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華潤電力控股有限公司

China Resources Power Holdings Company Limited

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

(Stock Code: 836)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2019

SUMMARY OF OPERATING RESULTS

The board of directors (the “Board”) of China Resources Power Holdings Company Limited (the “Company” or “CR Power”) announces the unaudited financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019.

For the first half of 2019, the Group recorded a profit attributable to owners of the Company (“Net Profit”) of HK\$4,018 million, representing an increase of HK\$1,059 million or 35.8% from a Net Profit of HK\$2,959 million for the first half of 2018.

Basic earnings per share for the first half of 2019 is HK\$0.84, representing an increase of 35.5% from HK\$0.62 for the first half of 2018.

The Board resolved to declare an interim dividend of 20 HK cents per share for the six months ended 30 June 2019, representing an increase of 60% from 12.5 HK cents per share as compared with the same period last year.

	For the six months ended 30 June	
	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Turnover <i>(HK\$'000)</i>	32,916,036	39,307,766
Profit attributable to owners of the Company <i>(HK\$'000)</i>	4,017,785	2,959,127
Basic earnings per share <i>(HK cents)</i>	83.52	61.92
Interim dividend per share <i>(HK cents)</i>	20.00	12.50
	As at 30 June 2019 <i>(unaudited)</i>	As at 31 December 2018 <i>(audited)</i>
Total assets <i>(HK\$'000)</i>	215,409,912	208,223,167
Cash and cash equivalents <i>(HK\$'000)</i>	6,503,145	7,977,153
Pledged and restricted bank deposits <i>(HK\$'000)</i>	159,257	214,281
Bank and other borrowings <i>(HK\$'000)</i>	101,497,848	96,675,137
Equity attributable to owners of the Company <i>(HK\$'000)</i>	72,964,850	70,135,314
Net debt to shareholders' equity (%)	129.97	126.16

BUSINESS REVIEW FOR THE FIRST HALF OF 2019

Generation capacity

As at 30 June 2019, the Group had an attributable operational generation capacity of 38,005MW, of which the attributable operational generation capacity of our coal-fired power plants amounted to 29,389MW or 77.3%; and the attributable operational generation capacity of our clean and renewable energy power plants amounted to 8,616MW or 22.7%, representing an increase of 2.3 percentage points compared to the end of 2018.

In the first half of 2019, the Group commissioned 936MW, 53MW and 5MW of attributable wind, gas-fired and photovoltaic power generation capacity.

Net generation volume

The total net generation volume of our consolidated power plants amounted to 70,646,350MWh in the first half of 2019, representing a decrease of 5.1% from 74,427,598MWh in the first half of 2018. This was mainly due to the slowdown in power demand growth in the country, restrictions on generation by coal-fired power plants in Henan and Guangdong provinces, increased west-to-east power volume and other factors. The net generation volumes of CR Fuyang Power Plant for the first half of 2018 and 2019 were not included as it was reclassified as an associate in December 2018.

Excluding CR Fuyang Power Plant, for the 28 consolidated coal-fired power plants which were in operation for the first half of 2018 and 2019, the average full-load equivalent utilization hours amounted to 2,252 hours for the first half of 2019, representing a decrease of 7.3% from 2,429 hours for the first half of 2018, but exceeded the national average utilization hours of China's thermal power industry by 186 hours.

In the first half of 2019, the net generation volume of our consolidated power plants that follow market-based pricing accounted for 60.5%; and that participated in direct power transactions (including bilateral long-term agreements and on-grid competitive bidding) amounted to 37,427,220MWh, accounting for 53.0%. The average tariff (exclusive of tax) of direct power transactions was 8.0% lower than the average approved tariff for such power plants.

Fuel costs

In the first half of 2019, the average standard coal cost per tonne of our consolidated coal-fired power plants was approximately RMB689.0/tonne, representing a decrease of 6.2% compared with the same period last year. The average unit fuel cost was RMB206.5/MWh, representing a decrease of 6.7% compared with the same period last year. The average net generation standard coal consumption rate was 296.2g/kWh, representing a decrease of 2.1g/kWh or approximately 0.7% compared with the same period last year.

Development of renewable energy

As at 30 June 2019, the attributable operational generation capacity of the Group's wind power projects amounted to 7,752MW, representing an increase of 13.7% as compared to the end of 2018. The average full-load equivalent utilization hours of our wind farms amounted to 1,185 hours in the first half of 2019, exceeding the national average utilization hours of China's wind power industry by 52 hours.

As at 30 June 2019, our attributable operational photovoltaic generation capacity reached 453MW and our attributable operational hydro-electric generation capacity reached 280MW.

Environmental expenses

In the first half of 2019, the total amount of environmental protection tax incurred by our subsidiaries was approximately RMB56 million, representing a decrease of 7.0% compared to the RMB60 million incurred in the first half of 2018. The decrease was mainly due to a decrease in environmental protection tax incurred by our coal companies as a result of the disposal of coal assets in Shanxi Province by the Group at the end of last year.

Capital expenditure

In the first half of 2019, the cash capital expenditure of the Group amounted to approximately HK\$9.72 billion, among which, approximately HK\$7.45 billion was used in the construction of wind, photovoltaic and hydro-electric power plants, approximately HK\$1.60 billion was used in the construction of coal-fired generation units, HK\$0.58 billion was used in the upgrading of existing coal-fired generation units for lower emission, safety and energy saving and heat supply technology, and approximately HK\$0.08 billion was used in the upgrading and construction of coal mines.

PROSPECTS FOR THE SECOND HALF OF 2019

As at the end of June 2019, the attributable installed capacity of the Group's coal-fired power plants under construction amounted to 3,234MW, including 2x1,000MW ultra-supercritical coal-fired power generation units of Caofeidian Power Plant in Hebei, 51% owned by the Group and one generation unit is expected to be commissioned in each of 2019 and 2020; 2x660MW ultra-supercritical coal-fired power generation units of Wujianfang in Inner Mongolia, 70% owned by the Group and both units are expected to be commissioned in 2019; 2x350MW heat and power co-generation units in Yundong, Hebei, 90% owned by the Group and one generation unit is expected to be commissioned in each of 2019 and 2020; and 2x660MW ultra-supercritical coal-fired generation units of Jinzhou project, 50% owned by the Group and both units are expected to be commissioned in 2020.

In 2019, the Group expects to commission a generation capacity of approximately 1,937 MW of wind and photovoltaic power projects. At the end of June 2019, the attributable installed capacity of our wind, photovoltaic, and hydro-electric power under construction was 2,412MW, 6MW and 107MW respectively.

Capital expenditure budgeted for 2019 is approximately HK\$19.0 billion, of which approximately HK\$13.7 billion to be used in the construction of wind, photovoltaic and hydro-electric power plants, approximately HK\$3.0 billion to be used in the construction of coal-fired generation units, approximately HK\$1.3 billion to be used in the upgrading of existing operational coal-fired generation units for lower emission, safety, energy saving and heat supply technology; and approximately HK\$1.0 billion to be used in the upgrading and construction of coal mines. The Group will continue to control its capital expenditure based on the macro-economic conditions of China, in particular the domestic demand and supply of electricity, the government policies for energy and related industries and the Group's strategies, and make prompt and necessary adjustments to its capital expenditure based on external market conditions and the macro-economic policies of the government.

OPERATING RESULTS

The results of operations for the six months ended 30 June 2019, which have been reviewed in accordance with the Hong Kong Standard on Review Engagements 2410 by the auditor and the Audit and Risk Committee of the Company, are set out as follows:

Interim Condensed Consolidated Income Statement

	For the six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Turnover	<u>32,916,036</u>	<u>39,307,766</u>
Operating expenses		
Fuels	(16,363,809)	(20,196,427)
Depreciation and amortisation	(5,272,712)	(5,686,247)
Employee benefit expenses	(2,671,911)	(2,980,526)
Repairs and maintenance	(1,073,594)	(1,061,533)
Consumables	(494,222)	(512,911)
Impairment charges	(26,055)	(771,337)
Tax and surcharge	(394,923)	(719,327)
Others	<u>(1,220,855)</u>	<u>(1,799,587)</u>
Total operating expenses	<u>(27,518,081)</u>	<u>(33,727,895)</u>
Other income	1,224,584	1,023,327
Other gains – net	<u>157,665</u>	<u>62,854</u>
Operating profit	6,780,204	6,666,052
Finance costs	(1,903,307)	(2,201,425)
Share of results of associates	181,819	95,158
Share of results of joint ventures	<u>64,154</u>	<u>41,401</u>
Profit before income tax	5,122,870	4,601,186
Income tax expense	<u>(783,895)</u>	<u>(1,233,606)</u>
Profit for the period	<u><u>4,338,975</u></u>	<u><u>3,367,580</u></u>
Profit for the period attributable to:		
Owners of the Company	4,017,785	2,959,127
Non-controlling interests	<u>321,190</u>	<u>408,453</u>
	<u><u>4,338,975</u></u>	<u><u>3,367,580</u></u>
Earnings per share attributable to owners of the Company during the period		
– Basic	<u>HK\$0.84</u>	<u>HK\$0.62</u>
– Diluted	<u>HK\$0.84</u>	<u>HK\$0.62</u>

Interim Condensed Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the period	<u>4,338,975</u>	<u>3,367,580</u>
Other comprehensive income/(loss):		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(492,173)	(912,014)
Share of other comprehensive income of investments accounted for using the equity method	(111,180)	(35,927)
Release to profit or loss in relation to disposal of subsidiaries	(11,994)	(4,091)
<i>Items that will not be reclassified to profit or loss</i>		
Fair value changes on equity investments at fair value through other comprehensive income, net of tax	<u>43,706</u>	<u>23,621</u>
Other comprehensive loss for the period, net of tax	<u>(571,641)</u>	<u>(928,411)</u>
Total comprehensive income for the period, net of tax	<u>3,767,334</u>	<u>2,439,169</u>
Attributable to:		
Owners of the Company	3,512,498	2,081,957
Non-controlling interests	<u>254,836</u>	<u>357,212</u>
Total comprehensive income for the period	<u>3,767,334</u>	<u>2,439,169</u>

Interim Condensed Consolidated Balance Sheet

	30 June 2019	31 December 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
ASSETS		
Non-current assets		
Property, plant and equipment	145,524,351	145,272,477
Prepaid lease payments	–	3,437,135
Right-of-use assets	5,126,856	–
Mining rights	461,516	480,605
Exploration and resources rights	215,175	216,025
Goodwill	1,283,769	1,287,142
Deferred income tax assets	858,549	882,182
Long-term receivables and prepayment for non-current assets	13,367,313	11,521,984
Investments in associates	9,370,135	9,480,198
Investments in joint ventures	4,857,508	3,678,437
Financial assets at fair value through other comprehensive income (FVOCI)	1,927,220	1,877,311
Loans to a FVOCI investee company	288,778	126,331
Loans to a non-controlling shareholder	–	14,266
	<u>183,281,170</u>	<u>178,274,093</u>
Current assets		
Inventories	3,554,576	3,295,536
Trade receivables, other receivables and prepayments	20,969,237	17,898,990
Loans to associates	44,790	33,137
Loans to joint ventures	102,312	45,652
Loan to a FVOCI investee company	142,480	306,631
Loan to a non-controlling shareholder	–	36,521
Amounts due from associates	136,864	32,637
Amounts due from joint ventures	424,858	42,473
Amounts due from other related companies	91,223	66,063
Pledged and restricted bank deposits	159,257	214,281
Cash and cash equivalents	6,503,145	7,977,153
	<u>32,128,742</u>	<u>29,949,074</u>
Total assets	<u><u>215,409,912</u></u>	<u><u>208,223,167</u></u>

	30 June 2019	31 December 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	22,316,710	22,316,710
Other reserves	8,891,240	9,078,976
Retained earnings	41,756,900	38,739,628
	<u>72,964,850</u>	<u>70,135,314</u>
Non-controlling interests	<u>8,190,598</u>	<u>7,149,297</u>
Total equity	<u>81,155,448</u>	<u>77,284,611</u>
LIABILITIES		
Non-current liabilities		
Borrowings	67,966,024	69,210,171
Contract liabilities	654,266	531,755
Lease liabilities	797,601	–
Deferred income tax liabilities	530,720	778,517
Deferred income	403,399	779,275
Retirement and other long-term employee benefits obligations	55,859	56,729
	<u>70,407,869</u>	<u>71,356,447</u>
Current liabilities		
Trade payables, other payables and accruals	25,517,575	28,253,761
Contract liabilities	758,825	1,128,165
Lease liabilities	130,593	–
Dividends payable	980,353	–
Amounts due to associates	1,015,413	1,370,208
Amounts due to joint ventures	960,677	648,770
Amounts due to other related companies	1,057,213	292,310
Current income tax liabilities	462,522	423,929
Borrowings	32,963,424	27,464,966
	<u>63,846,595</u>	<u>59,582,109</u>
Total liabilities	<u>134,254,464</u>	<u>130,938,556</u>
Total equity and liabilities	<u>215,409,912</u>	<u>208,223,167</u>

Interim Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	4,060,547	3,256,193
Cash flows from investing activities		
Dividends received from associates and joint ventures	1,008,218	178,807
Dividends received from FVOCI investments	—	111,609
Interests received from related parties	2,641	147,617
Decrease in term deposits	—	16,278
Proceeds from disposal of property, plant and equipment	21,495	165,921
Proceeds from disposal of subsidiaries, net of cash disposed	274,359	—
Acquisition of and deposits paid for property, plant and equipment and prepaid lease payments	(9,704,236)	(7,862,469)
Capital contributions into associates	(25,770)	(411,287)
Capital contributions into joint ventures	(2,398,158)	(43,759)
Investments in FVOCI	—	(851)
Loans repaid by associates	—	74,220
(Loans to)/repaid by joint ventures	(52,745)	141,967
Acquisition of interest in a subsidiary	—	(4,924)
Loans repaid by/(to) other related parties	37,382	(39,880)
Government grants related to assets	1,025	71,972
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(10,835,789)	(7,454,779)

	For the six months ended 30 June	
	2019 <i>HK\$'000</i> <i>(unaudited)</i>	2018 <i>HK\$'000</i> <i>(unaudited)</i>
Cash flows from financing activities		
Proceeds from bank and other borrowings	23,720,319	30,858,713
Repayment of bank and other borrowings	(19,159,423)	(21,396,604)
Proceeds from issuance of corporate bonds	3,509,730	—
Redemption of corporate bonds	(2,290,880)	—
Capital contribution from non-controlling interests	46,895	50,915
Capital withdrawal by non-controlling interests	(79,227)	—
Repayment of advance to associates	(353,343)	(214,626)
Proceeds from partial disposal of investment in a subsidiary without loss of control	1,366,166	650,068
Advances from/(repayment of advances to) other related parties	191,819	(479,686)
Advances from an intermediate holding company	568,745	—
Advances from joint ventures	309,889	295,503
(Repayment of advances to)/advances from non-controlling interest	(15,832)	12,477
Dividends paid to non-controlling interests	(138,021)	(406,593)
Interests paid	(2,262,151)	(2,321,170)
Principal elements of lease payments	(57,698)	—
Other financing cash outflows	(2,563)	(5,503)
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	<u>5,354,425</u>	<u>7,043,494</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(1,420,817)	2,844,908
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	7,977,153	5,381,686
EFFECT OF EXCHANGE RATE CHANGES	<u>(53,191)</u>	<u>(126,261)</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>6,503,145</u></u>	<u><u>8,100,333</u></u>

Overview

For the six months ended 30 June 2019, the Group's Net Profit increased by 35.8% to HK\$4,018 million from HK\$2,959 million for the same period last year.

The increase in Net Profit was mainly attributable to the following factor:

- Decrease in fuels. Fuels for the first half of 2019 decreased by 19.0% as compared with the same period last year, which was due to a 6.2% decrease in average standard coal cost, a decrease of 2.1g/kWh in average net generation standard coal consumption rate, decrease in net generation volume of subsidiary power plants and the year-on-year depreciation in the exchange rate of RMB, as compared with the same period last year.

However, the increase was partially offset by:

- Decrease in turnover. Turnover for the first half of 2019 decreased by 16.3%, mainly due to; disposal of coal assets in Shanxi Province by the Group at the end of last year and reduction of equity interest in CR Fuyang Power Plant resulting in a decrease in turnover; the year-on-year depreciation in the exchange rate of RMB of approximately 6.0%; and a 5.1% decrease in net generation volume of subsidiary power plants.
- Decrease in profit contribution from its coal business as compared with the same period of 2018 as a result of disposal of coal assets in Shanxi Province by the Group at the end of 2018.

Basis of preparation of financial statements and principal accounting policies

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at Fair Value through Other Comprehensive Income ("FVOCI") which are carried at fair value.

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

As at 30 June 2019, the Group had net current liabilities of approximately HK\$31,718 million. 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 available to the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the balance sheet date. Therefore, the consolidated interim financial information has been prepared on a going concern basis.

Changes in accounting standards and disclosures

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

- (a) New and amended standards, effective for financial years beginning on or after 1 January 2019:

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

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

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

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rates as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged from 3.1% to 4.9% per annum.

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

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

	HK\$' 000
Operating lease commitments disclosed as at 31 December 2018	244,657
Discounted using the lessee's incremental borrowing rate at the date of initial application	192,239
Add: finance lease liabilities recognised as at 31 December 2018	22,791
Less: short-term and low-value leases recognised on a straight-line basis as expense	(2,430)
Less: contracts reassessed as service agreements	(40,476)
Add: adjustments as a result of a different treatment of extension options	139,795
Others	122,232
	<u>434,151</u>
Lease liability recognised as at 1 January 2019	<u>434,151</u>
Of which are:	
Current lease liabilities	117,672
Non-current lease liabilities	316,479
	<u>434,151</u>

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

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

	30 June 2019	1 January 2019
	<i>HK\$' 000</i>	<i>HK\$' 000</i>
Prepaid lease payments	4,317,500	743,278
Buildings	482,182	252,693
Power generating plant and equipment	314,301	69,986
Motor vehicles, furniture, fixtures, equipment and others	12,873	13,543
Construction in progress	–	22,845
	<u>5,126,856</u>	<u>1,102,345</u>
Reclassification from prepaid lease payment	–	3,437,135
	<u>5,126,856</u>	<u>4,539,480</u>
Total right-of-use assets	<u>5,126,856</u>	<u>4,539,480</u>

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

- Right-of-use assets – increase by HK\$4,539,480,000 (including reclassification of prepaid lease payment amounting to HK\$3,437,135,000)
 - Long-term receivables and prepayment for non-current assets – decrease by HK\$656,963,000
 - Property, plant and equipment – decrease by HK\$34,022,000
 - Prepaid lease payment – decrease by HK\$3,437,135,000
 - Trade payables, other payables and accruals – decrease by HK\$22,791,000
 - Lease liabilities – increase by HK\$434,151,000
- (b) The Group has not early adopted new and amended standards that have been issued but are not effective for the financial year beginning after 1 January 2019
- Amendments to HKFRS 10 and HKAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”
 - HKFRS 17 “Insurance Contracts”

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

SEGMENT INFORMATION

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

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

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

For the six months ended 30 June 2019

	Thermal power HK\$'000	Renewable energy HK\$'000	Total HK\$'000
Segment revenue			
External sales	27,440,200	5,475,836	32,916,036
Timing of revenue recognition			
– at a point in time	27,415,813	5,475,836	32,891,649
– over time	24,387	–	24,387
	<u>27,440,200</u>	<u>5,475,836</u>	<u>32,916,036</u>
Segment profit	<u>4,030,071</u>	<u>3,131,970</u>	<u>7,162,041</u>
Unallocated corporate expenses			(763,010)
Interest income			184,775
Gains on disposal of subsidiaries			39,085
Finance costs			(1,903,307)
Share of results of associates			181,819
Share of results of joint ventures			64,154
Dividend income from FVOCI			51,280
Net exchange gains			<u>106,033</u>
Profit before income tax			<u><u>5,122,870</u></u>

For the six months ended 30 June 2018

	Thermal power HK\$'000 (Restated)	Renewable energy HK\$'000	Coal mining HK\$'000 (Restated)	Eliminations HK\$'000	Total HK\$'000
Segment revenue					
External sales	31,018,432	5,354,816	2,934,518	—	39,307,766
Inter-segment sales	—	—	17,859	(17,859)	—
	<u>31,018,432</u>	<u>5,354,816</u>	<u>2,952,377</u>	<u>(17,859)</u>	<u>39,307,766</u>
Timing of revenue recognition					
– at a point in time	31,009,761	5,354,816	2,952,377	(17,859)	39,299,095
– over time	8,671	—	—	—	8,671
	<u>31,018,432</u>	<u>5,354,816</u>	<u>2,952,377</u>	<u>(17,859)</u>	<u>39,307,766</u>
Segment profit	<u>2,818,596</u>	<u>3,081,344</u>	<u>1,318,235</u>	<u>—</u>	<u>7,218,175</u>
Unallocated corporate expenses					(814,362)
Interest income					139,877
Gains on disposal of a subsidiary					3,012
Finance costs					(2,201,425)
Share of results of associates					95,158
Share of results of joint ventures					41,401
Dividend income from FVOCI					111,929
Net exchange gains					<u>7,421</u>
Profit before income tax					<u>4,601,186</u>

Geographical information

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

Turnover

Turnover represents the amount received and receivable arising from sales of electricity and heat generated by thermal power plants during the period.

Turnover for the first half of 2019 was HK\$32,916 million, representing a decrease of 16.3% as compared with a turnover of HK\$39,308 million for the first half of 2018. The decrease in turnover was mainly due to (1) the Group disposed coal assets in Shanxi Province at the end of last year and reduced its shareholding in CR Fuyang Power Plant, which resulted in a decrease in turnover; (2) the year-on-year depreciation in the exchange rate of RMB against HKD resulting in a year-on-year decrease of the value of turnover presented in HKD; and (3) total net generation volume of subsidiary power plants decreased 5.1% year-on-year.

Operating expenses

Operating expenses mainly comprise fuels, repairs and maintenance, depreciation and amortisation, employee benefit expenses, consumables, impairment charges, tax and surcharge, and other operating expenses. Other operating expenses include (among others) office rent, water charges, utility expenses and other management fees. Total operating expenses for the first half of 2019 amounted to HK\$27,518 million, representing a decrease of HK\$6,210 million or 18.4% from HK\$33,728 million for the first half of 2018.

Fuels for the first half of 2019 amounted to approximately HK\$16,364 million, representing a decrease of HK\$3,833 million or 19.0% from HK\$20,196 million for the first half of 2018. The decrease was mainly due to a decrease of 6.7% in the average unit fuel cost of subsidiary coal-fired power plants as compared with the same period last year, a decrease of 7.5% in the net generation volume of subsidiary coal-fired power plants and year-on-year depreciation in the exchange rate of RMB of 6.0%.

Repairs and maintenance expenses increased from HK\$1,062 million for the first half of 2018 to HK\$1,074 million for the first half of 2019, representing an increase of HK\$12 million or 1.1%, mainly due to the higher class of repair and maintenance work undertaken in the first half of 2019.

Depreciation and amortisation decreased from HK\$5,686 million for the first half of 2018 to HK\$5,273 million for the first half of 2019, representing a decrease of HK\$414 million or 7.3%. This was mainly due to (1) the decrease in the depreciation and amortisation of coal assets as a result of disposal of coal assets in Shanxi Province by the Group at the end of last year; and (2) the year-on-year depreciation in the exchange rate of RMB in the first half of 2019.

Employee benefit expenses decreased by HK\$309 million or 10.4% from HK\$2,981 million in the first half of 2018 to HK\$2,672 million in the first half of 2019, mainly due to (1) a year-on-year decrease in headcount of 9,338 as of the end of June 2019 as a result of the disposal of coal assets in Shanxi Province by the Group at the end of last year; and (2) the year-on-year depreciation in the exchange rate of RMB in the first half of 2019.

Consumables decreased by HK\$19 million or 3.6% from HK\$513 million in the first half of 2018 to HK\$494 million in the first half of 2019, mainly due to (1) disposal of coal assets in Shanxi Province by the Group at the end of last year; and (2) the year-on-year depreciation in the exchange rate of RMB in the first half of 2019.

Tax and surcharge decreased by HK\$324 million or 45.1% from HK\$719 million in the first half of 2018 to HK\$395 million which was mainly due to a decrease in resource tax paid after the Group disposed its coal assets in Shanxi Province at the end of last year.

Impairment charges decreased from HK\$771 million in the first half of 2018 by HK\$745 million to HK\$26 million, which includes impairment charges for the building structures to be demolished of Xingning Company and impairment provisions made for obsolete facilities as a result of technological upgrades for the Nanjing Chemical Industry Park Thermoelectricity Company Ltd. (南京化工園熱電有限公司).

Other operating expenses decreased by HK\$579 million or 32.2% from HK\$1,800 million for the first half of 2018 to HK\$1,221 million for the first half of 2019, mainly due to disposal of coal assets in Shanxi Province by the Group at the end of last year and the year-on-year depreciation in the exchange rate of RMB in the first half of 2019. Other operating expenses mainly include other production costs for power operations such as water charges and utility expenses in an aggregate amount of approximately HK\$679 million; and management fees such as office rent, building management fees and professional fees in an aggregate amount of approximately HK\$542 million.

Other income and other gains – net

Other income amounted to approximately HK\$1,225 million for the first half of 2019, representing an increase of HK\$202 million or 19.7% from HK\$1,023 million for the first half of 2018, which was mainly attributable to increased income received from sales of scrap materials and government subsidies. Other income for the first half of 2019 mainly included sales of scrap materials of approximately HK\$430 million, government subsidies of HK\$384 million, and interest income of approximately HK\$185 million.

Other gains-net for the first half of 2019 were approximately HK\$158 million, comprising (among others) exchange gains of HK\$106 million, gains on disposal of subsidiaries of HK\$39 million, insurance claims income of HK\$10 million and losses on disposal of property, plant and equipment of HK\$5 million.

Operating profit

Operating profit represents profit from the Company and its subsidiaries before deduction of finance costs, income tax expenses and non-controlling interests. Operating profit for the first half of 2019 amounted to HK\$6,780 million, representing an increase of HK\$114 million or 1.7% from HK\$6,666 million for the first half of 2018. The increase was mainly due to (1) decrease in average unit fuel cost of subsidiary coal-fired power plants of the Group resulting from the decrease in coal price and net generation standard coal consumption rate; (2) decrease in asset impairment charges; and (3) increase in profit contribution of newly commissioned wind power plants; such increase was partially offset by (1) decrease in profit contribution of coal business upon disposal of Shanxi Coal Mining Assets; (2) decrease in net generation volume of subsidiary power plants; and (3) the year-on-year depreciation in the exchange rate of RMB against HKD.

Finance costs

Finance costs amounted to approximately HK\$1,903 million for the first half of 2019, representing a decrease of HK\$298 million or 13.5% from HK\$2,201 million for the first half of 2018. Apart from the impact of exchange rate changes, the decrease was mainly due to a year-on-year decrease in total bank and other borrowings of the Group.

	For the six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interests on bank borrowings	1,993,637	2,100,109
Interests on corporate bonds	290,142	424,648
Others	54,089	49,058
	<u>2,337,868</u>	<u>2,573,815</u>
Less: Interest capitalised in property, plant and equipment	(434,561)	(372,390)
	<u><u>1,903,307</u></u>	<u><u>2,201,425</u></u>

Share of results of associates

Share of results of associates for the first half of 2019 amounted to HK\$182 million, representing a substantial increase of 91.1% from HK\$95 million for the first half of 2018. The increase in share of results of associates was mainly due to a recovery in earnings of associate power plants of the Group and the transformation of CR Fuyang Power Plant from subsidiary to associate.

Share of results of joint ventures

Share of results of joint ventures for the first half of 2019 amounted to HK\$64 million, representing a substantial increase of 55.0% from HK\$41 million for the first half of 2018, mainly due to an increase in net generation volume and a decrease in fuel cost of Hezhou Power Plant in Guangxi, a joint venture of the Group, resulting in an increase in its earnings.

Income tax expenses

Income tax expense for the first half of 2019 amounted to HK\$784 million, representing a decrease of HK\$450 million or 36.5% from HK\$1,234 million for the first half of 2018. The decrease in PRC enterprise income tax was mainly due to a decrease in income tax expense of coal business upon disposal of Shanxi Coal Mining Assets in December 2018.

Details of the income tax expense for the six months ended 30 June 2019 as compared with the same period of last year are set out below:

	For the six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax – PRC enterprise income tax	1,026,112	1,358,451
Deferred income tax	(242,217)	(124,845)
	<u>783,895</u>	<u>1,233,606</u>

No provision for Hong Kong profits tax shall be made as the Group had no taxable profit in Hong Kong for both periods.

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

Profit for the period

	For the six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period has been arrived at after charging:		
Depreciation of property, plant, equipment and right-of-use assets	5,263,627	5,459,782
Amortisation of prepaid lease payments	–	54,307
Amortisation of mining rights	9,085	172,158
	<u>5,272,712</u>	<u>5,686,247</u>
Total depreciation and amortisation		
Salaries and employee benefit expenses	2,671,911	2,980,526
Included in other income		
Sales of scrap materials	430,469	334,609
Dividend income from FVOCI	51,280	111,929
Government grant	384,367	298,282
Interest income	184,775	139,877
Service income from heat supply connection contracts	24,387	8,671
Service fee income	68,682	40,482
Others	80,624	89,477
Included in other gains and losses		
Gains on disposal of subsidiaries	39,085	3,012
Net exchange gains	106,033	7,421
Net losses on disposal of property, plant and equipment	(5,450)	(31,362)
Net gains from disposal of prepaid lease payment	–	67,951
Others	17,997	15,832
	<u>17,997</u>	<u>15,832</u>

Profit for the period attributable to owners of the Company

As a result of the above, the Group's net profit for the first half of 2019 amounted to approximately HK\$4,018 million, representing an increase of 35.8% as compared to HK\$2,959 million in the first half of 2018.

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:

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to owners of the Company	<u>4,017,785</u>	<u>2,959,127</u>
	Number of ordinary shares For the six months ended 30 June	
	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>4,810,443,740</u>	<u>4,779,124,511</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,810,443,740</u>	<u>4,779,124,511</u>

Interim dividend and closure of register of members

The Board resolved to declare an interim dividend of 20 HK cents per share for the six months ended 30 June 2019 (2018: Interim dividend of 12.5 HK cents per share). The interim dividend will be paid in cash. Based on the number of shares in issue as at the date of this announcement, a total amount of dividend of approximately HK\$962 million will be distributed.

At the Board meeting held on 22 March 2019, the Directors proposed a final dividend of HK\$0.203 per share for the year ended 31 December 2018. The proposal was subsequently approved by the shareholders of the Company on 25 June 2019. The final dividend paid in July 2019 was approximately HK\$977 million (2018: HK\$3,580 million).

The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 11 October 2019. The register of members of the Company will be closed from Wednesday, 9 October 2019 to Friday, 11 October 2019 (both days inclusive), during such period no share transfer will be registered. To qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 8 October 2019. The interim dividend will be payable on Friday, 25 October 2019.

Capital structure management

The Group and the Company manage its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through optimizing the debt and equity structures. The overall strategies of the Group and the Company remain unchanged as those adopted in the previous years.

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

The Directors review the capital structure on a regular 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

Cash and cash equivalents as at 30 June 2019 denominated in local currency and foreign currencies mainly included HK\$198 million and RMB5,528 million, respectively.

The bank and other borrowings of the Group as at 30 June 2019 and 31 December 2018 were as follows:

	As at 30 June 2019 HK\$'000	As at 31 December 2018 HK\$'000
Secured bank loans	3,275,095	3,324,118
Unsecured bank loans	82,551,965	79,330,271
Corporate bonds and notes	15,102,388	14,020,748
Loans from related parties	568,400	—
	<u>101,497,848</u>	<u>96,675,137</u>

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

	As at 30 June 2019 HK\$'000	As at 31 December 2018 HK\$'000
Within 1 year	33,531,824	27,464,966
Between 1 and 2 years	7,768,993	14,656,676
Between 2 and 5 years	27,933,747	27,092,882
Over 5 years	32,263,284	27,460,613
	<u>101,497,848</u>	<u>96,675,137</u>

The above secured bank and other borrowings are secured by:

Pledge of assets (<i>note</i>)	<u>3,567,601</u>	<u>3,918,842</u>
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Note: As at 30 June 2019, certain bank loans were secured by the Group's buildings, power generating plant and equipment with carrying values of HK\$985,970,000 (31 December 2018: HK\$1,007,489,000) and HK\$2,581,631,000 (31 December 2018: HK\$2,911,353,000), respectively.

The bank and other borrowings as at 30 June 2019 denominated in local currency and foreign currencies mainly amounted to HK\$20,028 million, RMB69,497 million, GBP153 million and US\$120 million, respectively.

As at 30 June 2019, bank and other borrowings of approximately HK\$20,028 million, US\$120 million and GBP153 million (2018: HK\$20,305 million and US\$120 million) bore interest at a range from HIBOR plus 0.88% to 1.6% per annum and LIBOR plus 0.89% to 1.6% per annum, respectively, and the remaining bank and other borrowings carried interest rates at a range from 2.35% to 4.90% (2018: 2.35% to 4.99%) per annum.

As at 30 June 2019, the Group's net debt to shareholders' equity was 129.97%. In the opinion of the Directors, the Group has a reasonable capital structure, which can support its future development plans and operations.

For the six months ended 30 June 2019, the Group's primary sources of funding included new bank borrowings, proceeds from partial disposal of investment in subsidiary, dividend income and net cash inflow from operating activities, which amounted to HK\$23,720 million, HK\$1,008 million, 1,366 million and HK\$4,061 million, respectively. The Group's funds were primarily used for the repayment of bank borrowings, acquisition of and deposits paid for property, plant and equipment and prepaid lease payments, capital contributions to joint ventures, interest and dividend payments, which amounted to HK\$19,159 million, HK\$9,704 million, HK\$2,398 million, HK\$2,262 million and HK\$138 million, respectively.

Trade receivables, other receivables and prepayments

Trade receivables are generally due within 60 days from the date of billing, except for the portion of wind or photovoltaic power electricity tariff beyond the local thermal power benchmark tariff. The settlement of the portion of wind or photovoltaic power electricity beyond the local thermal power benchmark tariff is subject to approval by the government, and being included in the renewable energy tariff subsidy directory. Thereafter funds to the local grid companies are disbursed by the government, resulting in a relatively longer time for settlement.

The following is an aging analysis based on the invoice dates of trade receivables at the end of the reporting period:

	As at 30 June 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
0-30 days	7,731,652	6,453,797
31-60 days	654,696	583,248
Over 60 days	7,436,326	4,508,448
	<u>15,822,674</u>	<u>11,545,493</u>

Trade payables

The following is an aging analysis based on the invoice dates of trade payables at the end of the reporting period:

	As at 30 June 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
0-30 days	3,578,510	6,672,213
31-90 days	2,193,420	2,253,431
Over 90 days	2,672,188	2,417,342
	<u>8,444,118</u>	<u>11,342,986</u>

Key financial ratios of the Group

	As at 30 June 2019	As at 31 December 2018
Current ratio (times)	0.50	0.50
Quick ratio (times)	0.45	0.45
Net debt to shareholders' equity (%)	129.97	126.16
EBITDA interest coverage (times) ⁽¹⁾	5.21	5.01

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

Quick ratio = (balance of current assets at the end of the period – balance of inventories at the end of the period)/balance of current liabilities at the end of the period

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

EBITDA interest coverage = (profit before income tax + interest expense + depreciation and amortisation)/interest expenses (including capitalized interests)

Note:

(1) Excluding non-cash charges, such as impairment losses, fair value change on derivative financial instruments, exchange gains and losses.

Foreign exchange risk

The Group collects substantially all of its revenue in RMB and most of its expenditures, including expenditures incurred in the operation of power plants as well as capital expenditures, are denominated in RMB. Dividends receivables from the Company's subsidiaries and associates are collected in either RMB, HKD or GBP.

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

The majority of the Group's operations are in the PRC and transactions are mainly denominated in RMB which is the functional currency of the respective group entities. Foreign exchange risk mainly arises from certain borrowings denominated in HKD and USD, particularly depreciation of the RMB against the HKD and the USD. However, certain entities are located in Hong Kong and their functional currency is HKD or USD, their foreign exchange risk mainly arises from balances denominated in RMB. The Group does not use derivative financial instruments to hedge its exposure against changes in exchange rates of the RMB against the HKD and the USD.

As at 30 June 2019, the Group had cash at bank of HK\$198 million, US\$2 million and GBP1 million, and bank borrowings of HK\$20,028 million and GBP153 million and US\$120 million on its balance sheet, the remaining assets and liabilities of the Group were mainly denominated in RMB.

Contingent liabilities

As at 30 June 2019, the Group provided certain guarantees in the amount of HK\$577,307,000 (31 December 2018: HK\$2,894,284,000) to its related parties.

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

Events after the balance sheet date

On 13 August 2019, China Resources Power Investment Co., Ltd., a subsidiary of the Company incorporated in the PRC, has announced to issue a corporate bond of no more than RMB1,800,000,000 on 15-16 August 2019 with maturity period of 3 years on the Shanghai Stock Exchange. For further details, please refer to the overseas regulatory announcement of the Company dated 13 August 2019.

Other than disclosed, the Group had no other significant subsequent event since the end of the financial period.

Employees

As at 30 June 2019, the Group had approximately 21,287 employees.

The Group has entered into employment contracts with all of its employees. The compensation of employees mainly includes salaries and performance-based bonuses.

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

The Company and its subsidiaries did not purchase, sell or redeem any of their listed securities during the six months ended 30 June 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDITOR AND AUDIT AND RISK COMMITTEE

The interim results for the six months ended 30 June 2019 have been reviewed by the Audit and Risk Committee under the Board of the Company and the auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the HKICPA.

A full set of unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 (“interim financial information”) which has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” will be published as soon as practicable.

The financial information relating to the year ended 31 December 2018 that is included in the condensed consolidated interim information for the six months ended 30 June 2019 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (“Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

By order of the Board
**CHINA RESOURCES POWER
HOLDINGS COMPANY LIMITED**
Li Ru Ge
Chairman

Hong Kong, 14 August 2019

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