20)	**645**	(502)
Net gains/(losses) on disposal of property, plant and equipment	**97,076**	(53,345)
Net gains on disposal of equity investments	**35,698**	—
Damages received from termination of contract	**174,547**	—
Others	**59,262**	105,167
	400,938	1,230,015

37 EMPLOYEE BENEFIT EXPENSES

	2012 HK$'000	2011 HK$'000
Wages, salaries and bonus	**3,168,642**	2,583,946
Pension costs - retirement benefit schemes (Note 38)	**591,961**	509,606
Share-based compensation (Note 24)	**1,477**	153,734
	3,762,080	3,247,286

37 EMPLOYEE BENEFIT EXPENSES *(continued)*

(i) Directors' emoluments

The remuneration of each director and the chief executive for the year ended 31 December 2012 is set out below:

Name	Fees HK$'000	Salaries and bonus HK$'000	Pension costs HK$'000	Share-based compensation HK$'000	Total HK$'000
Zhou Junqing	—	2,782	278	—	3,060
Zhang Shen Wen	—	3,396	74	—	3,470
Wang Xiao Bin	—	2,832	74	—	2,906
Li She Tang*	—	2,132	24	—	2,156
Wang Yu Jun***	—	3,635	74	—	3,709
Anthony H. Adams	200	—	—	—	200
Chen Ji Min	200	—	—	12	212
Andrew Ma Chiu Cheung	200	—	—	12	212
Elsie Leung Oi-Sie	200	—	—	—	200
Raymond K.F. Ch'ien	200	—	—	—	200
Zhang Hai Peng*	31	—	—	—	31
Shi Shan Bo*	31	—	—	—	31
Du Wen Min	70	—	—	—	70
Wei Bin	70	—	—	—	70
Huang Dao Guo	39	—	—	—	39
Chen Ying	39	—	—	—	39
	1,280	14,777	524	24	16,605

* Resigned during the year ended 31 December 2012.

*** Mr. Wang Yu Jun is an Executive Director and the President of the Company, and acts as the chief executive of the Group.

37 EMPLOYEE BENEFIT EXPENSES *(continued)*

(i) Directors' and chief executive's emoluments *(continued)*

The remuneration of each director and the chief executive for the year ended 31 December 2011 is set out below:

Name	Fees HK$'000	Salaries and bonus HK$'000	Pension costs HK$'000	Share-based compensation HK$'000	Total HK$'000
Zhou Junqing	—	439	44	—	483
Song Lin**	—	962	116	—	1,078
Wang Shuai Ting**	—	1,748	30	8,467	10,245
Zhang Shen Wen	—	2,454	72	6,445	8,971
Wang Xiao Bin	—	2,271	72	6,562	8,905
Li She Tang	—	2,490	72	6,404	8,966
Wang Yu Jun***	—	2,573	72	5,022	7,667
Anthony H. Adams	200	—	—	—	200
Chen Ji Min	200	—	—	68	268
Andrew Ma Chiu Cheung	200	—	—	69	269
Zhang Hai Peng	70	—	—	—	70
Shi Shan Bo	70	—	—	—	70
Du Wen Min	70	—	—	—	70
Wei Bin	70	—	—	—	70
Elsie Leung Oi-Sie	200	—	—	—	200
Raymond K.F. Ch'ien	200	—	—	—	200
	1,280	12,937	478	33,037	47,732

** Resigned during the year ended 31 December 2011.

*** Mr. Wang Yu Jun is an Executive Director and the President of the Company, and acts as the chief executive of the Group.

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

No directors have waived any remuneration during the year.

37 EMPLOYEE BENEFIT EXPENSES *(continued)*

(ii) Five highest paid individuals *(continued)*

The five individuals whose emoluments were the highest in the Company and its subsidiaries for the year include four (2011: four) directors whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining one (2011: one) individual during the year are as follows.

	2012	2011
	HK$'000	HK$'000
Salaries and other benefits	**1,695**	1,412
Post-employment benefits	**80**	69
Bonus	**1,073**	463
Share-based payments	—	6,354
	2,848	8,298

Emoluments of these five individuals are within the following bands:

	Number of individuals	
	2012	2011
Emolument bands (in HK dollar)		
HK$2,500,001 to HK$3,000,000	**2**	—
HK$3,000,001 to HK$3,500,000	**2**	—
HK$3,500,001 to HK$4,000,000	**1**	—
HK$8,000,001 to HK$8,500,000	—	1
HK$8,500,001 to HK$9,000,000	—	3
HK$10,000,001 to HK$10,500,000	—	1

38 RETIREMENT BENEFIT SCHEMES

	2012 HK$'000	2011 HK$'000
Retiemenet benefit schemes - Hong Kong	**2,731**	2,322
Retiemenet benefit schemes - PRC	**589,230**	507,284
	591,961	509,606

(i) Hong Kong

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

(ii) PRC

(a) For certain selected employees of Jinzhou Power Company, Xuzhou Tianneng, Hunan Liyujiang and Shenyang Power Company employed by the vendors of the businesses as at respective acquisition dates (the "Pre-acquisition Employees"), the Group has undertaken to continue to provide retirement benefits to them who had met certain specified criteria and accepted voluntary redundancy. Such arrangement required specific approval granted by management of the Group. The Group is obliged to pay such employee retirement benefits to the relevant retired employees and early retired employees (i.e. retired before their statutory retirement age) who would reach the statutory retirement age within 5 years, had been working for more than 30 years or in accordance with the respective entities' early retirement policy. These retired and early retired employees are entitled to certain monthly benefits up to their statutory retirement age.

These obligations were provided for by the Group at amounts equal to the net present value of the total expected benefit payments. Where the obligation does not fall due within twelve months, the obligation payable has been discounted using a pre-tax rate that reflects management's current market assessment of the time value of money and risk specific to the obligation (the discount rate was determined with reference to market yields at the balance sheet date on high quality investments in the PRC). As at 31 December 2012, the carrying amount of these retirement benefit obligations is approximately HK$136,481,000 (2011: HK$231,859,000).

(b) Other than Pre-acquisition Employees, the employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the respective local government in the PRC. The Group is required to contribute a specified percentage of payroll costs to the schemes to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions. The amounts charged to the consolidated income statement and capitalised in the construction in progress are HK$589,230,000 (2011: HK$507,284,000) and HK$8,316,000 (2011: HK$25,062,000), respectively.

39 FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interests on bank and other borrowings		
– wholly repayable within five years	**3,395,615**	3,248,543
– not wholly repayable within five years	**163,591**	255,378
Interests on corporate bonds		
– wholly repayable within five years	**227,271**	227,315
– not wholly repayable within five years	**578,373**	259,615
Others	**61,496**	120,025
	4,426,346	4,110,876
Less: Interests capitalised in property, plant and equipment	**(590,550)**	(595,313)
	3,835,796	3,515,563

Borrowing costs capitalised during the year arose on funds borrowed specifically for the purpose of obtaining qualifying assets and on the general borrowing pool which are calculated by applying a capitalisation rate of 5.80% (2011: 4.97%) per annum to expenditures incurred on qualifying assets.

40 INCOME TAX EXPENSE

	2012 HK$'000	2011 HK$'000
Current income tax		
– PRC enterprise income tax	**1,183,628**	1,216,396
Deferred income tax (Note 34)	**(4,414)**	26,367
	1,179,214	1,242,763

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

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

Pursuant to the relevant laws and regulations in the PRC, certain of the Company's PRC subsidiaries are exempt from PRC enterprise income tax for two years starting from their cumulative profit-making year net of losses carried forward, followed by a 50% reduction for the next three years. This tax incentive has expired in 2012. In addition, pursuant to CaiShui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain wind power plant projects of the Group, which were set up after 1 January 2008, are entitled to a tax holiday of a three-year full exemption, followed by a three-year 50% exemption of enterprise income tax, commencing from their first turnover-making year.

40 INCOME TAX EXPENSE *(continued)*

In addition, certain of the Company's PRC subsidiaries are entitled to certain tax credit ("Tax Credit") against its assessable EIT, which is calculated as 10% of the current year's purchases and use of specific environmental friendly, water and energy-saving, safety-enhanced equipment in the Group's electricity generation business. The portion of Tax Credit that has not been utilised in the current period can be carried forward for future tax credit over a period of not more than five years.

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

The reconciliation of the effective income tax rate from the statutory income tax rate is as follows:

	2012 **HK$'000**	2011 HK$'000
Profit before income tax	**9,903,761**	6,862,149
Calculated at a tax rate of 25% (2011: 24%)	**2,475,940**	1,646,916
Income not subject to tax	**(472,989)**	(218,634)
Expenses not deductible for tax purposes	**29,968**	145,802
Tax exemptions and concessions granted to PRC subsidiaries	**(222,171)**	(188,509)
Reduction of tax in respect of Tax Credit	**(705,801)**	(191,298)
Effect of different tax rates of subsidiaries	—	27,037
Unrecognised tax losses	**70,191**	22,536
Utilisation of previously unrecognised tax losses	**(50,193)**	(10,671)
Deferred tax arising from withholding tax on undistributed profits of the PRC subsidiaries/associates	**54,269**	5,293
Others	—	4,291
Income tax expense	**1,179,214**	1,242,763

Tax rate of 25% (2011: 24%) is adopted for the taxation reconciliation as such tax rate is applicable to most of the Group's operations in the PRC for the year.

41 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares (Note 26).

	2012 **HK$'000**	2011 HK$'000
Profit attributable to owners of the Company	**7,478,916**	4,450,576
Weighted average number of ordinary shares in issue (thousands)	**4,715,738**	4,695,272

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2012 **HK$'000**	2011 HK$'000
Earnings		
Profit attributable to owners of the Company	**7,478,916**	4,450,576
Weighted average number of ordinary shares in issue (thousands)	**4,715,738**	4,695,272
Adjustments for:		
– Share options (thousands)	**29,433**	42,627
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**4,745,171**	4,737,899

42 DIVIDENDS

The dividends paid in 2012 and 2011 were HK$1,425,771,000 and HK$1,563,203,000 respectively. A dividend in respect of the year ended 31 December 2012 of HK$0.45 per share, amounting to a total dividend of HK$2,145,110,000 is to be proposed at the annual general meeting on 7 June 2013. These financial statements do not reflect this dividend payable.

	2012 **HK$'000**	2011 HK$'000
Dividend recognised as distribution during the year (i):		
Final dividend for 2011 of HK$0.24 (2011: for 2010 of HK$0.27) per share on 4,751,354,000 (2011: 4,736,094,000) shares	**1,140,325**	1,278,745
Interim dividend for 2012 of HK$0.06 (2011: HK$0.06) per share on 4,757,431,000 (2011: 4,739,370,000) shares	**285,446**	284,458
Dividend proposed after the end of the reporting year:		
Proposed final dividend for 2012 of HK$0.45 (2011: HK$0.24) per share	**2,145,110**	1,139,673
	3,570,881	2,702,876

(i) During the year ended 31 December 2012, dividends recognised as distributions amounted to HK$1,414,371,000 (2011: HK$1,549,311,000). They were stated after elimination of HK$11,400,000 (2011: HK$13,892,000) paid for shares held by the Medium to Long-term Performance Evaluation Incentive Plan, which is a share award scheme of the Group (Note 26).

The aggregate amounts of the dividends paid and proposed have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

43 CASH GENERATED FROM OPERATIONS

	2012 HK$'000	2011 HK$'000
Profit before income tax	**9,903,761**	6,862,149
Adjustments for:		
Depreciation for property, plant and equipment (Note 6)	**5,789,430**	5,146,478
Amortisation of mining rights (Note 8)	**312,433**	285,980
Amortisation of prepaid lease payments (Note 7)	**81,276**	69,572
Recognition of share-based payments (Note 37)	**1,477**	153,734
Impairment loss on property, plant and equipment (Note 6)	**324,226**	—
Impairment loss on goodwill (Note 12)	**274,000**	—
Impairment loss on investment in associates (Note 10)	**46,723**	—
Impairment loss on available-for-sale investments	**—**	53,350
Provision for doubtful accounts	**34,762**	6,037
Interest expense (Note 39)	**3,835,796**	3,515,563
Interest income (Note 35)	**(230,072)**	(271,465)
Fair value changes on financial assets at fair value through profit or loss (Note 36)	**(645)**	502
Fair value changes on derivative financial instruments (Note 36)	**(38,054)**	4,925
Share of results of associates	**(1,643,372)**	(740,378)
Share of results of joint ventures	**(90,328)**	(96,944)
Dividends received from available-for-sale investments (Note 35)	**(158,256)**	(51,956)
Net loss (gain) on disposal of property, plant and equipment (Note 36)	**(97,076)**	53,345
Net gains on disposal of equity investments (Note 36)	**(35,698)**	—
Damages received from termination of contract (Note 36)	**(174,547)**	—
Changes in working capital:		
Decrease/(Increase) in inventories	**333,857**	(1,469,559)
Decrease/(Increase) in trade receivables, other receivables and prepayments	**1,258,032**	(3,325,474)
Increase in trade payables, other payables and accruals	**535,916**	3,391,406
Decrease in retirement benefit obligations	**(95,378)**	(36,342)
Cash generated from operations	**20,168,263**	13,550,923

43 CASH GENERATED FROM OPERATIONS *(continued)*

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2012 **HK$'000**	2011 HK$'000
Net book amount (Note 6)	**15,156**	293,339
Profit/(loss) on disposal of property, plant and equipment	**97,076**	(53,345)
Other receivables related to disposal of property, plant and equipment	**(87,309)**	—
Proceeds from disposal of property, plant and equipment	**24,923**	239,994

44 COMMITMENTS

(i) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	Group		**Company**	
	2012 **HK$'000**	2011 HK$'000	**2012** **HK$'000**	2011 HK$'000
Contracted for but not provided in the financial statements				
– Capital expenditure in respect of the additions of property, plant and equipment	**17,681,070**	20,883,499	—	—
– Capital expenditure in respect of the acquisition of mining/exploration rights	**6,958,441**	8,904,637	—	—
– Unpaid capital contribution to subsidiaries	—	—	**5,865,052**	4,648,153
	24,639,511	29,788,136	**5,865,052**	4,648,153

44 COMMITMENTS *(continued)*

(ii) Operating lease commitments - group and company as lessee

The Group and the Company have various land and buildings, office premises and other assets under non-cancellable operating lease agreements. The lease terms of the Group's and Company's agreement are between 1 to 10 years and 1 year, respectively.

Total future minimum lease payments under non-cancelable operating leases are as follows:

	2012		2011	
Group	**Land and buildings HK$'000**	**Others HK$'000**	Land and buildings HK$'000	Others HK$'000
No later than 1 year	**11,750**	**34,532**	44,252	662
Later than 1 year and no later than 5 years	**26,630**	**90,029**	14,909	2,481
Later than 5 years	**7,248**	**92,495**	24,811	4,299
	45,628	**217,056**	83,972	7,442

	2012	2011
	Land and buildings	
Company	**HK$'000**	HK$'000
No later than 1 year	**4,486**	3,922
Later than 1 year and no later than 5 years	**—**	2,942
	4,486	6,864

45 BUSINESS COMBINATION

The Group used to hold 50% equity interest in a joint venture, Shanxi China Resources Coal, before 16 April 2012. Pursuant to the provisions of the joint venture agreement dated 15 April 2010, the Group exercised a call option granted by another venturer of Shanxi China Resource Coal which is an independent third party, to acquire from that venturer another 50% equity interest in Shanxi China Resources Coal on 16 April 2012 (Note11(a)(iii)).

The acquisition consideration was approximately HK$554,641,000, which was determined based on the capital contributed by that venturer for its 50% equity interest in the joint venture plus an interest calculated at an annual rate of 6.12% on the investment amount, reduced by dividends received and receivable by that venturer in respect of the 50% equity interest held.

On 16 April 2012, control of the assets and operations of Shanxi China Resource Coal was transferred to the Group. Accordingly, it was regarded as the effectie date of acquisition for accounting purposes and the financial statements of Shanxi China Resource Coal began to be consolidated in the Group's consolidated financial statements from that date onwards. The amount of fair value change of the previously held interests was assessed to be insignificant.

The acquired business contributed revenue of approximately HK$269,342,000 and net profit of approximately HK$5,018,000 to the Group for the period from 16 April 2012 to 31 December 2012. If the acquisition had occurred on 1 January 2012, consolidated revenue and net profit of the Group for the year ended 31 December 2012 would have been HK$62,435,520,000 and HK$8,719,648,000 respectively.

45 BUSINESS COMBINATION *(continued)*

The following table summarises the consideration paid, the fair value of assets acquired, and liabilities assumed at the acquisition date:

	HK$'000
Acquisition consideration:	
– Cash paid	554,641
Carrying amount of equity interest in Shanxi China Resources Coal held by the Group before the acquisition	500,596
Currency translation difference	(47,618)
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	130,101
Property, plant and equipment and mining rights	3,057,565
Inventories	102,086
Trade and other receivables	358,773
Trade and other payables	(1,789,345)
Borrowings	(851,561)
Total identifiable net assets	1,007,619
Goodwill	—

	HK$'000
Outflow of cash to acquire business, net of cash acquired	
– cash consideration	554,641
– cash and cash equivalents in subsidiary acquired	(130,101)
Cash outflow on acquisition	424,540

46 AUDITORS' REMUNERATION

Auditors' remuneration for the year ended 31 December 2012 was approximately HK$6,898,000 (2011: HK$7,200,000).

47 RELATED PARTY TRANSACTIONS

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

47 RELATED PARTY TRANSACTIONS *(continued)*

(b) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2012 HK$'000	2011 HK$'000
Salaries and other short-term employee benefits	**28,412**	25,530
Post-employment benefits	**869**	586
Share-based payments	**24**	54,291
Total	**29,305**	80,407

(c) Other than disclosed elsewhere in the financial statements, the following transactions were carried out with related parties during the year:

Name of related company	Relationship	Nature of transactions	2012 HK$'000	2011 HK$'000
China Resources Co., Ltd. ("CRC")	Intermediate holding company	Interest expense paid (Note 30)	**25,657**	100,951
CRH	Intermediate holding company	Interest expense paid (Note 30)	**18,954**	—
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expense paid by the Group	**4,217**	4,080
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expense paid by the Group	**9,745**	8,185
Taiyuan China Resources Coal	Associate	Interest income received (Note 10(b))	**88,858**	173,546
Shanxi China Resources Coal	Note	Interest income received	**13,528**	78,299
Shangxi Jinrun Coal and Power Co., Ltd	Associate	Interest expense paid (Note 29(i))	**16,245**	19,074
Certain subsidiaries of China Resources Cements Holdings Limited	Fellow subsidiaries	Sales of de-sulphur Gypsum	**5,155**	4,564
		Sales of ash and slag	**15,559**	24,582
		Sales of coal	**217,127**	623,213
		Purchase of limestone powder	**9,285**	3,790

47 RELATED PARTY TRANSACTIONS *(continued)*

(c) Other than disclosed elsewhere in the financial statements, the following transactions were carried out with related parties during the year:

Name of related company	Relationship	Nature of transactions	2012 HK$'000	2011 HK$'000
China Resources Packaging Materials Co., Ltd.	Fellow subsidiary	Sales of coal	**15,468**	—
Jiangsu Zhenjiang Power Gnenration	Associate	Sales of coal	**2,393,803**	1,889,457
		Sales of Power	**29,118**	45,620
		Interest income received (Note 10(b))	**3,483**	—
CR Xuzhou Electric Power	Associate	Sales of Power	**154,659**	18,238
		Interest income received (Note 10(b))	**27,086**	—
Certain subsidiaries of Elite Wing Limited	Fellow subsidiaries	Interest income received (Note 19)	**12,614**	—
Henan Yonghua Energy	Associate	Purchase of fuel and coal	**181,217**	189,745

Note: Shanxi China Resources Coal was a joint venture until becoming a subsidiary of the Group from 16 April 2012 (Note 45).

(d) Transactions/balances with other state-controlled entities

The Group operates in an economic environment currently pre denominated by entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the Chinese government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under CRNC, ultimate holding company of the Company, which is controlled by the Chinese State government. Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with other state-controlled entities during the ordinary course of its business. The directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

The Group operates power plants in the PRC and sells all its electricity to the power grid companies which are also state-controlled entities in the PRC. In addition, the Group purchases significant amount of coal from coal mining companies and have certain borrowings and deposits with certain banks which are state-controlled entities in its ordinary course of business. The Group has also entered into various transactions, including other operating expenses with other state-controlled entities which individually and collectively were insignificant during the year.

48 EVENTS AFTER THE BALANCE SHEET DATE

Other than disclosed elsewhere in the financial statements, the Group has the following event after balance sheet date:

(1) On 5 March 2013, AACI (HK), a wholly-owned subsidiary of the Company, entered into an Equity Interest Transfer Agreement with Shanxi Lanhua Science and Technology Company Ltd. (山西蘭花科技創業股份有限公司)("the Purchaser"), one of the equity owners of Shanxi Asian American-Daning (the "TargetCo"). Pursuant to which, the Purchaser agreed to purchase 5% equity interest in the TargetCo from AACI (HK) for a total consideration of RMB384,525,669. The parties also agree that AACI (HK) is entitled to the retained earnings of the TargetCo in respect of the 5% equity interest as of 31 March 2011 in the amount of RMB109,730,268. As a result, the net consideration payable is RMB274,795,401.

At the same date, AACI (HK) also entered into an Acting in Concert Undertaking with the Purchaser. As a result, control of the operations of the TargetCo was transferred to the Group and the TargetCo became the subsidiary of the Group from that date onwards.

As at the date of approval of these Financial Statements, disclosures relating to the preliminary allocation of the purchase price to the fair values of the acquired assets, liabilities and contingent liabilities have not been provided because it was considered by the directors of the Company to be impracticable. The Group is still in the process of determining the respective carrying values (on an HKFRS basis) and fair values of the acquired assets, liabilities and contingent liabilities of the TargetCo.

Corporate Information

Chairman	Zhou Junqing
President	Wang Yu Jun
Executive Directors	Zhou Junqing Wang Yu Jun Zhang Shen Wen Wang Xiao Bin
Non-executive Directors	Du Wen Min Wei Bin Huang Daoguo Chen Ying
Independent Non-executive Directors	Anthony H. Adams Chen Ji Min Andrew Ma Chiu Cheung Elsie Leung Oi-Sie Raymond K.F. Ch'ien
Company Secretary	Wang Xiao Bin
Auditors	Pricewaterhouse Coopers
Legal Advisor	Morrison & Foerster
Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
Registered Office	Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, General Line: (852) 2593 7530 Facsimile: (852) 2593 7531

Information for Investors

SHARE LISTING AND STOCK CODE

The Company's shares are listed on The Stock Exchange of Hong Kong Limited. Our stock code is 836.

FINANCIAL DIARY

Financial year end	31 December 2012
Announcement of final results	18 March 2013
Last day to register for final dividend	17 June 2013
Book close	3 June 2013 to 7 June 2013
Payment of final dividend	on or about 26 June 2013

SHAREHOLDER ENQUIRIES

For enquires about share transfer and registration, please contact the Company's Share Registrar:

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