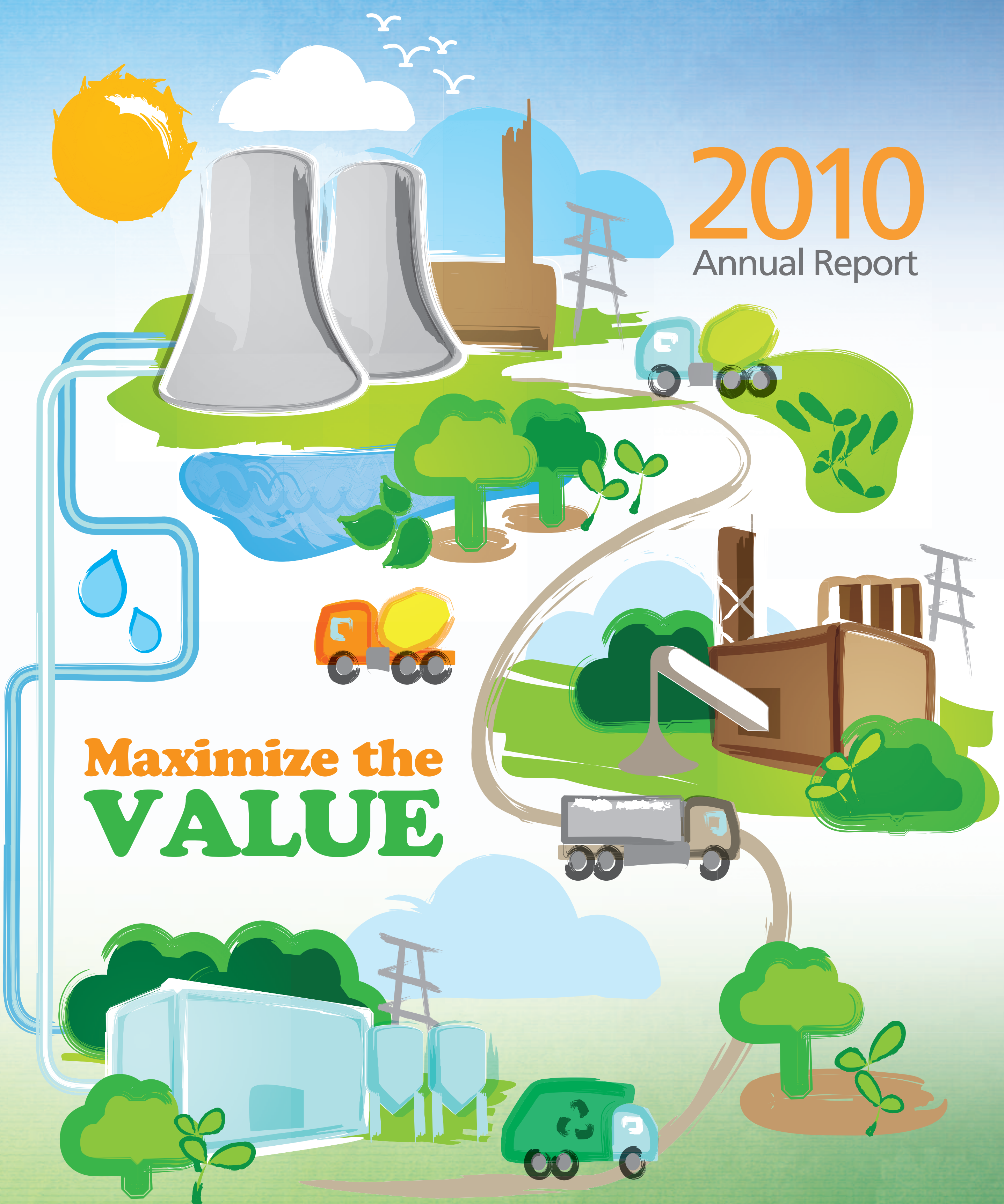
CR Power 2001-2011

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

2010 Annual Report



Maximize the VALUE

Our Vision

To become one of the leading independent power producers ("IPP") in the world and the best IPP in China.

Our Mission

To maximize shareholder and employee values.

Our Corporate Spirit

Continue to challenge ourselves for continuous improvement.

Our Core Values

Continuous value creation.

Our Values

Performance, people, responsibility, customers, innovation and sunshine

Maximize the VALUE

Electric power generation is our business.

"We do everything at our best efforts" is the cornerstone of our business philosophy. Our company mission is to become one of the leading independent power producer ("IPP"s) in the world and the best IPP in China. We are committed to accomplishing this mission.

Our corporate culture and management philosophy is value-creation-oriented. We are committed to maximizing value for our shareholders as well as our staff members. We wish our employees would grow with the Company.

About CR Power

China Resources Power Holdings Company Limited (the "Company" or "CR Power") is a fast-growing independent power producer which invests, develops, operates and manages coal-fired power plants, renewable energy projects and coal mine projects in the more affluent regions or regions with abundant coal resources in China.

As at 31 December 2010, CR Power has 51 power plants in commercial operation. The total attributable operational generation capacity of the Company is 19,358MW, with 45% of our capacity located in Eastern China, 19% located in Southern China, 19% located in Central China, 12% located in Northern China, and 5% located in Northeastern China.

Corporate Structure

China Resources (Holdings) Co., Ltd.

64.10%

China Resources Power Holdings Co., Ltd.

Coal-Fired (1000MW)

- Xuzhou Phase III
- Guangxi Hezhou
- Hubei Puqi Phase II

Coal-Fired (600MW)

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

Coal-Fired (300MW)

Huaxin
Liyujiang A
Cangzhou
Dengfeng
Gucheng
Hubei
Lianyuan
Caofeidian
Dengkou
Guangzhou Thermal(300MW)
Banqiao
Xuzhou
Wenzhou Telluride
Hengfeng
Hengxing
Nanjing Chemical Industry Park (Phase II) Unit #1
Nanjing Chemical Industry Park (Phase II) Unit #2

Coal-Fired (≤200MW)

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

Clean Energy

Danan Wind
Shantou Wind
Penglai Wind
Penglai Xujiaji Wind
Chaonan Wind
Dahao Wind
Huilaixian'an Wind
Huilaiguanshan Wind
Bayinxile Wind
Weichang Yudaokou Wind
Weichang Yueliangshan Wind
Weichang Dongbaliang Wind
Yangxi Longgaoshan Wind
Weihai ETD Zone Wind
Penglai Daliuhang Wind
Honghe Hydro
Beijing Thermal
Guazhou Wind
Weihai Huancui Wind
Yangxi Longgaoshan Wind
Penglai Daliuhang Wind
Fuxin Wind
Daxindian Wind
Chaonan Wind Phase III
Jianping Wind (Phase I + Phase II)
Manzhouli Wind
Weichang Yueliangshan Wind
Yazuihe Hydro

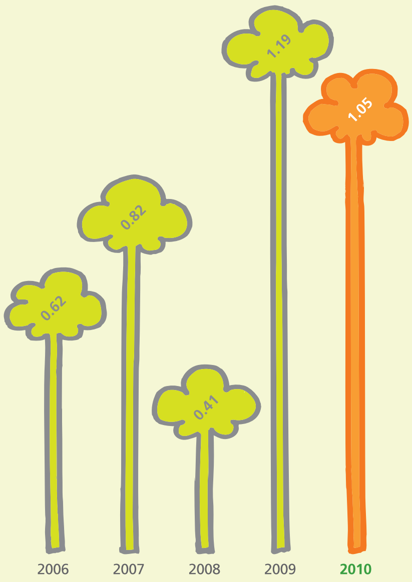
note: projects under construction are marked in orange

CONTENT

5 Year Financial Summary

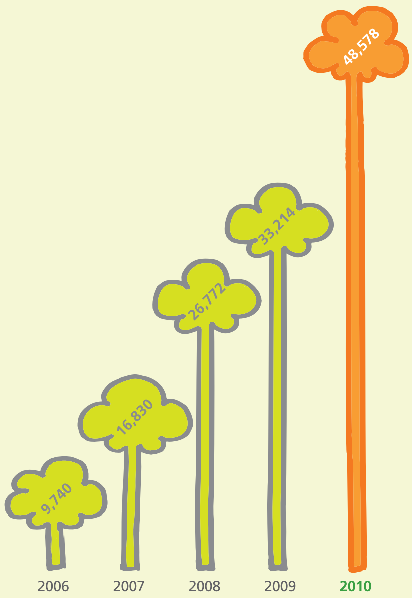
Basic Earnings per Share

(HK$)



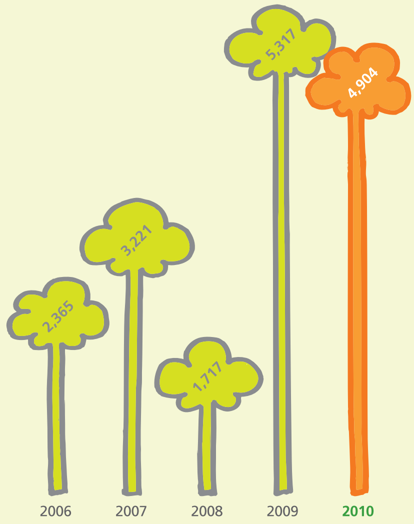
Turnover

(HK$ million)



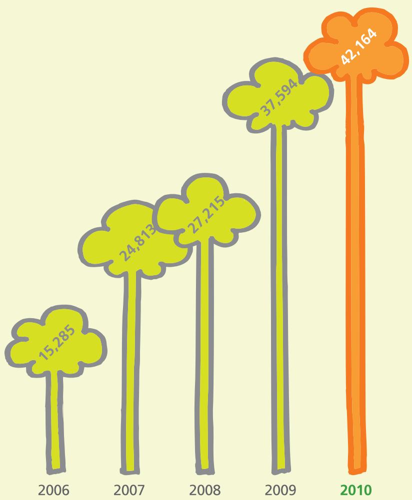
Profit attributable to owners of Company

(HK$ million)



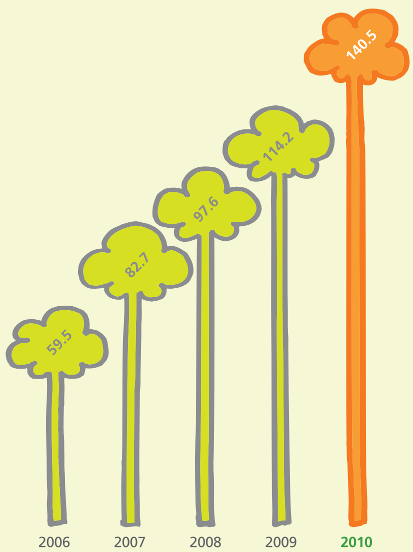
Equity attributable to owners of the Company

(HK$ million)



Net generation volume of operating power plants

(million MWh)



Attributable operational generation capacity

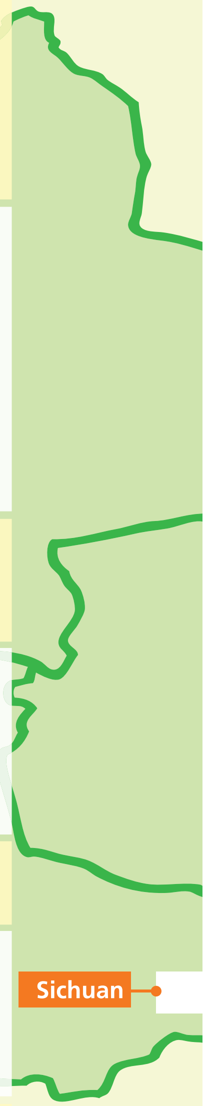
(MW)

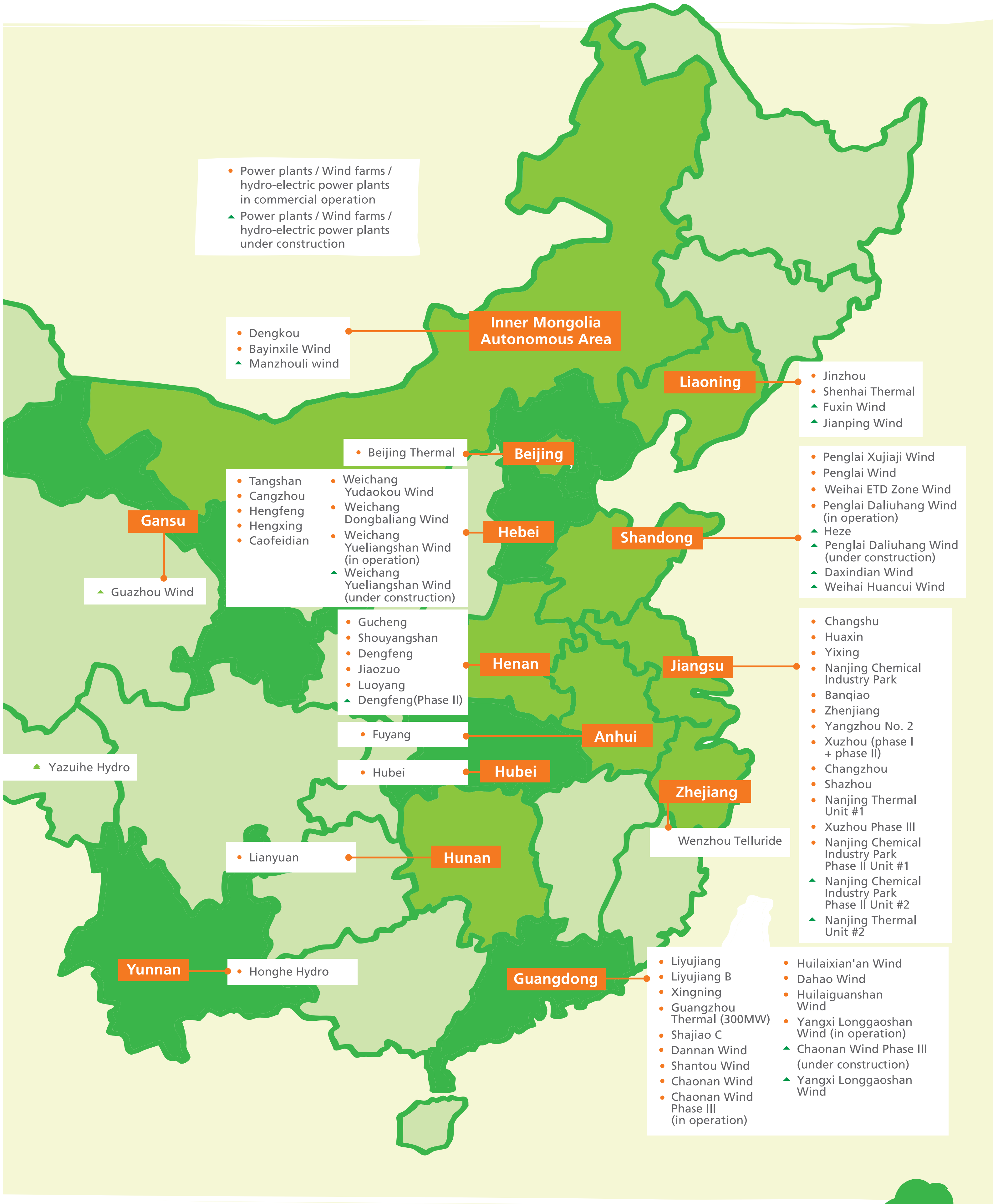
	2010	2009	2008	2007	2006
Earnings per share (HK$)					
Basic	**1.05**	1.19	0.41	0.82	0.62
Diluted	**1.04**	1.17	0.39	0.78	0.60
Turnover (HK$'000)	**48,578,313**	33,213,676	26,771,662	16,830,488	9,740,371
Profit attributable to owners of the Company (HK$'000)	**4,903,654**	5,317,392	1,717,448	3,220,597	2,364,856
Consolidated statement of financial position (HK$'000)					
Non-current assets	**118,676,255**	99,928,141	65,800,978	49,532,295	32,456,679
Current assets	**24,334,292**	18,997,789	13,848,868	14,282,223	5,581,802
Current liabilities	**36,708,918**	39,755,843	20,492,128	17,995,582	8,285,656
Non-current liabilities	**56,041,520**	34,014,705	28,996,855	18,761,379	12,618,263
Non-controlling interests	**8,095,891**	7,561,403	2,945,758	2,244,105	1,849,703
Equity attributable to owners of the Company (HK$'000)	**42,164,218**	37,593,979	27,215,105	24,813,452	15,284,859
Total assets	**143,010,547**	118,925,930	79,649,846	63,814,518	38,038,481
Bank balances and cash	**6,801,707**	6,261,931	5,467,088	7,887,134	2,747,242
Bank and other borrowings	**74,911,153**	56,484,467	37,671,443	26,672,332	16,590,998
Key financial ratios					
Current ratio (times)	**0.66**	0.48	0.68	0.79	0.67
Quick ratio (times)	**0.61**	0.44	0.59	0.74	0.61
Net debt to shareholders' equity (%)	**161.5**	133.6	118.3	75.7	90.6
EBITDA interest coverage (times)	**4.4**	5.01	3.62	5.56	5.48
Generation volume of operating power plants (MWh)					
Total gross generation	**150,092,774**	122,243,413	104,548,012	88,352,860	63,388,794
Total net generation	**140,461,958**	114,245,966	97,579,013	82,702,443	59,512,429
Attributable operational generation capacity (MW)					
Eastern China	**8,698**	6,537	4,450	4,362	3,380
Southern China	**3,702**	3,964	3,102	3,055	1,125
Central China	**3,694**	3,583	2,977	2,961	2,961
Northern China	**2,339**	2,144	927	537	460
Northeastern China	**925**	1,525	1,525	1,200	—
Total	**19,358**	17,753	12,981	12,505	8,003

Service Areas

PROVINCE	POWER PLANT / WIND FARM / HYDRO-ELECTRIC	INSTALLED CAPACITY (MW)	EFFECTIVE EQUITY INTEREST	ATTRIBUTABLE CAPACITY (MW)
Jiangsu	Changshu	1,950	100%	1,950
	Huaxin	660	72%	475
	Yixing	120	55%	66
	Nanjing Chemical Industry Park	110	90%	99
	Banqiao	930	65%	605
	Zhenjiang	1,540	42.5%	655
	Yangzhou No.2	1,260	45%	567
	Xuzhou (phase I + phase II)	1,280	42.65%	546
	Changzhou	1,260	25%	315
	Shazhou	1,260	20%	252
	Nanjing Thermal (in operation)	600	100%	600
	Xuzhou Phase III	2,000	59.86%	1,197
	Nanjing Chemical Industry Park (Phase II) unit 1	300	90%	270
	Nanjing Chemical Industry Park (Phase II) unit 2	300	90%	270
	Nanjing Thermal (under construction)	600	100%	600
Guangdong	Liyujiang	630	60%	378
	Liyujiang B	1,300	100%	1,300
	Xingning	270	100%	270
	Guangzhou Thermal (300MW)	600	100%	600
	Shajiao C	1,980	36%	713
	Dannan Wind	24.00	55%	13.20
	Shantou Wind	29.25	100%	29.25
	Chaonan Wind	99.00	100%	99.00
	Chaonan Wind Phase III (in operation)	8.50	100%	8.50
	Huilaixian'an Wind	37.50	100%	37.50
	Dahao Wind	18.00	100%	18.00
	Huilaiguanshan Wind	50.00	100%	50.00
	Yangxi Longgaoshan Wind (in operation)	38.25	100%	38.25
	Chaonan Wind Phase III (under construction)	40.80	100%	40.80
	Yangxi Longgaoshan Wind (under construction)	60.35	100%	60.35
Henan	Gucheng	600	100%	600
	Shouyangshan	1,200	85%	1,020
	Dengfeng	640	85%	544
	Jiaozuo	280	100%	280
	Luoyang	100	51%	51
	Dengfeng(Phase II)	1,200	85%	1,020
Hebei	Tangshan	200	80%	160
	Cangzhou	650	95%	618
	Caofeidian	600	90%	540
	Hengfeng	600	25%	150
	Hengxing	600	25%	150
	Weichang Yudaokou Wind	48.00	100%	48.00
	Weichang Yueliangshan Wind (in operation)	48.00	100%	48.00
	Weichang Dongbaliang Wind	49.50	100%	49.50
	Weichang Yueliangshan Wind (under construction)	1.50	100%	1.50
Liaoning	Jinzhou	600	100%	600
	Shenhai Thermal	600	54.115%	325
	Fuxin Wind	49.50	100%	49.50
	Jianping Wind	99.00	100%	99.00
Shandong	Penglai Wind	47.60	95%	45.22
	Penglai Xujiaji Wind	46.60	95%	44.27
	Weihai ETD Zone Wind Phase I	49.80	100%	49.80
	Penglai Daliuhang Wind (in operation)	18.00	100%	18.00
	Heze	1,200	100%	1,200
	Weihai Huancui Wind	49.80	100%	49.80
	Penglai Daliuhang Wind (under construction)	31.80	100%	31.80
	Daxindian Wind	49.80	100%	49.80
Inner Mongolia	Dengkou	600	75%	450
	Bayinxile Wind	49.50	100%	49.50
	Manzhouli Wind	49.50	100%	49.50
Hunan	Lianyuan	600	100%	600
Hubei	Hubei	600	100%	600
Anhui	Fuyang	1,280	55%	704
Zhejiang	Wenzhou Telluride	600	40%	240
Yunnan	Honghe Hydro	210	70%	147
Beijing	Beijing Thermal	150	51%	77
Sichuan	Yazuihe Hydro	260	51%	133
Gansu	Guazhou Wind	201	100%	201

Note: projects under construction are marked in green




Power plants / Wind farms / hydro-electric power plants in commercial operation
Power plants / Wind farms / hydro-electric power plants under construction
Inner Mongolia Autonomous Area
Dengkou
Bayinxile Wind
Manzhouli wind
Liaoning
Jinzhou
Shenhai Thermal
Fuxin Wind
Jianping Wind
Beijing
Beijing Thermal
Hebei
Tangshan
Cangzhou
Hengfeng
Hengxing
Caofeidian
Weichang Yudaokou Wind
Weichang Dongbaliang Wind
Weichang Yueliangshan Wind (in operation)
Weichang Yueliangshan Wind (under construction)
Gansu
Guazhou Wind
Shandong
Penglai Xujiaji Wind
Penglai Wind
Weihai ETD Zone Wind
Penglai Daliuhang Wind (in operation)
Heze
Penglai Daliuhang Wind (under construction)
Daxindian Wind
Weihai Huancui Wind
Henan
Gucheng
Shouyangshan
Dengfeng
Jiaozuo
Luoyang
Dengfeng(Phase II)
Jiangsu
Changshu
Huaxin
Yixing
Nanjing Chemical Industry Park
Banqiao
Zhenjiang
Yangzhou No. 2
Xuzhou (phase I + phase II)
Changzhou
Shazhou
Nanjing Thermal Unit #1
Xuzhou Phase III
Nanjing Chemical Industry Park Phase II Unit #1
Nanjing Chemical Industry Park Phase II Unit #2
Nanjing Thermal Unit #2
Anhui
Fuyang
Hubei
Hubei
Yazuihe Hydro
Zhejiang
Wenzhou Telluride
Hunan
Lianyuan
Yunnan
Honghe Hydro
Guangdong
Liyujiang
Liyujiang B
Xingning
Guangzhou Thermal (300MW)
Shajiao C
Dannan Wind
Shantou Wind
Chaonan Wind
Chaonan Wind Phase III (in operation)
Huilaixian'an Wind
Dahao Wind
Huilaiguanshan Wind
Yangxi Longgaoshan Wind (in operation)
Chaonan Wind Phase III (under construction)
Yangxi Longgaoshan Wind

Major Events 2010

JAN

In January 2010, China Resources Power Investment Co., Ltd. ("CR Power Investment"), a wholly-owned subsidiary of China Resources Power Holdings Co., Ltd. ("CR Power"), completed a RMB3.8 billion ten or corporate bond issuance with tenor of up to 10 years (the "Issuance"), proceeds of which is used to invest in power projects, repay debts and supplement working capital. The Issuance allows us to lock in and lower long-term funding costs, hence mitigating the impact of any potential future interest rate hike. In addition, through setting up an onshore financing platform and the Issuance, CR Power has established a new funding channel, which is beneficial for its long-term development.

On 21 January 2010, the first 600MW coal-fired heat and power co-generation unit of CR Nanjing Thermal Plant passed a 168-hour full load pilot run and commenced commercial operation. CR Power wholly owns the plant.

Twelve units of 2MW wind turbine generators in Shandong Penglai Xujiaji Wind Farm commenced commercial operation in January 2010. CR Power owns a 95% equity interest.

FEB

On 9 February 2010, CR Power Investment entered into an acquisition agreement with Jiaozuo Electricity Group Co., Ltd. in relation to an acquisition of a 40% equity interest in Jiaozuo Thermal Plant, for a consideration of RMB58,018,500 (approximately HK$65,930,114). The acquisition enables CR Power to increase its shareholding in Jiaozuo Thermal Plant to 100%.

CR Huilai Guanshan Wind Farm commenced commercial operation in February 2010, with an installed capacity of 49.6MW. The wind farm comprises 23 units of 2MW and 2 units of 1.8MW wind turbine generators. CR Power wholly owns the wind farm.

APR

On 9 April 2010, China Resources Power Logistics (Tianjin) Co., Ltd. ("CR Power Logistics"), a non-wholly owned subsidiary of CR Power, has entered into the Master Coal Supply Agreement with China Resources Cement Investments Limited ("CR Cement Investments"), a wholly-owned subsidiary of China Resources Cement Holdings Limited ("CR Cement"). Pursuant to the Master Coal Supply Agreement, CR Power Logistics has agreed to supply coal to CR Cement Investments (on behalf of certain subsidiaries of CR Cement which are engaged in the production of clinker in the PRC) on a continuing basis for a term from 9 April 2010 to 31 December 2012.

MAY

Shenzhen Nanguo Energy Co., Ltd. ("Shenzhen Nanguo"), a wholly-owned subsidiary of CR Power, entered into an acquisition agreement with Liulin Liansheng Energy Investment Co., Ltd. ("Liulin Liansheng") on 11 May 2010. Pursuant to the acquisition agreement, Shenzhen Nanguo agreed to acquire from Liulin Liansheng an 8% equity interest in Shanxi China Resources Liansheng Energy Investment Co., Ltd. ("CR Liansheng") for a consideration of RMB354 million. CR Liansheng is a joint venture company which is owned by Shenzhen Ruihua Energy Investment Co., Ltd. (a 74.14% owned subsidiary of Shenzhen Nanguo) as to 58% and by Liulin Liansheng as to 42%.

Four units of 2MW and 7 units of 1.8MW wind turbine generators in Shandong Penglai Xujiaji Wind Farm commenced commercial operation in May 2010. CR Power owns a 95% equity interest.

JUN

On 22 June 2010, the first 1000MW ultra super critical coal-fired generation unit of Xuzhou Power Plant Phase III has successfully passed a 168-hour full load pilot run, and commenced commercial operation. The plant is fully equipped with environmental facilities, including desulphurization and denitration facilities. CR Power owns an effective 59.86% equity interest.

CR Bayinxile Wind Farm commenced commercial operation in June 2010. Bayinxile Wind Farm has a total installed capacity of 49.5MW and comprises 33 units of 1.5MW wind turbine generators. CR Power wholly owns the wind farm.

In June 2010, CR Yangxi Longgaoshan Wind Farm, CR Penglai Daliuhang Wind Farm phase I and CR Weihai Economic and Technical Development Zone ("ETD Zone") Wind Farm phase I obtained approval for construction from Guangdong Provincial Development & Reform Commission and Shandong Provincial Development & Reform Commission, respectively. The three wind farms have total installed capacity of 49.3MW, 49.8MW and 49.8MW, respectively. CR Power wholly owns the three wind farms.

Major Events 2010

July

On 6 July 2010, the second 1000MW ultra super critical coal-fired generation unit of Xuzhou Power Plant Phase III successfully passed a 168-hour full load pilot run, and commenced commercial operation. Desulphurization and denitration facilities started operation simultaneously. This means that the two 1000MW generation units of Xuzhou Power Plant Phase III have fully turned into operational stage.

AUG

In August 2010, CR Power successfully priced its inaugural international US$ senior notes offering (the "Notes"). The Notes have an aggregate principal amount of US$500 million and will mature after 5 years. CR Power intends to apply the net proceeds towards funding capital expenditure and general working capital. The Notes will pay an annual fixed rate coupon of 3.75%.

On 26 August 2010, Wuxi China Resources Microelectronics Co., Ltd. ("CRM (Wuxi)"), a wholly-owned subsidiary of China Resources Microelectronics Limited entered into the Direct Power Supply Agreement with China Resources Power (Changshu) Co., Ltd. ("CRP (Changshu)"), a wholly-owned subsidiary of CR Power, pursuant to which CRP (Changshu) agreed to supply and CRM (Wuxi) agreed to purchase electricity on a continuing basis for a period of one year from 1 October 2010 to 30 September 2011.

NOV

CR Power was ranked, for a consecutive fourth time, as one of "Platts Top 250 Global Energy Companies" and world's third fastest growing energy company and Asia's fastest growing energy company with a 3-year revenue compound growth rate of 50.5%.

In November 2010, CR Power further established new funding channel and lowered its funding costs via successfully issuing the RMB2.0 billion offshore corporate bond. Proceeds will be used to invest in the development and expansion of power generation projects and supplement general working capital.

DEC

CR Power won "Asia Magazine" Top 1000 Global Chinese-run Business-Best Operating Results Award in Hong Kong Region, with a three-year Compound annual growth rate of 50.5% and 31.0% respectively for revenue and net profit, and outstanding innovation performance in 2010.

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 2010.

Wang Shuai Ting, *Chairman*

RESULTS HIGHLIGHTS

CR Power recorded a consolidated turnover of HK$48.6 billion in the year ended 31 December 2010, representing an increase of 48.6% compared to last year. Profit attributable to shareholders of the Company was HK$4,904 million, representing a decrease of 7.8% compared with HK$5,320 million of last year. Basic earnings per share was HK$1.05, representing a decrease of 11.8% compared with HK$1.19 of last year.

The Board has resolved to declare a final dividend of HK$0.27 per share. Together with the interim dividend of HK$0.06 per share paid on 11 October 2010, the total dividend for the full year is HK$0.33 per share, representing a dividend payout ratio of 31.4%.

EXTERNAL ENVIRONMENT

The power sector was plagued by a multitude of difficulties in 2010. Many power producers operated under strenuous conditions, and for CR Power, it was a year full of challenges. In 2010, national power consumption steadily declined from the peak levels in the first half of the year as growth began to slow down. In the first half of 2010, power supply was tight at certain time slots in some regions, but overall supply and demand remained stable over the whole year. During the second half of 2010, Chinese government imposed pressure on energy saving and emission reduction in the country, in order to meet the emission reduction target set in the "Eleventh Five-Year Plan", power demand of energy-intensive industries decreased. During the year, the more rapid growth in industrial power demand drove national power consumption higher, resulting in a 14.9% increase in national power generation nationwide for the entire year.

During mid-year of 2010, many investors were concerned about the impact of the energy saving and emission reduction policy controls on our power generation and utilization hours for the second half of the year, in particular many of our power plants were located in coastal areas in China. Investors believed the slowdown in industrial power demand during the second half of the year would cause significant negative impact on CR Power. However, total net generation in 2010 (on a consolidated basis) for our subsidiary power plants increased from 75,248,994 MWh in 2009 to 95,189,601 MWh, representing an increase of 26.5%, which is higher than the national average growth rate. The average utilization hours of our 23 coal-fired power plants which were operational for the whole year of 2009 and 2010 increased from 5,750 hours in last year to 6,001 hours, representing a growth of 4.4%. This also exceeded the national average utilization hours of coal-fired power plants of 5,031 hours by 970 hours, or 19%. In recent years, CR Power insisted on its strategic positioning which focused on "three delta regions and three lines" in targeted markets. As such, we built power plants in regions with stronger economic vitality and faster economic growth. The management team of CR Power devoted dedicated efforts to deliver superior management performance, leading the staff to weather the storm caused by external factors, and therefore creating value for shareholders and maximizing the value of our staff.

CORPORATE DEVELOPMENT

In 2010, CR Power gained even greater global influence. We were ranked by Forbes Magazine as one of the "Forbes Global 2000" listed enterprises once again with a ranking of 1,177th for overall position. In addition, CR Power was ranked, for a consecutive fourth time, as one of "Platts Top 250 Global Energy Companies", world's eighth independent power producer, Asia's third independent power producer, world's third fastest growing energy company and Asia's fastest growing energy company with a 3-year compound growth rate of 50.5%. Moreover, CR Power was named "Top 1000 Global Chinese-run Businesses – Best Operating Results Awards in Hong Kong Region" by Asia Magazine in 2010 for our remarkable growth in operating results and innovation.

The total number of our operational subsidiary power plants increased from 31 in 2009 to 42 in 2010. The attributable operational generation capacity of the Company increased to 19,358MW from 17,753MW as at the end of 2009. During the year, CR Power added on new attributable capacity of 2,682MW, and shut down a total attributable capicity of 1,077MW, resulting in net increase of 1,605MW in attributable operational generation capacity. The newly commissioned coal-fired generation units of the Company in 2010 included a 600MW coal-fired heat and power co-generation unit at Nanjing Thermal Power Plant, two 1,000MW ultra-supercritical units in Xuzhou Power Plant Phase III, and a 300MW coal-fired heat and power co-generation unit at Nanjing Chemical Industry Park Power Plant phase II.

In 2010, the average standard coal cost and the average unit fuel cost of our consolidated operating power plants increased by 23.8% and 21.4%, respectively, compared to last year. The net generation standard coal consumption rate of our consolidated power plants was 330.6g/ kWh, decreased by 7.2g/kWh from 317.8g/ kWh of last year. The significant increase of average standard coal cost and average unit fuel cost in 2010 was primarily due to changes in the external market environment. In the beginning of the year, the mining accidents in Inner Mongolia Autonomous Region and Shanxi Province resulted in a decrease of coal mining production volume; hence tightened the coal supply in the country. In addition, many southern provinces experienced serious droughts in the first half of 2010, resulting in insufficient generation from hydro-electric power stations and therefore strong demand for coal-fired power generation. As such, demand for coal surged rapidly; spot coal prices were well-supported even during low season and afterwards began to climb up. In the third quarter, various factors including pressure imposed by government on energy saving and emission reduction restricted the production of energy-intensive industries; therefore demand of coal stabilized and coal price remained flat. In the beginning of fourth quarter, many power plants started to pile up coal inventory in order to secure the supply of coal for winter heating and warming. This led to further increase in coal price, a rising trend which gradually lost steam near the end of the year. In the beginning of 2010, contract coal price negotiated between power producers and coal suppliers slightly increased from the level recorded at the beginning of 2009; however, since

the changes in spot coal price during the year diverged from that in the previous year, fulfillment rate of contract coal dropped significantly. In order to enhance the efficiency of power generation units, we focus on building large-scale high-efficiency coal-fired power generation units and high-efficiency coal-fired heat and power co-generation units to lower average coal consumption rate. Two 1,000MW ultra-supercritical coal-fired power generation units at Phase III of Xuzhou Power Plant commenced operation in June and July 2010, respectively. In addition, through technological upgrade and enhancement of stability of power generation units, we sought to further explore the potential of our management structure to further enhance efficiency of power generation units and lower coal consumption.

In 2010, we continuously built up the core competitiveness of CR Power and our long term advantage of low costs by pursuing our business strategy of moving upstream, in order to control coal resources to secure long term fuel supply for CR Power, reduce fuel costs and increase our profitability. After the acquisition of Shanxi coal mines in 2009, China Resources Liansheng established Taiyuan China Resources Coal Co., Ltd. with Jinye Group in Shanxi Province in 2010, invested in and acquired ten entities including three coal mines. The total reserves and recoverable reserves of the three coal mines are 457 million tonnes and 255 million tonnes, respectively. In addition, Shanxi China Resources Coal Co., Ltd. (50% equity interest held by Shanxi China Resources Liansheng), acquired 17 coal mines located in the Gujiao District, Taiyuan, Shanxi province. The total reserves and recoverable reserves of these mines are 120 million tonnes and 72 million tonnes, respectively.

In line with the direction of national energy structure adjustment and for the purpose of cultivating future profit drivers, the Company consolidated its foothold in the coal-fired power business while actively invested in renewable energy and clean energy such as wind power and hydro-electric power, and renewable energy gains importance in the CR Power's capacity mix. During 2010, nine wind farms with a total attributable capacity of 405MW commenced operation in Guangdong, Shandong, Hebei and Inner Mongolia Autonomous Region.

In 2010, the Company strictly followed a prudent financial management policy, and continued to improve its internal control system and conduct real-time monitoring on capital structure and balance sheet conditions. In order to reduce cost of debt and maintain a reasonable debt profile, the Company successfully issued three corporate bonds during the year of 2010. The issuances helped broadening our diversified financing channels and lowered cost of capitals on an ongoing basis, at the same time helped realize diversified capital base for the long-term and further optimized the debt structure of the Company.

As one of the seven Strategic Business Units (SBU) of China Resources Holdings Co., Ltd. ("CRH"), during the year of 2010, CR Power established two first-level profit centers of CRH, namely China Resources Power Coal Holdings Co. Ltd. and China Resources New Energy Group Co. Ltd., which were responsible for the professional development of its coal and new energy activities, respectively. In addition, we further developed our business model based on controls at regional division levels. The divisions in Henan and Jiangsu commenced operation and there were divisions established in Inner Mongolia, Northeastern China and Southern China areas. Synergies between regions began to emerge gradually. Logistic system, which builds up linkage between CR Power's coal mining business and coal-fired power generation business, will become CR Power's next development focus. Through launching a training series led by "Leadership Development and Training Project for Promising Talents of CR Power", our talent training mechanism became more systematic. Standardizations on staff performance management, organization and remuneration were also introduced to the whole Company. Efforts to streamline management of CR Power focused on coal-fired facilities construction, while operation segments further deepened and achieved successes, highlighting the core competitiveness enhanced by operational excellence based on differentiation. The Company also formulated a strategic planning report for the coming five years of the "12th five-year plan" period, which aimed at accelerating the transformation of the Company from a first-class global independent power producer (IPP) into a first-class global energy enterprise.

SOCIAL RESPONSIBILITIES

CR Power devoted substantial efforts in advancing the adjustment of its industrial structure in 2010. By actively facilitating resource conservation and environmental friendliness, our pursuit went beyond profitability to seek contribution to the community and promoting the harmonious development of the society.

CR Power continuously optimizes its industrial structure. It carried out solid measures to achieve energy saving and emission reduction objectives and actively explored new models for sustainable economic development. As of the end of 2010, clean energy accounted for 4.5% of the Company's total attributable capacity. In addition, the efficiency of energy utilization and level of clean energy generation continued to improve; our operating flue gas desulphurization units accounted for 97% of operating installed capacity with 92% desulphurization efficiency, and the matching rate between desulphurization operation time and unit load came close to 100%. Except for units proposed to be shut down, desulphurization units accounted for 100% of coal-fired power generation units and integrated utilization rate of pulverized coal was nearly 100%. In our power plants, we maximized water usage sourced from urban water supply and industrial sewage. Furthermore, we adequately leveraged on the advantage of diversified enterprise businesses of our parent company, CRH, to construct the Hezhou CR Recyclable Economic Industry Demonstration Zone(賀州華潤循環經濟產業示範區)in collaboration with CR Cement and CR Snow Breweries and through adhering to the principle of "reduce, reuse, renew and recycle". Upon official completion, this project can offer considerable economic and social benefits.

The Company encouraged all staff to actively donate for the disaster relief of the extreme drought in south-western region of China and the earthquake in Yushu, Qinghai Province. We continued our strategic cooperation with the China Youth Development Foundation to further develop the "CR Power Education Fund" in Hebei Province. By undertaking the responsibility of building ten 3MW oil-fired power generators in the temporary power station at the quake-struck Yushu, Qinghai Province, CR Power spent only three months to bring all units in operation. Besides, CR Power accepted the mission of aiding the construction of an oil-fired power plant in Lhasa, Tibet; by overcoming the arduous construction conditions in the area known as "the roof of the world", we succeeded in achieving single-cycle power generation of the units within just 99 days. This was an extraordinary achievement in China's power generation infrastructure history and ensured that the various tribes in Tibet would be provided with light and warmth as the New Year approached.

For our future development, CR Power will always remember to be "thankful for the support of the community in order to fulfill our social responsibilities and become an outstanding corporate citizen". Our people-oriented principles ensure that we strive for stable operation with integrity and actively participate in promoting harmonious community relations. At a new starting point, we will make satisfactory returns to the shareholders, serve the society and contribute to the community with more outstanding results.

FUTURE PROSPECTS

In the future, CR Power will continue to invest in coal-fired power generation business, with focus on large-scale coal-fired units and heat-and-power co-generation units in our strategic target market, to continue generating strong profitability. Despite the narrowing in profit margin of coal-fired power generation business during 2010 due to higher fuel costs, we will keep adopting strict control measures by procuring contract coal with transportation guarantee, enhance fulfilment rate, optimize operational efficiency, in order to maintain our competitive advantage as cost-leader in the IPP sector. In 2011, we will commission several coal-fired power generation units, and start construction of several large-scale coal-fired power generation units with high operational efficiency. We are confident that these new power generation units will provide the Company with sustained profit growth.

In the meantime, CR Power will improve its long-term core competitiveness and value creation by continuing to optimize industrial structure and moving upstream in business expansion. Acquisition and development of coal reserves not only secures coal supply for our coal-fired power plants, but also enhance cost control. Although we achieved initial success in integrating the coal mines in Shanxi, we still need to make full efforts to ensure that all the acquired coal mines can resume production as soon as possible. At the same time, we will continue technical upgrade of certain coal mines to maximize production capacity, and therefore create better value and return for our shareholders. In the coming year, we will continue to identify additional coal resources which match with the Company's development strategies to seize acquisition and new coal project opportunities as they arise.

For clean energy, in response to government's energy structure change, and for the purpose of developing new profit drivers for CR Power, we will focus on development of wind power, nuclear energy, waste-to-energy power generation, solar power, hydro-electric power, as well as distributed energy sources (DER). The core business of CR Power's renewable energy sector will continue to be wind. Subject to the clean energy development strategy of the Company, the fulfillment of project investment criteria and strict compliance with project approval procedures, the Company aims to increase installed capacity of wind power every year. Currently, we are also constructing one hydro-electric project and actively conducting preliminary work for development of some other project. Besides, in order to keep exploring the various channels of developing more clean energy business in China, we will accelerate the construction of demonstration projects for waste-to-energy power generation.

The year 2011 will mark the 10th anniversary of CR Power. With the full support from shareholders and all parties of the community, and under the concerted efforts of the management team and all staff, CR Power realized high speed development and achieved excellent results over the past ten years. Looking forward, CR Power will continue to be strategy-driven in its development. After a thorough review of our own corporate profile, we aim to step up our operation to achieve even better results and overcome new obstacles. We will make every effort to renew our business model and enhance our organizational capabilities. Our ability to fully execute business strategies as planned and our deep-rooted corporate culture ensures that, with our never-tiring efforts, we can build on this incredible development story to achieve further success. Our rationale is to actively fulfill our social responsibilities and pursue sustainable development. It is our belief that through our coordinated efforts, the vision of establishing CR Power as "a world-class enterprise, a most respected enterprise and the best corporate employer" will definitely come true!

APPRECIATION

I would like to take this opportunity to thank the Directors, management team and staff members for their contributions and dedications to growing CR Power. My gratitude also goes to our shareholders for their continuous trust and support.

Wang Shuai Ting
Chairman

Hong Kong, 17 March 2011

Directors and Senior Management

DIRECTORS

Mr. Wang Shuai Ting

Mr. Wang Shuai Ting, aged 55, is Chairman of the Board and an Executive Director of the Company. Mr. Wang is also the Vice Chairman of China Resources (Holdings) Company Limited ("CRH"). Mr. Wang has extensive experience in the electricity industry in the PRC. He served as Chief Executive Officer and Vice Chairman of the Company from August 2001 to July 2010. He served as the General Manager of China Resources (Xuzhou) Electric Power Co., Ltd. ("CR Xuzhou") from 1994 to 2001 and was in charge of the construction and operation of Xuzhou Power Plant. Prior to his engagement in CR Xuzhou, Mr. Wang worked in the general office of the Government of Jiangsu Province from June 1985 to March 1987 and was subsequently the head of the Industrial Office of Xuzhou Municipal Government. He was also the Deputy Secretary-general of Xuzhou Municipal Government. Mr. Wang holds an Executive Master's degree in Business Administration ("EMBA") from China Europe International Business School.

Mr. Wang Yu Jun

Mr. Wang Yu Jun, aged 45, is appointed as an executive director and President of the Company in July 2010. Prior to that, Mr. Wang served as an Executive Vice President of 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.

Ms. Wang Xiao Bin

Ms. Wang Xiao Bin, aged 43, is an Executive Director and Chief Financial Officer 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 a member of the Institute of Chartered Accountants in Australia, the Australian Society of Certified Practising Accountants and the Securities Institute of Australia. Ms. Wang 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. Zhang Shen Wen

Mr. Zhang Shen Wen, aged 43, is an Executive Director of the Company and the General Manager of China Resources New Energy Holdings Company Limited. He served as the Executive Vice President of the Company between August 2003 and July 2010. Mr. Zhang has considerable experience in the development of power plants. He was the General Manager of the Finance and Accounting Department of the Company between July 2001 and September 2003, and was involved in the development of Liyujiang Phase II and the acquisitions of Shajiao C Power Plant and Wenzhou Telluride Phase II. Mr. Zhang joined CRNC in 1994 and worked at Hebei Hengfeng Power Generation Co., Ltd. between 1998 and 1999. Mr. Zhang holds a Bachelor of Science degree in Electrical Automation from the North China University of Technology in China and a Bachelor's degree of Economics from the University of International Business and Economics in China. He also holds a Master's degree in Business Administration from the University of San Francisco.

Mr. Li She Tang

Mr. Li She Tang, aged 47, was appointed as an Executive Director of the Company and General Manager of China Resources Coal Holdings Company Limited in July 2010. Prior to that, he served as an Executive Vice President of the Company since June 2009. Mr. Li has over 26 years of experience in the electricity industry in China. Mr. Li served as Chief Technical Officer of the Company from September 2003 to June 2009, and served as General Manager of China Resources Power Dengfeng Co., Ltd. from August 2002 to December 2003. Mr. Li was Senior Advisor and Chief Engineer of Saide China Holdings Limited and General Manager of Puqi Sithe Power Generating Company Limited (which was renamed as China Resources Power Hubei Co., Ltd.) from 1999 to 2002. Mr. Li started his career in the electricity industry in 1984 in the Power Planning and Engineering Institute of the Ministry of Electricity, where he served in various positions, including Head of Office, Deputy Section-in-chief, Section-in-chief and Chief Engineer. Mr. Li is a Senior Engineer and holds a Bachelor's degree in Engineering, majoring in Power Plant Thermal Engineering from Xi'an Jiaotong University and a master's degree in Business Administration from Shanghai Jiao Tong University in China.

Mr. Du Wenmin

Mr. Du Wenmin, aged 47, was appointed as a Non-executive Director of the Company in July 2010. He was appointed director of China Resources Sanjiu Medical & Pharmaceutical Company Limited (a listed company on the Shenzhen Stock Exchange) in November 2010. He is the Chief Human Resources Officer of CRH and was previously the Chief Audit Executive as well as the General Manager of the Internal Audit and Supervision Department of CRH. He is also a non-executive director of various companies listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKSE"), including China Resources Enterprises, Limited, China Resources Land Limited, China Resources Microelectronics Limited, China Resources Gas Group Limited and China Resources Cement Holdings Limited. Mr. Du obtained a Master's degree in Business Administration from the University of San Francisco in the United States. He joined CRH in 1985.

Mr. Shi Shanbo

Mr. Shi Shanbo, aged 45, was appointed as a Non-executive Director of the Company in April 2010. He is the audit director of CRH and also is a non-executive director of various companies listed on the Main Board of the HKSE, including China Resources Land Limited, China Resources Microelectronics Limited, China Resources Enterprise, Limited. He worked as a deputy general manager of the Finance Department of CRH and General Manager of China Resources Textiles (Holdings) Co., Ltd. He served as Vice Chairman and General Manager of China Resources Cement Holdings Limited which is a public company listed in Hong Kong. Mr. Shi holds a master's degree in Economics from Dongbei University of Finance and Economics. He joined CRH in 1991.

Mr. Wei Bin

Mr. Wei Bin, aged 41, was appointed as a Non-executive Director of the Company in July 2010. He joined the China Resources Group in 2001 and is the Chief Financial Officer and General Manager of the Finance Department of CRH. He is also a non-executive director of China Resources Gas Group Limited, China Resources Microelectronics Limited, China Resources Land Limited, China Resources Enterprise, Limited and China Resources Cement Holdings Limited, all of which are listed on the Main Board of the HKSE. Mr. Wei was a director of Shanghai Worldbest Industry Development Company Limited from December 2006 to November 2007 and Shandong Donge E-jiao Company Limited from June 2005 to June 2008. The aforesaid two companies are both public companies listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange in the PRC, respectively. Mr. Wei was also a director of Shanghai Worldbest Company Limited ("SWCL"), a company incorporated in the PRC and listed on the Shanghai Stock Exchange, from March 2007 to November 2007. SWCL had already been in significant financial difficulty when Mr. Wei was appointed. Mr. Wei sat on the board of SWCL as a representative from China Resources National Corporation, the ultimate holding company of the Company, to assist with the restructuring of SWCL. Mr. Wei resigned from his directorship in SWCL as a result of the decision of China Resources National Corporation to appoint another representative onto the board of SWCL. SWCL is currently subject to bankruptcy proceedings in China and is not carrying on any business.



Dr. Zhang Haipeng

Dr. Zhang Haipeng, aged 39, was appointed as a Non-executive Director of the Company in July 2010. Dr. Zhang is the Deputy General Manager of Strategy Management Department of CRH. He is also a Non-executive Director of China Resources Microelectronics Limited, China Resources Land Limited and China Resources Enterprise, Limited, companies listed on the main board of HKSE, and a Director of China Resources Sanjiu Medical & Pharmaceutical Co., Ltd., a company listed on the Shenzhen Stock Exchange. Prior to joining CRH in July 2009, Dr. Zhang worked with McKinsey & Company for 8 years and was a Partner of its Hong Kong Branch, responsible for the strategic planning, merger and acquisition, organizational control, operational management projects for MNC and domestic companies covering pharmaceutical, petroleum, shipping, real estate and consumer industries. Dr. Zhang also worked at China Merchants Holdings (International) Company Limited as Director of Internal Control and Auditing. Dr. Zhang received a MBA degree from Goizueta Business School, Emory University in USA in 2000 and M.D. degree from Peking Union Medical College in 1998. Dr. Zhang joined China Resources (Holdings) Company Limited in July 2009.

Mr. Anthony H. Adams

Mr. Anthony H. Adams, aged 40, was appointed an Independent Non-executive Director of the Company in 2003. Mr. Adams is a managing director based in Hong Kong with JP Morgan Asset Management, where he focuses on direct investments in the Asian 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.

Mr. Chen Ji Min

Mr. Chen Ji Min, aged 67, was appointed an Independent Non-executive Director of the Company in February 2006. Mr. Chen was a member of the Standing Committee of the People's Congress of Zhejiang province and a Deputy Director of the Finance and Economy Commission of the Standing Committee. Mr. Chen had served as director of the Bureau of Electricity of Ningbo City, deputy director of the Economic and Trading Committee of Ningbo City, deputy director and director of the Bureau of Electricity of Zhejiang province, General Manager of the Electricity Development Company of Zhejiang province and Chairman of the Board of Directors of Zhejiang South-East Company Limited, a company with B shares listed on the Shanghai Stock Exchange. Mr. Chen graduated from the Electricity Engineering Department of Zhejiang University.

Mr. Andrew Ma Chiu-Cheung

Mr. Ma Chiu-Cheung, Andrew, aged 69, was appointed an Independent Non-executive Director of the Company in December 2006. Mr. Ma is a fellow member of the Institute of Chartered Accountants in England & Wales, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors and the Taxation Institute of Hong Kong. He has more than 30 years' experience in the field of accounting, auditing and finance. Mr. Ma is a Founder and former Director of Andrew Ma DFK (CPA) Limited. He is presently a director of Mayee Management Limited and is currently also an independent non-executive director of several other listed companies in Hong Kong. Mr. Ma received his Bachelor's degree in Economics from the London School of Economics and Political Science (University of London) in England.

Ms. Elsie Leung Oi-sie

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

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

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

Dr. Raymond Ch'ien Kuo Fung

Dr. Raymond Ch'ien Kuo Fung, aged 59, was appointed as an Independent Non-executive Director of the Company in April 2010. Dr. Ch'ien is Chairman of CDC Corporation, as well as Chairman and a director of two of its subsidiaries, China.com Inc.. Additionally, Dr. Ch'ien is non-executive Chairman of MTR Corporation Limited, Chairman and independent non-executive director of Hang Seng Bank Limited. 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 Chairman of the Hong Kong/European Union Business Cooperation Committee and 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. Dr. Ch'ien was previously Chairman of the Advisory Committee on Corruption of the Independent Commission Against Corruption, the Hong Kong/Japan Business Cooperation Committee, the Industry and Technology Development Council and the Hong Kong Industrial Technology Centre Corporation Ltd..

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

SENIOR MANAGEMENT

Mr. Ding Qi

Mr. Ding Qi, aged 52, is a member of the Executive Committee of the Company. He served as the Chief Human Resources Officer of the Company between June 2007 and July 2010, and as the General Manager of the Human Resources and Administration Department of the Company from November 2001 to June 2007. Prior to joining the Company, he was a Departmental Manager of China Resources Development and Investment Co., Ltd. from 1998 to 1999. Mr. Ding holds a Bachelor's degree in Wireless Communications form the Nanjing Communications Engineering Institute.

Mr. Bu Fan Sen

Mr. Bu Fan Sen, aged 54, was appointed an Executive Vice President of the Company in October 2007. He is also the Chief Development Officer of the Company. Mr. Bu served as Assistant Vice President of the Company from December 2005 to October 2007. Prior to joining the Company, from September 2002 to September 2005, Mr. Bu served as Chairman of SDIC Huajing Power Holdings Co., Ltd., a company listed on the Shanghai Stock Exchange. From March 2001 to March 2004, Mr. Bu served as General Manager of SDIC Electric Power Co., Ltd. Prior to that, Mr. Bu was Chief of Business Department of State Development & Investment Corp. Mr. Bu holds a Bachelor of Science degree in Water Conservancy and Hydro Power Engineering from Hehai University.

Ms. Liu Ping

Ms. Liu Ping, aged 49, is Deputy General Manager and CFO of CR New Energy. Prior to that, Ms. Liu was an Executive Vice President of the Company from June 2009 to July 2010. Ms. Liu served as General Manager of China Resources (Luoyang) Thermal Power Co., Ltd. and CFO of China Resources Power Dengfeng Co., Ltd. and China Resources Power Henan Shouyangshan Co., Ltd. from October 2003 to March 2006. Ms. Liu has over 15 years of experience in financial management. Prior to joining the Company, Ms. Liu served as a management personnel in the People's Bank of China in Xuzhou City, Jiangsu province. Ms. Liu holds a Master's degree in Business Administration from China Europe International Business School.

Mr. Liu Chun Gui

Mr. Liu Chun Gui, aged 46, is the Deputy General Manager of CR Coal and Chief Technical Officer of CR Coal. He was Chief Engineer of Datong Coal Mine Group from June 2007 to May 2010. Prior to that, Mr. Liu was an assistant to the General Manager at Datong Coal Mine Group from January 2007 to June 2007. From July 2002 to January 2007, Mr Liu served as Managing Director of the Sitai Mine of the Datong Coal Mine Group. Mr. Liu holds a Master's degree in Engineering from the China University of Mining and Technology, an Executive Master's Degree in Business Administration from Peking University and was a Doctor Graduate Candidate in Mining Engineering at the China University of Mining and Technology.

Mr. Zhao Hou Chang

Mr. Zhao Hou Chang, aged 45, is an Executive Vice President of the Company and Chief Technical Officer of the Company. Mr. Zhao has extensive experience in the construction and management of power plants in China. During the period from 2003 through 2009, he was General Manager of China Resources Power Henan Shouyangshan Co., Ltd. and was responsible for the construction and operation of Shouyangshan Power Plant. From 2002 to 2003, Mr. Zhao was deputy General Manager of China Resources Power (Changshu) Co., Ltd. From 1994 to 2002, he successively held the following positions with China Resources (Xuzhou) Electric Power Co., Ltd.: deputy director of the engineering department, deputy chief engineer, assistant general manager and deputy General Manager. Mr. Zhao holds a Master's degree in Business Administration from China Europe International Business School.

Mr. Wang Ya Ping

Mr. Wang Ya Ping, aged 54, is an Executive Vice President of the Company and the Chief Operation Officer of the Company. Mr. Wang has extensive experience in the construction, operation and management of coal-fired power plants. During the period from 2003 through 2010, Mr. Wang was General Manager of China Resources (Xuzhou) Electric Power Co., Ltd., 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, deputy general manager and deputy general manager of the fuel company under China Resources (Xuzhou) Electric Power Co., Ltd. Mr. Wang holds a Master's degree in Business Administration from Nanking University.

Report of the Directors

The directors (the "Directors") of China Resources Power Holdings Company Limited (the "Company") have the pleasure in presenting to the shareholders their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Group is to invest, develop, operate and manage power plants and coal mine projects in the more affluent regions or regions with abundant coal resources in China. Particulars of the Company's principal subsidiaries, associates and jointly controlled entities are set out in Notes 17, 18 and 19 to the financial statements, respectively.

GROUP PROFIT

The consolidated income statement is set out on page 75 and shows the Group's profit for the year ended 31 December 2010. 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 24 to 35 of this Annual Report.

DIVIDENDS

An interim dividend of HK$0.06 per share was paid on 11 October 2010.

The Board of Directors resolved to recommend the payment of a final dividend of HK$0.27 per share for the year ended 31 December 2010 to shareholders whose names appear on the Register of Members of the Company on 8 June 2011. The proposed dividend will be paid on or about 30 June 2011 following approval at the Annual General Meeting.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 37 to the financial statements.

RESERVES

Distributable reserves of the Company amounted to HK$5,730.3 million as at 31 December 2010 (2009: HK$7,000.5 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 80 to 81 of this Annual Report and Note 39 to the financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

The total borrowings of the Group as at 31 December 2010 amounted to HK$74,911.2 million (2008: HK$56,484.5 million). Particulars of borrowings are set out in Note 34 to the financial statements.

DIRECTORS

The Directors who held office during the year of 2010 and as at the date of this Annual Report are as follows:

Executive Directors:

Mr. Wang Shuai Ting	(Chairman)
Mr. Wang Yu Jun	(Chief Executive Officer and appointed on 9 July 2010)
Ms. Wang Xiao Bin	(Chief Financial Officer and Company Secretary)
Mr. Zhang Shen Wen	
Mr. Li She Tang	(Appointed on 9 July 2010)
Mr. Song Lin	(Resigned on 9 July 2010)
Mr. Tang Cheng	(Resigned on 22 April 2010)

Non-Executive Directors:

Mr. Du Wenmin	(Appointed on 9 July 2010)
Mr. Shi Shanbo	(Appointed on 22 April 2010)
Mr. Wei Bin	(Appointed on 9 July 2010)
Dr. Zhang Haipeng	(Appointed on 9 July 2010)
Mr. Jiang Wei	(Resigned on 9 July 2010)
Ms. Chen Xiao Ying	(Resigned on 22 April 2010)

Independent Non-Executive Directors:

Mr. Anthony H. Adams	
Mr. Chen Ji Min	
Mr. Ma Chiu-Cheung, Andrew	
Ms. Elsie Leung Oi-sie	(Appointed on 22 April 2010)
Dr. Raymond K. F. Ch'ien	(Appointed on 22 April 2010)
Mr. Wu Jing Ru	(Resigned on 22 April 2010)

As at 31 December 2010, 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. Wang Yu Jun, Mr. Li She Tang, Mr. Du Wenmin, Mr. Wei Bin and Dr. Zhang Haipeng 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. Wang Shuai Ting, Mr. Zhang Shen Wen, Ms. Wang Xiao Bin, Mr. Shi Shanbo and Mr. Chen Ji Min retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

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

Biographical details of the Directors as at the date of this report are set out on pages 16 to 21 of this Annual Report.

The executive directors are entitled to salaries and discretionary bonuses determined by the Board at its absolute discretion having regard to the Group's performance and the prevailing market situation. The non-executive directors and the independent non-executive directors are entitled to fees authorised by shareholders and approved by the Board by reference to the prevailing market conditions. The Directors are granted options to subscribe for the Company's shares (the "Shares"). For details of the share option schemes, please refer to pages 115 to 116 of this Annual Report. Details of Directors' remuneration are provided under Note 9 to the financial statements.

SHARE OPTIONS

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

(A)Pre-IPO Share Option Scheme

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

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

As at 31 December 2010, a total of 24,382,036 Shares (representing approximately 0.52% 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 2010 is as follows:

Participants	Date of grant	Number of options outstanding as at 1 January 2010	Number of options reclassified during the year	Number of options exercised during the year(1)	Number of options outstanding as at 31 December 2010	Date of expiry	Exercise price (HK$)
Name of Director							
Song Lin(2)	6 Oct 2003	814,400	(814,400)	—	—	5 Oct 2013	2.750
Wang Shuai Ting	6 Oct 2003	916,200	—	(916,200)	—	5 Oct 2013	2.750
Wang Xiao Bin	6 Oct 2003	170,080	—	(170,080)	—	5 Oct 2013	2.750
Jiang Wei (2)	6 Oct 2003	203,600	(203,600)	—	—	5 Oct 2013	2.750
Li She Tang (2)	6 Oct 2003	—	570,080	—	570,080	5 Oct 2013	2.750
Du Wenmin (2)	6 Oct 2003	—	183,240	—	183,240	5 Oct 2013	2.750
Aggregate total of employees	6 Oct 2003	10,466,076	—	(4,338,816)	6,127,260	5 Oct 2013	2.750
Aggregate total of other participants	6 Oct 2003	18,191,660	264,680	(954,884)	17 ,501,456	5 Oct 2013	2.750
		30,762,016	—	(6,379,980)	24,382,036		

Note: 1. The weighted average closing prices of the Shares immediately before the dates on which the options were exercised was HK$15.90.

2. Mr. Song Lin and Mr. Jiang Wei were reclassified from the Directors to other participants while Mr. Li She Tang and Mr. Du Wenmin were reclassified from employees and other participants to the Directors 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.

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 2010, a total of 73,124,700 Shares (representing approximately 1.55% 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 2010 is as follows:

Participant	Date of grant	Number of options outstanding as at 1 January 2010	Number of options reclassified during the year	Number of options lapsed or cancelled during the year	Number of options exercised during the year(1)	Number of options outstanding as at 31 December 2010	Date of expiry	Exercise price (HK$)
Name of Director								
Song Lin(2)	18 Mar 2005	549,720	(549,720)	—	—	—	17 Mar 2015	3.919
Wang Shuai Ting	18 Mar 2005	549,720	—	—	(549,720)	—	17 Mar 2015	3.919
Wang Yu Jun(2)	18 Mar 2005	—	101,800	—	—	101,800	17 Mar 2015	3.919
Wang Xiao Bin	18 Mar 2005	366,480	—	—	(200,000)	166,480	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
Jiang Wei(2)	18 Mar 2005	366,480	(366,480)	—	—	—	17 Mar 2015	3.919
Tang Cheng(2)	18 Mar 2005	122,160	—	—	(122,160)	—	17 Mar 2015	3.919
Anthony H. Adams	18 Nov 2005	203,600	—	—	—	203,600	17 Nov 2015	4.641
Wu Jing Ru(2)	18 Nov 2005	203,600	—	(40,720)	(162,880)	—	17 Nov 2015	4.641
Chen Ji Min	30 Mar 2007	203,600	—	—	—	203,600	29 Mar 2017	12.210
Ma Chiu-Cheung, Andrew	30 Mar 2007	203,600	—	—	—	203,600	29 Mar 2017	12.210
Aggregate total of employees	1 Sep 2004	7,179,780	—	—	(3,766,240)	3,413,540	31 Aug 2014	4.175
	18 Mar 2005	9,234,600	(468,280)	—	(6,030,880)	2,735,440	17 Mar 2015	3.919
	18 Nov 2005	34,974,560	—	—	(12,517,920)	22,456,640	17 Nov 2015	4.641
	5 Sep 2006	19,674,960	—	—	(4,122,040)	15,552,920	4 Sep 2016	6.925
	30 Mar 2007	23,688,280	—	—	(366,520)	23,321,760	29 Mar 2017	12.210
Aggregate total of other participants	18 Mar 2005	5,090,000	916,200	—	(1,851,680)	4,154,520	17 Mar 2015	3.919
		102,855,460	—	(40,720)	(29,690,040)	73,124,700		

Note:
1. *The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK$15.87.*
2. *Mr. Song Lin, Mr.Jiang Wei, Mr. Tang Cheng and Mr. Wu Jing Ru were resigned as Directors and reclassified from the Directors to other participants while Mr. Wang Yu Jun and Mr. Li She Tang were appointed as Directors and reclassified from the employees to Directors during the year.*
3. *No option was granted under the Share Option Scheme during the year.*

MEDIUM TO LONG-TERM PERFORMANCE EVALUATION INCENTIVE PLAN

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

The Trustee did not purchase any Shares for the year ended 31 December 2010. From the Adoption Date up to 31 December 2010, the Trustee purchased a total of 41,230,000 Shares, representing 0.99% of the issued share capital of the Company as at the Adoption Date, from the market at an aggregate consideration of approximately HK$681,500,000 (including transaction costs). As at the date of this report, the purchased Shares have been held in trust by the Trustee on behalf of the Company for selected employees.

DIRECTORS' INTERESTS IN SECURITIES

Save as disclosed below, as at 31 December 2010, 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 2010 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
Wang Shuai Ting	Beneficial Owner	5,260,920	Long	0.111%
Wang Yu Jun	Beneficial Owner	280,070	Long	0.006%
Wang Xiao Bin	Beneficial Owner	3,498,080	Long	0.074%
Zhang Shen Wen	Beneficial Owner	2,426,800	Long	0.051%
Li She Tang	Beneficial Owner	660,000	Long	0.014%
Shi Shanbo	Beneficial Owner	500,000	Long	0.011%
Du Wenmin	Beneficial Owner	297,000	Long	0.006%
Raymond K. F. Ch'ien	Beneficial Owner	30,000	Long	0.001%
Raymond K. F. Ch'ien	Family Interest	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 2010	Number of options exercised during the year	Number of options and underlying shares as at 31 December 2010	Percentage of the issued share capital of the Company
Wang Shuai Ting	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.750	916,200	(916,200)	—	0.000%
	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	549,720	(549,720)	—	0.000%
Wang Yu Jun	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	N/A	—	101,800	0.002%
Wang Xiao Bin	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.750	170,080	(170,080)	—	0.000%
	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	366,480	(200,000)	166,480	0.004%
Zhang Shen Wen	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	244,320	—	244,320	0.005%
Li She Tang	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.750	N/A	—	570,080	0.012%
	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	N/A	—	366,480	0.008%
Du Wenmin	Beneficial Owner	6 Oct 2003	5 Oct 2013	2.750	N/A	—	183,240	0.004%
Anthony H. Adams	Beneficial Owner	18 Nov 2005	17 Nov 2015	4.641	203,600	—	203,600	0.004%
Chen Ji Min	Beneficial Owner	30 Mar 2007	29 Mar 2017	12.210	203,600	—	203,600	0.004%
Ma Chiu-Cheung, Andrew	Beneficial Owner	30 Mar 2007	29 Mar 2017	12.210	203,600	—	203,600	0.004%

(B) China Resources Enterprise, Limited

China Resources Enterprise, Limited ("CRE"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CRE. Details of shares and outstanding options in CRE held by the Directors as at 31 December 2010 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 Wenmin	Beneficial Owner	100,000	Long	0.004%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK$)	Number of options and underlying shares as at 1 January 2010	Number of options exercised during the year	Number of options and underlying shares as at 31 December 2010	Percentage of the issued share capital of CRE
Zhang Shen Wen	Beneficial Owner	5 Mar 2002	4 Mar 2012	7.35	20,000	—	20,000	0.001%

(C) China Resources Gas Group Limited

China Resources Gas Group Limited ("CR Gas") is a fellow subsidiary of the Company. Details of shares in CR Gas held by the Directors as at 31 December 2010 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
Zhang Shen Wen	Beneficial Owner	6,000	Long	0.000%
Du Wenmin	Beneficial Owner	54,000	Long	0.003%
Shi Shanbo	Beneficial Owner	50,000	Long	0.003%

(D) China Resources Land Limited

China Resources Land Limited ("CR Land"), a fellow subsidiary of the Company, has a share option scheme to subscribe for the shares in CR Land. Details of shares and outstanding options in CR Land held by the Directors as at 31 December 2010 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
Du Wenmin	Beneficial Owner	790,000	Long	0.015%
Shi Shanbo	Beneficial Owner	140,000	Long	0.003%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK$)	Number of options and underlying shares as at 1 January 2010	Number of options exercised during the year	Number of options and underlying shares as at 31 December 2010	Percentage of the issued share capital of CR Land
Wang Shuai Ting	Beneficial Owner	4 Mar 2002	31 Jan 2012	1.59	540,000	(540,000)	—	0.000%
Du Wenmin	Beneficial Owner	1 Jun 2005	31 May 2015	1.23	N/A	—	250,000	0.005%

(E) China Resources Microelectronics Limited

China Resources Microelectronics Limited ("CRM") is a fellow subsidiary of the Company. Details of shares in CRM held by the Directors as at 31 December 2010 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CRM
Wang Yu Jun	Beneficial Owner	195,000	Long	0.002%
Zhang Shen Wen	Beneficial Owner	108,000	Long	0.001%
Du Wenmin	Beneficial Owner	1,458,000	Long	0.017%

(F)China Resources Cement Holdings Limited

China Resources Cement Holdings Limited ("CR Cement") is a fellow subsidiary of the Company. Details of shares in CR Cement held by the Directors as at 31 December 2010 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
Wang Shuai Ting	Beneficial Owner	600,000	Long	0.009%
Li She Tang	Beneficial Owner	300,000	Long	0.005%
Shi Shanbo	Beneficial Owner	280,000	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 contracts of significance to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

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

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2010, 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
Finetex International Limited ("Finetex")	1	Beneficial owner	3,024,999,999	Long	64.10%
CRH	1	Interest in a controlled corporation	3,024,999,999	Long	64.10%
CRC Bluesky Limited	1	Interest of a controlled corporation	3,024,999,999	Long	64.10%
China Resources Co., Limited ("CRL ")	1	Interest of a controlled corporation	3,024,999,999	Long	64.10%
China Resources National Corporation ("CRNC")	1	Interest of a controlled corporation	3,024,999,999	Long	64.10%
Commonwealth Bank of Australia ("CBA")	2	Interest of a controlled corporation	235,590,200	Long	5.00%

Notes:

1. *Finetex is a 100% subsidiary of CRH, which is a 100% subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by CRL, which is in turn held as to 100% by CRNC. Each of CRH, CRNC, CRL and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the share capital of the Company as those of Finetex.*

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

On 2 November 2009, Guangzhou China Resources Thermal Power Company Limited ("CR Guangzhou Power"), a wholly-owned subsidiary of the Company, entered into three master agreements with China Resources Cement Investments Limited, whereby CR Guangzhou Power agreed to (1) supply de-sulphur gypsum, ash and slag; and (2) purchase limestone powder, each for a term from 2 November 2009 to 31 December 2011. Details of the continuing connected transactions are as stated in the Company's announcement dated 2 November 2009.

On 9 February 2010, China Resources Power Investment Company Limited ("CR Power Investment"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Jiaozou Electricity Group Company Limited ("Jiaozuo Electricity Group") in relation to an acquisition of 40% equity interest in China Resources (Jiaozuo) Thermal Power Company Limited ("Jiaozuo Thermal Power"), for a consideration of RMB58,018,500 (approximately HK$65,930,114).

As CR Power Investment held 60% equity interest in Jiaozuo Thermal Power. Jiaozuo Thermal Power was a 60% owned subsidiary of the Company. As Jiaozuo Electricity Group held 40% of the equity interest of Jiaozuo Thermal Power, Jiaozuo Electricity Group was a connected person of the Company by virtue of Rule 14A.11(1) of the Listing Rules.

Based on the percentage ratios applicable to the Group's commitment under the acquisition agreement, the acquisition constitutes a connected transaction of the Company subject to reporting and announcement requirements, but exempted from the independent shareholders' approval requirements under the Listing Rules.

On 9 April 2010, China Resource Power Logistics (Tianjin) Company Limited ("CR Tianjin Logistics"), a wholly-owned subsidiary of the Company, entered into a master agreement with China Resources Cement Investments Limited, a wholly owned subsidiary of the China Resources Cement Holdings Limited ('"CR Cement"), pursuant to the master coal supply agreement, CR Longistics agreed to supply coal to CR Cement Investments on a continuing basis for a term from 9 Apr 2010 to 31 Dec 2012. Details of the continuing connected transactions are as stated in the Company's announcement dated 9 April 2010.

On 11 May 2010, Shenzhen Nanguo Energy Company Limited ("Shenzhen Nanguo"), a wholly-owned subsidiary of the Company, entered into the acquisition agreement with Liulin Liansheng Energy Investment Company Limited ("Liulin Liansheng"). Shenzhen Nanguo agreed to acquire from Liulin Liansheng a 8% equity interest in Shanxi China Resources Liansheng Energy Investment Company Limited ("CR Liansheng") for a consideration of RMB354 million. CR Liansheng was a joint venture company which was owned by Ruihua Energy (a 74.14% owned subsidiary of Shenzhen Nanguo) as to 58% and by Liulin Liansheng as to 42%.

As Liulin Liansheng held 42% of equity interest in CR Liansheng, it was a connected person of the Company at the Company's subsidiary level under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

Based on the percentage ratios applicable to the Group's commitment under the acquisition agreement, the acquisition constitutes a connected transaction of the Company which is subject to the reporting and announcement requirements, but exempted from the independent shareholders' approval requirement under the Listing Rules.

On 26 August 2010, China Resources Power (Changshu) Company Limited ("CRP (Changshu)"), a wholly-owned subsidiary of the Company entered into the Direct Power Supply Agreement with Wuxi China Resources Microelectronics Company Limited ("Wuxi CRM"), a wholly owned subsidiary of CRM pursuant to which CRP (Changshu) agreed to supply and Wuxi CRM agreed to purchase electricity on a continuing basis for a period of one year from 1 October 2010 to 30 September 2011. It is also agreed that Wuxi CRM will facilitate Fab 2 to consume part of the electricity supplied by CRP (Changshu) under the Direct Power Supply Agreement and Fab 2 shall bear the expenditure for the actual volume of electricity consumed by it. Wuxi CRM will only act as the payment agent for Fab 2 to pay for such utility charges.

Pursuant to the Direct Power Supply Agreement, the unit price for the electricity is determined after arm's length negotiation and with reference to the range of on-grid tariffs chargeable by CRP (Changshu) to the power grid and the end user tariffs applicable to Wuxi CRM.

On the basis the Direct Power Supply Agreement becomes effective on 1 October 2010, the estimated annual caps for the transaction under the Direct Power Supply Agreement for CR Power are HK$40 million and HK$120 million for each of the two periods: (1) from 1 October 2010 to 31 December 2010; and (2) from 1 January 2011 to 30 September 2011, respectively.

On the basis the Direct Power Supply Agreement becomes effective on 1 October 2010, after deducting the estimated amount of electricity to be consumed by Fab 2, the estimated annual caps for the transaction under the Direct Power Supply Agreement for CR Microelectronics are HK$28 million and HK$85 million for each of the two periods: (1) from 1 October 2010 to 31 December 2010; and (2) from 1 January 2011 to 30 September 2011, respectively.

As at 31 December 2010, the transaction of Direct Power Supply is still under process to obtain necessary approvals from the State Electricity Regulatory Commission and other relevant authorities. Thus for the year ended 31 December 2010, the aggregate transaction amount for the above amounted to nil.

Save as disclosed above, in accordance with paragraph 14A.37 of the Listing Rules, the independent non-executive directors of the Company have reviewed and confirmed that as at 31 December 2010, the other continuing connected transactions of the Company were exempt from the reporting, announcement and independent shareholders' approval requirements under paragraph 14A.33 of the Listing Rules and that they:

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

(ii) have been entered into either:

  (a) on normal commercial terms; or

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

(iii) have been entered into on terms that are fair and reasonable so far as the independent shareholders of the Company are concerned, and in accordance with the terms of the agreement governing such transactions.

MAJOR CUSTOMERS AND SUPPLIERS

Purchases from the Group's five largest suppliers together accounted for 28.4% 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 (12.1%), 大同煤炭集團 (Datong Coal Mine Group Company) (5.2%), 中國中煤能源股份有限公司 (China Coal Energy Company Limited) (4.8%), 內蒙伊泰集團 (Inner Mongolia Yital Group Company Limited) (3.3%) and 山西榆林礦業集團 (Yulin Mining Group Company Limited) (3.0%).

Sales to the Group's five largest customers together accounted for 58.8% 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) (17.6%), 廣東電網公司 (Guangdong Power Grid Company) (15.8%), 河南省電力公司(Henan Provincial Power Company) (14.9%), 遼寧省電力有限公司 (Liaoning Electric Power Company Limited) (5.6%) 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

Saved as disclosed above under the section headed "Medium to Long-Term Performance Evaluation Incentive Plan", the Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the year ended 31 December 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

Code Provision E.1.2

The code provision E.1.2 of the CGP Code provides that the chairman of the board shall attend annual general meeting of the Company. Due to business commitment, Mr. Song Lin, the then Chairman of the Board, and Mr. Wang Shuai Ting, the then Vice Chairman of the Board, were unable to attend the annual general meeting of the Company held on 8 June, 2010. This constitutes a deviation from the code provision E.1.2 of the CGP Code.

For details, please refer to the Corporate Governance Report on pages 58 to 73 in 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 2010.

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 COMMITTEE

The financial statements have been reviewed by the Audit Committee. All of the five Audit 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 Committee having appropriate professional qualifications and experience in financial matters, including review of financial statements.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs Deloitte Touche Tohmatsu as the auditors of the Company.

On behalf of the Board

Wang Shuai Ting
Chairman

Hong Kong, 17 March 2011

Management's Discussion and Analysis

BUSINESS REVIEW FOR 2010

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

The Chinese economy maintained steady rapid growth in 2010, with a 10.3% Gross Domestic Product (GDP) growth rate achieved. In line with the Chinese economic conditions, power demand in the country registered a strong year-on-year growth, especially in the first quarter of 2010, partly reflecting the weak comparative figures for the same period of 2009 which was due to the global downturn in economic development caused by the financial crisis, thereafter year-on-year growth rate slowed down mainly reflecting the gradual economic recovery recorded in the course of 2009, especially in the second half of 2009. However, for the whole year, nationwide power consumption still registered a growth rate of approximately 14.6%.

As power consumption in the country recorded a rapid year-on-year growth rate in 2010, coal prices in the Chinese domestic market also increased rapidly. However, Chinese government did not make any tariff adjustment during the year to compensate power producers for the rising fuel costs. This posed a significant challenge to our business operations during the year.

As at the end of 2010, the total generation capacity in China increased to 962.19GW, representing a 10.1% increase from the end of 2009. The total new generation capacity added during the year of 2010 was 91.27GW. The total new capacity added for coal-fired, hydro and wind power projects amounted to 58.72GW, 16.61GW and 13.99GW, respectively. New coal-fired generation capacity added during the year only represents 64.3% of the total new capacity addition during the year.

As supply of new capacity, especially coal-fired capacity slowed down and while Chinese power demand increased over 14.6% during the year, the average utilisation hours for coal-fired generation units in the country improved by 166 hours and reached a total of 5,031 hours. The Group employed a number of measures to maximise generation volume. We actively participated in various markets in China to obtain excess generation volume, by bidding for excess power generation or replacing small generation units for power generation. Our average full-load equivalent utilisation hours for our coal-fired generation units exceeded the national average by 970 hours.

Growth of generating capacity

As at 31 December 2010, our total attributable operational generation capacity increased to 19,358MW from 17,753MW as at 31 December 2009.

As at 31 December 2010, coal-fired attributable operational generation capacity amounted to 18,488MW, accounting for 95.5% of our total attributable operational generation capacity. Wind, gas-fired and hydro capacity amounted to 646MW, 77MW and 147MW, respectively, and together accounting for 4.5% of our total attributable operational generation capacity.

The growth in our operational generation capacity is attributable to the commissioning of new power plants and wind farms.

During the year of 2010, we commissioned four large-scale coal-fired generation units, including a 600MW heat and power co-generation unit in Nanre Power Plant, two 1000MW ultra-supercritical units in Xuzhou Power Plant Phase III and one 300MW heat and power co-generation unit in Nanjing Chemical Industry Park Phase II. In addition, we also commissioned a number of wind farms in Guangdong, Shandong, Hebei and Inner Mongolia Autonomous Region, which collectively added a total of 405MW of new attributable operational wind generation capacity.

The following table sets out the attributable operational generation capacity of our power plants in the context of geographical distribution as at 31 December 2010:

	operational capacity	
	MW	%
Eastern China	8,698	44.9
Southern China	3,702	19.1
Central China	3,694	19.1
Northern China	2,338	12.1
Northeastern China	925	4.8
Total	**19,358**	**100.0**

Generation volume

The total gross generation volume of our 42 consolidated operating power plants and wind farms amounted to 101,897,660MWh in 2010, representing an increase of 26.4% from 80,612,485MWh in 2009.

The total net generation volume of our 42 consolidated operating power plants and wind farms amounted to 95,189,601MWh in 2010, representing an increase of 26.5% from 75,248,994MWh in 2009.

On a same plant basis (using 23 coal-fired power plants which were in commercial operation for the entire year of 2009 and 2010), gross and net generation volumes increased by 2.3% and 2.4%, respectively. The average full-load equivalent utilisation hours for 2010 of the 23 coal-fired power plants amounted to 6,001 hours, representing an increase of 4.4% from 5,750 hours for 2009.

Fuel costs

Average unit fuel cost for our consolidated operating power plants in 2010 was RMB252.7/MWh, a year-on-year increase of 21.4%. Average standard coal cost for our consolidated operating power plants in 2010 increased by 23.8% on a year-on-year basis.

Development of renewable energy projects

In 2010, while we continue to develop and construct large-scale and efficient coal-fired generation units, we have also increased our investment in renewable energy projects, especially development and construction of wind farms.

In 2010, we received approvals from the Chinese government to construct an additional 750MW of new wind capacity and secured preliminary approvals from the Chinese government for the construction of an additional 970MW of wind capacity. As at the end of 2010, we have signed agreements with various local governments in China to develop a wind capacity of over 11,000MW in a total of 17 provinces in the country.

As at the end of the year, our attributable wind capacity amounted to 646MW with a total of 631MW of wind capacity under constructions.

In addition, we have also signed agreements or are in discussions with various local governments to develop a number of nuclear, solar and waste-to-energy projects in various parts of the country.

Development of coal mine operations

Our coal mine operations in Shanxi, Jiangsu, Henan and Hunan provinces produced a total of approximately 11.4 million tonnes of coal (aggregation of each mine production volume on a 100% basis), including 9.55 million tonnes produced by our subsidiary coal mines and 1.85 million tonnes produced by our associate coal mine. The coal mines in Lüliang District in Shanxi province gradually resumed commercial productions in the course of 2010 and produced a total of 6.46 million tonnes of coal (aggregation of each mine production volume on a 100% basis).

During the year, we actively pursued our strategies of vertical integration and actively participated in the consolidation and restructuring of the coal mining industry in Shanxi Province.

Taiyuan China Resources Coal Co., Ltd ("CR Taiyuan") entered into 10 asset transfer agreements for consolidation and restructuring on 31 May 2010 with Shanxi Jinye Coal Coking Group Co., Ltd ("Jinye Group") in relation to the acquisitions of 10 entities under Jinye Group. These 10 entities include three coal mines, namely, Yuanxiang coal mine, Zhongshe coal mine and Hongyatou coal mine, and seven coal mine-related entities. The primary product of these three coal mines is coking coal, and their total reserves and recoverable reserves are approximately 457 million tonnes and 255 million tonnes, respectively.

CR Taiyuan has a registered capital of RMB4 billion. Shanxi CR Liansheng Energy Investment Co., Ltd ("Shanxi CR Liansheng"), CITIC Trust Co., Ltd ("CITIC Trust"), and Jinye Group own 49%, 31% and 20% of the equity interest in CR Taiyuan, respectively. Shanxi CR Liansheng is an indirect subsidiary of the Company. Shenzhen Nanguo Energy Co., Ltd, a wholly-owned subsidiary of the Company, has an option to purchase the 31% equity interest held by CITIC Trust.

Shanxi China Resources Coal Co., Ltd ("CR Shanxi") planned to acquire a total of 17 coal mines located in the Gujiao district, Taiyuan, Shanxi province and by the end of 2010 had entered into agreements to acquire a total of 10 such coal mines. Pursuant to the provisions issued by the Leadership Group for the Consolidation, Restructuring and Integration of Coal Mine Enterprises (山西省煤礦企業兼併重組整合工作領導組) , a team assigned by the Shanxi provincial government that is responsible for the consolidation, restructuring and integration of all coal mine enterprises in Shanxi province, the operations of these 17 coal mines will be consolidated into, and operated as, 9 coal mines in accordance with such provisions. These 17 coal mines produce mainly coking coal and meager lean coal, and their total reserves and recoverable reserves are approximately 120 million tonnes and 72 million tonnes, respectively.

CR Shanxi has a registered capital of RMB800 million. Shanxi CR Liansheng and CITIC Trust each owns a 50% equity interest in CR Shanxi. Shenzhen Nanguo Energy Co., Ltd, a wholly-owned subsidiary of the Company, has an option to purchase the 50% equity interest held by CITIC Trust.

PROSPECTS FOR 2011

While we continue to identify and develop new power projects in line with our business strategies and investment disciplines, we are also actively looking for and developing new coal mine projects in the country in order to increase the total coal resources which we control and secure our long-term fuel supply at low costs.

For our coal-fired power generation business, we have received a number of preliminary approvals from National Development and Reform Commission to construct new large-scale power plants in our target markets in the country. Subject to final government approval and further internal examination of the technical and financial aspects of the projects, we may proceed with the construction of a number of new power projects in 2011. We aim to concentrate on the construction of large-scale efficient coal-fired generation units in Eastern as well as Southern China and in addition, we also aim to construct a number of heat and power co-generation units in our target markets.

Currently, we also have a number of 600MW class units under construction. We expect to complete the construction of these units and put them into commercial operation in the course of 2011. These units are mainly located in Shandong, Henan and Jiangsu provinces.

We will continue to increase our investment in the clean and renewable energy sector in the country. We currently have one hydro-electric project under construction in Sichuan province with a total installed capacity of 260MW. We have a 51% equity stake. We expect that the hydro-electric project will be commissioned in the year.

We also have a number of renewable energy projects which we are actively pursuing, including wind, waste-to-energy as well as solar projects. We aim to construct a number of wind farms and secure more development rights for the construction of wind farms in the country. We also aim to increase our involvement in the country's nuclear energy sector and we are currently in discussions with a number of parties to participate in the construction and operation of more nuclear power plants.

We will continue to identify quality coal reserves in the country. We aim to expand our control of coal resources and increase our production volume of coal. We will continue to monitor the acquisition opportunities in the country and aim to secure more green-field reserves in our target markets as well. For the coal mines which we have already acquired in Shanxi Province, we are in active discussions with local government agencies in order to obtain the relevant mining and business operation licences and permits. We aim to resume commercial production as soon as we can of all of our coal mines located in that province and increase our total coal production volume.

OPERATING RESULTS

The audited results of operations for the years ended 31 December 2009 and 2010 are as follows:

Consolidated Income Statement

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Turnover	**48,578,313**	33,213,676
Operating expenses		
Fuel	**(29,670,607)**	(19,052,308)
Repair and maintenance	**(766,677)**	(579,679)
Depreciation and amortisation	**(4,274,656)**	(3,244,254)
Others	**(6,743,299)**	(3,297,305)
Total operating expenses	**(41,455,239)**	(26,173,546)
Other income	**730,461**	406,103
Other gains and losses	**399,281**	3,637
Profit from operations	**8,252,816**	7,449,870
Finance costs	**(2,526,568)**	(1,931,726)
Share of results of associates	**790,346**	889,912
Share of results of jointly controlled entities	**289**	—
Profit before taxation	**6,516,883**	6,408,056
Taxation	**(755,046)**	(370,431)
Profit for the year	**5,761,837**	6,037,625
Profit for the year attributable to:		
Owners of the Company	**4,903,654**	5,317,392
Non-controlling interests	**858,183**	720,233
	5,761,837	6,037,625
Earnings per share		
– basic	**HK$1.05**	HK$1.19
– diluted	**HK$1.04**	HK$1.17

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**5,761,837**	6,037,625
Other comprehensive income and expense:		
Exchange differences from translation	**1,030,232**	(43,552)
Share of changes in translation reserve of associates and jointly controlled entities	**385,606**	(5,087)
Fair value change on cash flow hedges	**24,076**	60,223
Other comprehensive income for the year	**1,439,914**	11,584
Total comprehensive income for the year	**7,201,751**	6,049,209
Total comprehensive income for the year attributable to:		
Owners of the Company	**6,079,511**	5,334,592
Non-controlling interests	**1,122,240**	714,617
	7,201,751	6,049,209

Consolidated Statement of Financial Position

As at 31 December 2010

	2010 HK$'000	2009 HK$'000
Non-current assets		
Property, plant and equipment	**84,273,757**	71,552,710
Prepaid lease payments	**1,891,805**	1,486,211
Mining rights	**9,939,938**	188,213
Exploration and resources rights	**148,218**	355,468
Interests in associates	**12,279,541**	9,107,332
Interests in jointly controlled entities	**935,595**	—
Goodwill	**3,796,731**	3,756,835
Investments in investee companies	**1,093,160**	201,053
Deposit paid for acquisition of property, plant and equipment	**1,145,815**	1,076,532
Deposit paid for acquisition of mining/exploration rights	**2,794,700**	10,023,947
Deposit paid for land use rights	**111,741**	161,305
Other non-current deposits paid	**158,170**	1,870,231
Pledged bank deposits	**—**	37,218
Deferred taxation assets	**107,084**	111,086
	118,676,255	99,928,141
Current assets		
Inventories	**2,006,017**	1,431,955
Trade receivables, other receivables and prepayments	**10,763,185**	8,288,090
Amounts due from associates	**2,853,053**	931,621
Amounts due from jointly controlled entities	**1,417,034**	—
Amounts due from related companies	**159,293**	167,813
Financial assets at fair value through profit or loss	**3,544**	5,844
Restricted bank balances	**58,641**	1,503,229
Pledged bank deposits	**271,818**	407,306
Bank balances and cash	**6,801,707**	6,261,931
	24,334,292	18,997,789

	2010 HK$'000	2009 HK$'000
Current liabilities		
Trade payables, other payables and accruals	**14,682,456**	12,763,230
Amounts due to associates	**1,092,917**	3,249,297
Amounts due to related companies	**116,386**	169,386
Taxation payable	**149,198**	62,298
Bank and other borrowings - repayable within one year	**20,667,961**	23,494,165
Derivative financial instruments	**—**	17,467
	36,708,918	39,755,843
Net current liabilities	**(12,374,626)**	(20,758,054)
Total assets less current liabilities	**106,301,629**	79,170,087
Non-current liabilities		
Bank and other borrowings - repayable after one year	**54,243,192**	32,990,302
Accrued retirement benefit cost	**286,801**	294,337
Derivative financial instruments	**323,885**	316,083
Deferred taxation liabilities	**493,655**	413,983
Deferred consideration payables	**693,987**	—
	56,041,520	34,014,705
	50,260,109	45,155,382
Capital and reserves		
Share capital	**4,719,501**	4,683,431
Share premium and reserves	**37,444,717**	32,910,548
	42,164,218	37,593,979
Non-controlling interests	**8,095,891**	7,561,403
	50,260,109	45,155,382

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**6,516,883**	6,408,056
Adjustments for:		
Amortisation of prepaid lease payments	**65,121**	56,100
Amortisation of mining rights	**176,294**	9,235
Depreciation for property, plant and equipment	**4,033,241**	3,178,919
Recognition of share-based payments	**27,688**	53,587
Interest expense	**2,526,568**	1,931,726
Interest income	**(187,645)**	(49,608)
Fair value change on financial assets at fair value through profit and loss	**2,300**	(2,882)
Fair value change on derivative financial instruments	**14,410**	6,508
Share of results of associates	**(790,346)**	(889,912)
Share of results of jointly controlled entities	**(289)**	—
Dividend received from an investee company	**(111,624)**	—
Gain on disposal of a subsidiary	**(127,477)**	—
Net gain on disposal of property, plant and equipment	**(153,680)**	(11,408)
Operating cash flows before movements in working capital	**11,991,444**	10,690,321
(Increase) decrease in inventories	**(474,492)**	556,415
Increase in trade receivables, other receivables and prepayments	**(1,505,908)**	(1,367,791)
Increase in trade payables, other payables and accruals	**1,444,601**	137,184
Decrease in accrued retirement benefit cost	**(19,145)**	—
PRC Enterprise Income Tax paid	**(616,047)**	(270,757)
NET CASH FROM OPERATING ACTIVITIES	**10,820,453**	9,745,372

	2010 HK$'000	2009 HK$'000
INVESTING ACTIVITIES		
Dividends received from associates	**921,971**	313,433
Dividend received from an investee company	**111,624**	—
Interest received	**272,675**	49,608
Decrease (increase) in pledged bank deposits	**190,238**	(363,006)
Release of (increase in) restricted bank balances	**1,444,964**	(1,412,923)
Purchase and deposit paid for acquisition of property, plant and equipment and land use rights	**(15,850,272)**	(11,503,328)
Purchase and deposit paid for acquisition of mining rights and exploration and resources rights	**(919,987)**	(7,563,833)
Loan repaid from a non-controlling shareholder of a subsidiary	**1,136**	147,377
Loan (advanced to) repaid from associates	**(1,542,149)**	371,234
Advance to a jointly controlled entity	**(1,410,624)**	—
Advance to a non-controlling shareholder of a subsidiary	**(96,171)**	—
Capital contribution for investments in associates	**(2,618,317)**	(41,742)
eposit paid for acquisition of subsidiaries	**—**	(677,869)
Deposit paid for acquisition of additional interest in a subsidiary	**(80,228)**	(134,390)
Investments in investee companies	**(36,179)**	(72,637)
Acquisitions of subsidiaries	**(119,161)**	(2,560,859)
Proceeds from disposal of property, plant and equipment	**316,763**	138,736
Advances to an investee company	**(42,285)**	—
Proceeds from disposal of a subsidiary	**200,393**	—
Advances to group companies	**—**	(20,005)
Net cash outflow from acquisition of assets through acquisition of subsidiaries	**(320,727)**	—
Capital contribution to jointly controlled entities	**(822,556)**	—
NET CASH USED IN INVESTING ACTIVITIES	**(20,398,892)**	(23,330,204)
FINANCING ACTIVITIES		
Proceeds from issuances of corporate bonds	**10,479,293**	—
New bank and other borrowings raised	**43,671,538**	37,705,145
Repayment of bank and other loans	**(36,394,972)**	(24,245,756)
Capital contribution from non-controlling shareholders	**148,972**	2,851,479
Proceeds on issue of shares	**159,281**	2,286,360
Acquisition of additional interests in subsidiaries	**(470,326)**	(172,283)
Purchase of shares held by incentive plan	**—**	(526,160)
Repayment of advances from associates	**(2,735,770)**	(406,781)
Advances from group companies	**272,163**	524,995
Repayment of advances from non-controlling shareholders of subsidiaries	**(25,734)**	(66,310)
Interest paid	**(2,726,813)**	(2,441,254)
Dividends paid	**(1,770,924)**	(619,505)
Dividends paid to non-controlling shareholders of subsidiaries	**(684,528)**	(465,822)
NET CASH FROM FINANCING ACTIVITIES	**9,922,180**	14,424,108
NET INCREASE IN CASH AND CASH EQUIVALENTS	**343,741**	839,276
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**6,261,931**	5,467,088
EFFECT ON FOREIGN EXCHANGE RATE CHANGE	**196,035**	(44,433)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTING BANK BALANCES AND CASH	**6,801,707**	6,261,931

OVERVIEW

Net profit for the year ended 31 December 2010 amounted to HK$4,903.7 million, representing a decrease of 7.8% from HK$5,317.4 million in 2009.

The decrease in net profit is mainly attributable to the following factors:

Increase in unit fuel cost — Fuel costs for 2010 amounted to HK$29,670.6 million, increased by 55.7% from HK$19,052.3 million in 2009. In the meantime, turnover increased by 46.3% as compared with 2009. Average unit fuel cost for our consolidated operating power plants in 2010 was RMB252.7/MWh, increased by 21.4% as compared to 2009. Average standard coal cost for our consolidated operating power plants in 2010 has increased by 23.8% on a year-on-year basis;

But partially offset by:

Increase in net generation volume. Total net generation volume of our 42 consolidated operating power plants and wind farms amounted to 95,189,601MWh in 2010, representing an increase of 26.5% from 75,248,994MWh in 2009. On a same plant basis, for the 23 coal-fired power plants which were in commercial operation for the entire year of 2009 and 2010, net generation volume has increased by 2.4%.

Increase in profit contribution from coal mine operations as well as our wind farms. During the year, our subsidiary coal mines produced a total of 9.55 million tonnes of coal, increased significantly by 265.9% when compared to the production volume of 2.61 million tonnes for 2009. Our attributable operational wind capacity also increased from 241MW as at the end of 2009 to 646MW as at the end of 2010. The increase in our coal production volume as well as our capacity from non-coal-fired power projects (mainly wind farms) enabled us to increase our profit streams from either operations which directly benefit from a significant coal price increase or operations which will not be negatively impacted by coal price movement in the country.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

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

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

The Group had net current liabilities as at 31 December 2010. The directors of the Company (the "Directors") are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of the financial statements. Hence, the financial statements have been prepared on a going concern basis

TURNOVER AND SEGMENT INFORMATION

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

	2010 **HK$'000**	2009 HK$'000
Sales of electricity	**41,718,794**	30,918,198
Heat supply	**1,429,117**	932,037
Sales of coal	**5,430,402**	1,363,441
	48,578,313	33,213,676

Turnover for the year ended 31 December 2010 is HK$48,578.3 million, representing a 46.3% increase from HK$33,213.7 million for the year ended 31 December 2009. The increase in turnover was mainly due to (1) an increase in net generation volume in 2010 and (2) an increase in total volume of coal produced by our subsidiary coal mines, as well as (3) an increase in average sales price of coal. Total net generation volume of our 42 consolidated operating power plants and wind farms increased by 26.5% from 75,248,994MWh in 2009 to 95,189,601MWh in 2010. In addition, our subsidiary coal mines produced a total of 9.55 million tonnes of coal, increased by 265.9% as compared to 2.61 million tonnes produced in 2009. Average sales price of coal for the year was RMB484.5 per tonne, increased by approximately 21.1% when compared to the average sales price of coal for 2009. This is in line with the overall price increase trend in the Chinese domestic market.

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

SEGMENT REVENUES AND RESULTS

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

For the year ended 31 December 2010

	Sales of electricity HK$´000	Coal mining HK$´000	Eliminations HK$´000	Total HK$´000
Revenue				
External sales	43,147,911	5,430,402	—	48,578,313
Inter-segment sales	—	191,464	(191,464)	—
Total	43,147,911	5,621,866	(191,464)	48,578,133
Segment result	6,966,534	1,380,440	—	8,346,974
Unallocated corporate expenses				(394,870)
Interest income				187,645
Fair value change on derivative financial instruments				(14,410)
Gain on disposal of a subsidiary				127,477
Finance costs				(2,526,568)
Share of results of associates				790,346
Share of results of jointly controlled entities				289
Profit before taxation				6,516,883

For the year ended 31 December 2009

	Sales of electricity HK$´000	Coal mining HK$´000	Eliminations HK$´000	Total HK$´000
Revenue				
External sales	31,850,235	1,363,441	—	33,213,676
Inter-segment sales	—	149,246	(149,246)	—
Total	31,850,235	1,512,687	(149,246)	33,213,676
Segment profit	7,172,457	436,177	—	7,608,634
Unallocated corporate expenses				(201,864)
Interest income				49,608
Fair value change on derivative financial instruments				(6,508)
Finance costs				(1,931,726)
Share of profit of associates				889,912
Profit before taxation				6,408,056

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, and other operating expenses. Other operating expenses include staff costs, certain operating costs for coal mine operations (other than repair and maintenance and depreciation and amortisation), such as materials, land sliding fee sustainable development fund, safety fee, discharge fee, professional fee, office rent, travelling expenses, entertainment expenses and write-off of pre-operating expenses. Operating expenses amounted to HK$41,455.2 million for the year ended 31 December 2010, representing a 58.4% increase from HK$26,173.5 million for the year ended 31 December 2009. The increase in operating expenses was mainly due to a significant increase in fuel costs and other operating expenses as well as an increase in total depreciation and amortisation expenses.

Fuel costs for the year ended 31 December 2010 amounted to approximately HK$29,670.6 million, representing an increase of HK$10,618.3 million or 55.7% from HK$19,052.3 million for the year ended 31 December 2009. This is mainly due to an increase of average standard coal cost for our consolidated operating power plants in 2010 by 23.8% year-on-year. Average unit fuel cost for our consolidated operating power plants in 2010 was RMB252.7/MWh, increased by 21.4% on a year-on-year basis. Fuel costs accounted for approximately 71.6% of the total operating expenses for the year ended 31 December 2010, compared to 72.8% for the year ended 31 December 2009.

The total depreciation and amortisation expenses increased by HK$1,030.4 million or 31.8% during the year to a total of HK$4,274.7 million for the year of 2010. This is mainly due to an increase in the total number of operating coal-fired power plants and wind farms during the year with our attributable operational capacity increased from 17,753MW as at the end of 2009 to 19,358MW as at the end of 2010. In addition, a number of coal mines in Shanxi province resumed commercial production during the year which resulted in an increase in depreciation and amortisation for coal mines.

Other operating expenses for the year ended 31 December 2010 amounted to approximately HK$6,743.3 million, increased by HK$3,446.0 million or 104.5% from HK$3,297.3 million for the year of 2009. This is mainly due to the fact that our coal mine operations expanded in the year of 2010 with total production volume produced by our subsidiary coal mines increased by 265.9% to 9.55 million tonnes. As a result, total staff costs increased in the year. In addition, as our other operating expenses include many expenses relating to coal mine operations, including sustainable development fund and other fees, charges and funds levied by the Chinese government, our total other operating expenses increased significantly during the year.

OTHER INCOME AND OTHER GAINS AND LOSSES

Other income and other gains and losses amounted to HK$730.5 million and HK$399.3 million, respectively for 2010, representing 79.9% and 109.9 times increase from HK$406.1 million and HK$3.6 million, respectively in 2009. The increase in other income is mainly attributable to dividend income received from an investee company under Jiangsu Kunlun, interest income and income received under Clean Development Mechanism ("CDM").

The increase in other gains and losses is mainly due to a gain on disposal of property, plant and equipment of HK$153.7 million which mainly comprises of government grant and proceeds from disposal of equipment received for the closing of 200MW units of our Jinzhou Power Plant, net exchange gain of HK$134.8 million arising from the issuance of US dollar denominated bonds and a gain on disposal of a 50% stake in our Hezhou Power Plant of HK$127.5 million.

PROFIT FROM OPERATIONS

Profit from operations represents profit from subsidiaries before deduction of finance costs and non-controlling interests. Profit from operations amounted to HK$8,252,8 million for the year ended 31 December 2010, representing a 10.8% increase from HK$7,449.9 million for the year ended 31 December 2009. The increase was mainly due to (1) an increase in profit contribution from our coal mine operations with our production volume from subsidiary coal mines increased by 265.9% to 9.55 million tonnes during the year; (2) increase in profit contribution from our wind farms with our total attributable operational wind capacity increased from 241MW as at the end of 2009 to 646MW as at the end of 2010; (3) increase in our total net generation volume, (4) increase in other income and other gains and losses of HK$324.4 million and 395.6 million, respectively and (5) offset by a significant increase in the average standard coal cost of 23.8% for the year.

FINANCE COSTS

Finance costs amounted to HK$2,526.6 million for the year ended 31 December 2010, representing a 30.8% increase from HK$1,931.7 million for the year ended 31 December 2009. The increase in finance costs is mainly due to a 39.6% increase in average bank and other borrowings (calculated using bank and other borrowings outstanding at the beginning and end of the year) from HK$47,078.0 million for 2009 to HK$65,697.8 million for 2010.

	2010 **HK$'000**	2009 HK$'000
Interest on bank and other borrowings:		
– wholly repayable within five years	**2,532,325**	1,872,828
– not wholly repayable within five years	**231,535**	437,769
Interest on corporate bonds:		
– wholly repayable within five years	**70,844**	—
– not wholly repayable within five years	**206,273**	—
	3,040,977	2,310,597
Less: Interest on specific loans capitalised in property, plant and equipment	**(514,409)**	(378,871)
	2,526,568	1,931,726

SHARE OF RESULTS OF ASSOCIATES

Share of results of associates for the year ended 31 December 2010 amounted to HK$790.3 million, representing a 11.2% decrease from HK$889.9 million for the year ended 31 December 2009. The decrease was mainly due to share of loss from CR Taiyuan which amounted to HK$95.3 million.

SHARE OF RESULTS OF JOINTLY CONTROLLED ENTITIES

Share of results of jointly controlled entities for the year ended 31 December 2010 amounting to HK$0.3 million (2009: Nil) was mainly due to share of profit from Tianjin Zhonghai Huarun Marine Co., Ltd., partially offset by a share of loss of CR Shanxi which was jointly controlled by Shanxi CR Liansheng and CITIC Trust.

FAIR VALUE CHANGE ON DERIVATIVE FINANCIAL INSTRUMENTS

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion and changes in fair value of some swaps that do not qualify for hedge accounting are recognised immediately in profit and loss. Fair value loss on derivative financial instruments for the year ended 31 December 2010 amounted to HK$14.4 million and represented the loss relating to the ineffective portion of cash flow hedge.

TAXATION

Taxation charge for the year ended 31 December 2010 was HK$755.0 million, representing a 103.8% increase from HK$370.4 million for the year ended 31 December 2009. PRC Enterprise Income Tax for the year ended 31 December 2010 was HK$689.8 million, representing a 132.3% increase from HK$296.9 million for the year ended 31 December 2009. The increase in PRC Enterprise Income Tax mainly reflected improvement in profitability of coal mine operations. As our coal mine operations are required to pay PRC Enterprise Income Tax at the standard rate of 25%, increase in production volume and operating profit from our coal mine operations will result in an increase in PRC Enterprise Income Tax expenses.

Details of the taxation charge for the year ended 31 December 2009 and 2010 are set out below:

	2010 **HK$'000**	2009 HK$'000
The charge comprises		
The Company and its subsidiaries PRC Enterprise Income Tax		
– current	**682,662**	287,196
– underprovision in prior years	**7,120**	9,660
	689,782	296,856
Deferred taxation	**65,264**	73,575
	755,046	370,431

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

PROFIT FOR THE YEAR

	2010 HK$'000	2009 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration		
– Fees	**1,202**	1,049
– Other emoluments	**17,889**	10,519
– Pension costs	**472**	381
– Share option benefits expenses	**393**	461
	19,956	12,410
Salaries, wages and bonus	**2,199,771**	1,484,558
Pension costs, excluding directors	**368,996**	204,326
Share option benefits expenses, excluding directors	**27,295**	53,126
Total staff costs	**2,616,018**	1,754,420
Amortisation of prepaid lease payments	**65,121**	56,100
Amortisation of mining rights (included in depreciation and amortisation)	**176,294**	9,235
Auditor's remuneration	**4,952**	5,312
Depreciation of property, plant and equipment	**4,033,241**	3,178,919
Fair value change on derivative financial instruments (included in other gains and losses)	**14,410**	6,508
Fair value change on financial assets at fair value through profit and loss (included in other gains and losses)	**2,300**	—
Net exchange loss	**—**	4,145
Minimum lease payments under operating leases in respect of:		
– land and buildings	**80,377**	82,473
– other assets	**10,875**	8,534
Pre-operating expenses of subsidiaries (included in other operating expenses)	**44,170**	55,588
and after crediting:		
Included in other income		
CDM income	**88,203**	—
Dividend income from investee companies	**111,624**	—
Government grant	**69,100**	96,542
Interest income	**187,645**	49,608
Sales of scrap materials	**148,039**	155,266
Service income from heat connection contracts	**56,577**	52,572
Included in other gains and losses		
Fair value change on financial assets at fair value through profit or loss	**—**	2,882
Gain on disposal of a subsidiary	**127,477**	—
Net exchange gain	**134,834**	—
Net gain on disposal of property, plant and equipment	**153,680**	11,408
Expenses capitalised in construction in progress:		
Salaries, wages and bonus	**118,595**	125,450
Pension costs	**24,310**	20,807
Depreciation of property, plant and equipment	**6,377**	5,162

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the above, the Group's net profit has decreased to HK$4,903.7 million for the year ended 31 December 2010 from HK$5,317.4 million in 2009, representing a 7.8% decrease year-on-year.

EARNINGS PER SHARE

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

	2010 HK$'000	2009 HK$'000
Profit attributable to owners of the Company	**4,903,654**	5,317,392

	Number of ordinary shares	
	2010	2009
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	**4,659,998,240**	4,454,782,698
Effect of dilutive potential ordinary shares:		
– share options	**70,242,373**	97,822,679
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,730,240,613**	4,552,605,377

	2010 HK$	2009 HK$
Basic earnings per share	**1.05**	1.19
Diluted earnings per share	**1.04**	1.17

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board resolved to recommend a final dividend of HK$0.27 per share for the year ended 31 December 2010 (2009: HK$0.32 per share).

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the final dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 8 June 2011. The register of members of the Company will be closed from Thursday, 2 June 2011 to Wednesday, 8 June 2011 (both days inclusive), during which no share transfer will be registered. To qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 1 June 2011. The dividend will be payable on or about 30 June 2011.

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 2010. The Directors are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements for at least the next 12 months commencing from the date of the financial statements.

The bank balances and cash as at 31 December 2010 denominated in local currency and foreign currencies amounted to HK$215.5 million, RMB5,250.3 million and US$53.5 million.

The bank and other borrowings of the Group as at 31 December 2009 and 2010 were as follows:

	2010 **HK$'000**	2009 HK$'000
Secured bank loans	**861,058**	6,159,953
Unsecured bank loans	**63,294,724**	49,863,124
Corporate bonds	**10,653,559**	—
Other loans	**101,812**	461,390
	74,911,153	56,484,467

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

	2010 **HK$'000**	2009 HK$'000
Within 1 year	**20,667,961**	23,494,165
More than 1 year, but not exceeding 2 years	**24,441,275**	9,578,244
More than 2 years, but not exceeding 5 years	**16,226,073**	17,163,792
More than 5 years	**13,575,844**	6,248,266
	74,911,153	56,484,467
The above secured bank and other borrowings are secured by:		
Pledge of assets *(note)*	**1,843,895**	10,367,797

Note: Certain bank loans were secured by the Group's land use rights, buildings, power generating plant and equipment and note receivables with carrying values of HK$65,444,000 (2009:HK$32,628,000), HK$128,543,000 (2009: HK$915,983,000), HK$1,418,691,000 (2009: HK$9,130,402,000) and HK$231,217,000 (2009: HK$288,784,000), respectively.

The bank and other borrowings as at 31 December 2010 denominated in local currency and foreign currencies amounted to HK$14,019.0 million, RMB47,868 million and US$602.6 million, respectively.

As at 31 December 2010, bank borrowings of HK$14,019.0 million and US$100 million (2009: HK$10,287.0 million) bore interest at a range from HIBOR plus 0.30% to HIBOR plus 1.50% per annum and LIBOR plus 0.59%, respectively. The remaining bank borrowings carried interest rates at a range from 1.79% to 6.12% (2009: 1.79% to 7.60%) per annum.

As at 31 December 2010, other loans of HK$94.0 million was provided by Anhui Province Energy Group Co., Ltd. (安徽省能源集團有限公司), the holding company of the non-controlling shareholder of Fuyang China Resources Power Company Limited, which bears interest at 4.514% per annum and is repayable in 2011. For the year ended 31 December 2010, total interest incurred is HK$8.9 million.

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 2010, loans of HK$6,619.0 million which were provided using floating rates were swapped to fixed interest rates at a range from 2.075% to 4.52% per annum.

As at 31 December 2010, the Group's ratio of net debt to shareholders' equity was 161.5%, with total debt to total capitalisation ratio of 59.8%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plan and operations.

For the year ended 31 December 2010, the Group´s primary sources of funding included new bank and other borrowings raised, net cash inflow from operating activities and proceeds from issuances of corporate bonds, which amounted to HK$43,671.5 million, HK$10,820.5 million and HK$10,479.3 million, respectively. The Group´s funds were primarily used in repayment of short-term bank loans, purchase and deposit paid for acquisition of property, plant and equipment and land use rights, repayment of advances from associates, interest paid and capital contribution for investments in associates, which amounted to HK$36,395.0 million, HK$15,850.3 million, HK$2,735.8 million, HK$2,726.8 million and HK$2,618.3 million, respectively.

TRADE RECEIVABLES

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

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

	2010 **HK$'000**	2009 HK$'000
0 - 30 days	**6,422,154**	5,010,516
31 -60 days	**271,699**	90,186
Over 60 days	**71,906**	86,344
	6,765,759	5,187,046

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:

	2010 HK$'000	2009 HK$'000
0 - 30 days	**2,994,329**	1,674,656
31 - 90 days	**483,608**	584,550
Over 90 days	**383,171**	259,613
	3,861,108	2,518,819

KEY FINANCIAL RATIOS OF THE GROUP

	2010	2009
Current ratio *(times)*	**0.66**	0.48
Quick ratio *(times)*	**0.61**	0.44
Net debt to shareholders' equity *(%)*	**161.5**	133.6
EBITDA interest coverage *(times)*	**4.38**	5.01

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 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 2010, the Group had HK$215.5 million and US$53.5 million cash at bank, and HK$14,019.0 million and US$602.6 million bank and other borrowings on its consolidated statement of financial position, the remaining assets and liabilities of the Group were mainly denominated in RMB.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2010 (2009: Nil).

EVENTS AFTER THE REPORTING PERIOD

China Resources Coal Holdings Company Limited, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party on 11 March 2011 to acquire 100% of the share capital of AACI SAADEC (HK) Holdings Limited from such independent third party for a total consideration of US$669 million. AACI SAADEC (HK) Holdings Limited holds 56% equity interest in Shanxi Asian American-Daning Energy Co., Ltd. ("Shanxi Asian American-Daning") which operates the Shanxi Asian American-Daning Coal Mine, a coal mine located at Yangcheng County, Jincheng City, Shanxi Province, the PRC. Shanxi Asian American-Daning also holds equity interest in three PRC domestic companies (the "Invested Companies"). The acquisition has been completed on the same day immediately after the execution of the acquisition agreement. Upon completion of the Acquisition, (i) AACI SAADEC (HK) Holdings Limited will be counted as a subsidiary of the Company; and (ii) Shanxi Asian American-Daning will be counted as an associate company of the Company due to the voting arrangements of its board. The Invested Companies will also be counted as associate companies of the Company.

In mid-March 2011, Shanxi Lanhua Coal Industrial Group Company Limited ("Lanhua Group"山西蘭花煤炭實業集團有限公司) which is a parent company of the joint venture partner of Shanxi Asian American-Daning, submitted a request to the Ministry of Land and Resources of the Peoples's Republic of China (MLR) to conduct an administrative review on the mining licence certificate to Shanxi Asian American-Daning and request to revoke such mining licence certificate and grant the same to Lanhua Group. The joint venture partner itself previously submitted a request for a similar administrative review against the Department of Land and Resources of Shanxi province (山西省國土資源廳) in 2009, which was suspended by the MLR. There can be no assurance, however, that the MLR will not accept the present request by Lanhua Group, or that the MLR will not revoke the mining licence certificate of Daning Coal Mine. If the determination of the administrative review is unfavourable to CR Coal Holdings, CR Coal Holdings has the right to seek legal rescue, including initiating an administrative litigation against the MLR or applying for a ruling by the State Council (國務院). If the mining licence certificate held by Shanxi Asian American-Daning is eventually revoked, the value of CR Coal Holdings' investment in Daning Coal Mine may substantially decrease, CR Coal Holdings may not be able to recover such loss, if at all, from AACI SAADEC (BVI) Holdings Limited, which in turn, could have an adverse effect on the financial condition or the results of operations of the Company.

EMPLOYEES

The Group had approximately 38,000 employees as at 31 December 2010.

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. The Company has also implemented share option schemes and medium to long-term performance evaluation incentive plan in order to attract and retain the best available personnel and to provide additional incentives to employees.

Corporate Governance Report

China Resources Power Holdings Company Limited (the "Company" or "CR Power") and the directors of the Company (the "Directors") consistently regards good corporate governance as a key part of value creation. To achieve maximization of shareholder value, employee value and company value, the Board and the management of the Company strongly believe that a high 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. The Board acknowledges its responsibilities in establishing and maintaining a good and sound corporate governance structure and complying with the best corporate governance practices, as well as through experience accumulation and proper adoption of advice from investors, in order to continuously improve its accountability and transparency and fully disclose its corporate governance principles and practices.

In 2010, CR Power has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the deviation of code provision E.1.2. CR Power also complied with all of the recommended best practices in the Code.

The following summarizes CR Power's corporate governance practices and explains the above deviation from the Code.

A. DIRECTORS

A.1 The Board

Principle

A company should be headed by an effective board which should assume responsibility for leadership and control of the company and be collectively responsible for promoting its success by directing and supervising the company's affairs. Directors should make decisions objectively in the interests of the company.

The Board is responsible for 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 the following:

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

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

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

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

The Company has in place internal guidelines setting forth matters that require the Board's approval. Under the guidelines, major capital expenditure, including investment in new coal-fired power plants, coal mine and alternative energy projects, expansion of existing power plants, acquisition of power plants, coal mines and related business and assets, and major financing plans, requires the approval of the Board.

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

A.1.1 The Board met 9 times in the period under review. Each meeting involved the active participation in person of a majority of Directors entitled to be present. Other Directors actively participated in the meetings through conference call.

In the period under review, Mr. Wang Shuai Ting, Ms. Wang Xiao Bin, Mr. Zhang Shen Wen, Mr. Anthony H. Adams, Mr. Chen Ji Min and Mr. Ma Chiu-Cheung, Andrew were Directors throughout the year.

During 2010, Mr. Wang Yu Jun and Mr. Li She Tang were the newly appointed Executive Directors; Mr. Du Wenmin, Mr. Wei Bin, Mr. Shi Shanbo and Mr. Zhang Haipeng were the newly appointed Non-Executive Directors; and Ms. Elsie Leung Oi-sie and Mr. Raymond K. F. Ch'ien were the newly appointed Independent Non-Executive Directors.

The above Directors' attendance at the meetings of the Board and committees are as follows:

	Number of meetings attended/Number of meetings held during the office of directorship	Attendance during the office of directorship
Executive Directors		
Wang Shuai Ting	7/9	78%
Wang Yu Jun	2/3	67%
Wang Xiao Bin	6/9	67%
Zhang Shen Wen	9/9	100%
Li She Tang	2/3	67%
Non-Executive Directors		
Du Wenmin	2/3	67%
Shi Shanbo	3/5	60%
Wei Bin	2/3	67%
Zhang Haipeng	2/3	67%
Independent Non-Executive Directors		
Anthony H. Adams	6/9	67%
Chen Ji Min	9/9	100%
Ma Chiu-Cheung, Andrew	7/9	78%
Elsie Leung Oi-sie	3/5	60%
Raymond K. F. Ch'ien	3/5	60%

A.1.2 In the period under review, arrangements for each Board meeting were in place to ensure that all Directors were given an opportunity to include matters in the agenda for regular Board meetings. The Board of the Company was supported by four committees. Each committee had its own responsibilities, power and functions. The Chairmen of respective committees reported to the Board regularly and made recommendations on matters discussed when appropriate.

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

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

A.1.5 Minutes of Board meetings and meetings of its committees should be kept by a duly appointed secretary of the meeting and arranged to be reviewed by the Directors present in the meetings. Such minutes will be made available by the Company for inspection at any reasonable time on reasonable notice by any Director when he/she deems necessary.

A.1.6 Minutes of Board meetings and meetings of its committees recorded in sufficient 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 comment within a reasonable time after the meetings are held.

A.1.7 Directors were noticed to seek professional advice from independent third parties in appropriate circumstances at the Company's expense.

A.1.8 If a substantial shareholder or a Director had a conflict of interest in a matter to be considered by the Board which the Board had determined to be material, the matters should be dealt with in accordance with applicable regulations by the Board and a Board meeting should be held if necessary.

In addition, in accordance with the recommended best practices, the Company had arranged insurance cover in respect of legal action against the Directors in the period under review.

A.2 Chairman and Chief Executive Officer

Principle

There are two key aspects of the management of a company - the operation and management of the board and the day-to-day management of the company's business. There should be a clear division of these responsibilities at the board level to ensure that there is a balance of power and authority and that power will not be concentrated in any one individual.

In the period under review, the Company strictly complied with the above principle and code provision A.2.1 to A.2.3 as described as follows:

A.2.1 The roles of Chairman and Chief Executive Officer of the Company are separate and performed by different individuals and the division of responsibilities between the Chairman and the Chief Executive Officer has been clearly established and set out in writing.

Mr. Song Lin resigned as chairman of the Board and executive director of the Company on 9 July 2010. Mr. Wang Shuai Ting resigned as chief executive officer and was appointed as chairman of the Board of the Company on 9 July 2010. In addition, Mr. Wang Yu Jun was appointed as executive director and chief executive officer of the Company on 9 July 2010.

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

The Chief Executive Officer of the Company is Mr. Wang Yu Jun, who 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 Chief Executive Officer).

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

In addition, the Company complied with all recommended best practices except A.2.7 in the period under review.

A.3 Composition of the Board

Principle

The board should have a balance of skills and experience appropriate for the requirements of the business of the company. The board should ensure that changes to its composition can be managed without undue disruption. The board should include a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight. According to Rule 3.10 of the Listing Rules, the board of directors of a listed company shall have at least three independent non-executive directors.

In the period under review, the Company strictly complied with the requirements of Rule 3.10 of the Listing Rules, the above principle and code provision A.3.1.

At the date of this report, the Board consists of 14 Directors, 5 of whom are executive directors, 4 are non-executive directors and 5 are independent non-executive directors. The number of independent non-executive directors has met the requirement of Rule 3.10 of the Listing Rules, i.e. the number of independent non-executive directors exceeded three.

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

		Committee Membership			
Director	Board Designation	Strategy and Development	Audit	Remuneration	Nomination
Wang Shuai Ting	E, Chairman	Chairman		Chairman	Chairman
Wang Yu Jun	E	√			
Wang Xiao Bin	E				
Zhang Shen Wen	E	√			
Li She Tang	E	√			
Du Wenmin	NE			√	√
Shi Shanbo	NE		√		
Wei Bin	NE	√			
Zhang Haipeng	NE	√			
Anthony H. Adams	INED		√	√	
Chen Ji Min	INED		√		√
Ma Chiu-Cheung, Andrew	INED		Chairman	√	
Elsie Leung Oi-sie	INED		√		√
Raymond K. F. Ch'ien	INED			√	√

Note:

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

A.3.1 The independent non-executive directors are expressly identified as such in all corporate communications that disclose the names of directors of the Company. 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. Independent non-executive directors accounted for more than one-third of the members of the Board.

Each member of the Board has different background and professional specializations. The Board includes five active independent non-executive directors who are influential in different sectors, to whom shareholder concerns can be conveyed through effective communication with shareholders; while their expertise in investment, finance and operations in respect of the power industry contributed to the enhancement of corporate governance and effective leadership of the Company.

Mr. Ma Chiu-Cheung, Andrew, is the independent non-executive director with appropriate professional qualifications as required under the Listing Rules and is appointed as the Chairman of the Audit Committee, which comprises only non-executive directors and independent non-executive directors. Brief biographies of Board members are disclosed on page 16 to page 21 of this Annual Report.

The Company complied with all recommended best practices in the period under review.

A.4 Appointments, re-election and deposition of Board members

Principle

There should be a formal, considered and transparent procedure for the appointment of new directors to the board. There should be plans in place for orderly succession for appointments to the board. All directors should be subject to re-election at regular intervals. A company must explain the reasons for the resignation or removal of any director.

In the period under review, the Company strictly complied with the above principle and code provision A.4.1 to A.4.2 as described as follows:

A.4.1 All the non-executive directors were appointed for a specific term, and all directors were 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, retire by rotation and being eligible, offer themselves for re-election in the forthcoming annual general meeting of the Company every year, provided that every Director shall be subject to retirement by rotation at least every three years.

The Nomination Committee held two meetings in 2010. At its first meeting in 2010, the Committee evaluated the effectiveness of the Board and reviewed the composition of the Board, and recommended the approval of the resignation of Mr. Tang Cheng, Ms. Chen Xiao Ying and Mr. Wu Jing Ru as Directors. In addition, the Nomination Committee recommended the appointment of Ms. Elsie Leung Oi-sie and Mr. Raymond K. F. Ch'ien as independent non-executive Directors of the Company and the appointment of Mr. Shi Shanbo as non-executive Director of the Company.

Mr. Tang Cheng resigned as executive Director on 22 April 2010. Ms. Chen Xiao Ying resigned as non-executive Director of the Company on 22 April 2010. Mr. Wu Jing Ru resigned as independent non-executive Director of the Company on 22 April 2010.

Ms. Elsie Leung Oi-sie and Mr. Raymond K. F. Ch'ien were appointed as independent non-executive Directors of the Company on 22 April 2010. Mr. Shi Shanbo was appointed as non-executive Director of the Company on 22 April 2010.

At its second meeting in 2010, the Nomination Committee reviewed the composition of the Board, its committees and the Management. Mr. Song Lin resigned as chairman of the Board and executive Director of the Company, and was succeeded by Mr. Wang Shuai Ting as chairman of the Board, who resigned as chief executive officer. The Nomination Committee nominated Mr. Wang Yu Jun as chief executive officer and executive Director of the Company and recommended the appointment of Mr. Li She Tang as executive Director of the Company. Mr. Jiang Wei resigned as non-executive Director of the Company. The Nomination Committee recommended the appointment of Mr. Wei Bin, Mr. Du Wenmin and Dr. Zhang Haipeng as non-executive Directors of the Company.

Mr. Wang Yu Jun was appointed as executive Director and chief executive officer of the Company on 9 July 2010. Mr. Li She Tang was appointed as executive Director of the Company on 9 July 2010. Mr. Du Wenmin, Mr. Wei Bin and Dr. Zhang Haipeng were appointed as non-executive Directors of the Company on 9 July 2010.

In accordance with the Company's Articles of Association, Mr. Wang Yu Jun, Mr. Li She Tang, Mr. Du Wenmin, Mr. Wei Bin and Dr. Zhang Haipeng shall retire at the forthcoming annual general meeting and shall be subject to re-election by shareholders.

In addition, Mr. Wang Shuai Ting, Mr. Zhang Shen Wen, Ms. Wang Xiao Bin, Mr. Shi Shanbo and Mr. Chen Ji Min shall retire from office by rotation at the forthcoming annual general meeting and be subject to re-election by shareholders.

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 or next annual general meeting. The Company currently does not have any Director appointed to fill a casual vacancy.

The Company has established a nomination committee with specific written terms of reference. The Nomination Committee is mainly composed of independent non-executive Directors. As at the date of this report, the Nomination Committee comprises five Directors, namely Mr. Wang Shuai Ting as the Chairman, non-executive Director Mr. Du Wenmin, independent non-executive Directors Ms. Elsie Leung Oi-sie, Mr. Chen Ji Min and Mr. Raymond K. F. Ch'ien. In 2010, the Nomination Committee held two meetings and each member attended all meetings in person during the office of directorship.

The main role of the Nomination Committee is to assure the process of appointments and re-election of the Directors are transparent and to assess effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board.

The responsibilities of the Nomination Committee (as set out in the Company's website: www.cr-power.com) are as follows:

(1) to regularly review the structure, size and composition (including skills, knowledge and experience) of the Board and make recommendations to the Board in relation to any proposed changes;

(2) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(3) to evaluate the independence of independent non-executive Directors;

(4) to evaluate the performance of Directors and make recommendations to the Board in respect of the appointment or re-appointment of Directors and succession planning for Directors particularly the Chairman and the Chief Executive Officer, and

(5) to consider other topics, as defined by the Board.

The Chairman of the Nomination Committee reports the findings and recommendations to the Board after each meeting.

In addition, the Company strictly complied with all recommended best practices in the period under review.

A.5 Responsibilities of Directors

Principle

Every director is required to keep abreast of his/her responsibilities as a director of the company and of the conduct, business activities and development of the company. Given the essential unitary nature of the board, non-executive directors have the same duties of care and skill, and fiduciary duties as executive directors.

In the period under review, the Company strictly complied with the above principle and code provision A.5.1 to A.5.4 as described as follows:

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

A.5.2 The non-executive Directors actively participated in Board meetings of the Company and were invited to serve on the audit, remuneration, nomination committee and other governance committees. The Directors were encouraged to participate in continuous professional development programmes at the Company's expense. The independent non-executive Directors were also invited to visit the power plants and attend the general meetings, thus enabling them to develop a good understanding of the activities of the Company and the views of the shareholders.

A.5.3 In the period under review, the attendance at the Board meeting was good. Each executive Director and non-executive Director ensured that he/she could give sufficient time and attention to the affairs of the Company.

A.5.4 The Company has also established written guidelines for senior management in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, and 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.

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 set out in Appendix 10 of the Listing Rules throughout the year ended 31 December 2010.

In addition, the Company complied with all recommended best practices in the period under review.

A.6 Supply of and access to information

Principle

Directors should be provided in a timely manner with appropriate information in such form and of such quality as will enable them to make an informed decision and to discharge their duties and responsibilities.

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

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

A.6.2 All Directors are entitled to have access to board papers and related materials. To enable Directors to make decisions based upon the related data on hand, the management is required to provide complete and reliable information and provide briefing to the Board in respect of the matters and issues under consideration.

The Company keeps the Board members informed of the latest developments of the Company in a timely manner. In addition to regular Board meetings, the Company also provides the Directors with reports in relation to news releases, investor relations activities and share price performance on a monthly basis.

The Company has set out an internal guideline to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expense.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Principle

The issuer should disclose its directors' remuneration policy and information on other remuneration related matters. There should be a formal and transparent procedure for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors. Levels of remuneration should be sufficient to attract and retain the directors needed to run the company successfully, but companies should avoid paying more than is necessary for this purpose. No director should be involved in deciding his/her own remuneration.

In the period under review, the Company strictly complied with the above principle and code provision B.1.1 to B.1.5 as described as follows:

B.1.1 The Board has established a remuneration committee, based on the duties and expertise of the Board members, the proposed changes to the composition of the Remuneration Committee were approved at the Board meeting held on 8 July 2010. As at the date of this report, members of the remuneration committee include Mr. Wang Shuai Ting, Mr. Du Wenmin, Mr. Anthony H. Adams, Mr. Ma Chiu- Cheung, Andrew and Mr. Raymond K. F. Ch'ien. Mr. Wang Shuai Ting is the Chairman of the Remuneration Committee. Among the five members of the remuneration committee, one member is executive Director, one member is non-executive Director and three members are independent non-executive Directors.

The Remuneration Committee did not hold any meeting in 2010.

B.1.2 The Remuneration Committee had consulted the Chairman and/or Chief Executive Officer about their proposals relating to the remuneration of other executive Directors and the senior management.

B.1.3 The terms of reference of the Remuneration Committee (formulated by the Company and adopted by the Board) as set out in the Company's website: www.cr-power.com) are as follows:

(1) to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration;

(2) duties as designated by the Board, i.e. to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, which in turn includes any compensation payable for loss or termination of their office or appointment. Factors to be taken into consideration include but not limited to salaries paid by comparable companies, time devoted by the Director and his/her duties, employment conditions elsewhere in the Company and its subsidiaries and desirability of performance-based remuneration;

(3) to review and approve performance-based remuneration by reference to corporate goals and objectives approved by the Board from time to time;

(4) to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(5) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

(6) to make recommendations to the Board of the remuneration of non-executive Directors;

(7) to ensure that none of the Directors or any of their respective associates determine their own remuneration;

(8) to consult the Chairman and/or Chief Executive Officer on the recommendation of remuneration of executive Directors, and if necessary, to seek professional advice;

(9) to consider other topics, as defined by the Board.

B.1.4 The terms of reference of the Remuneration Committee are set out in the Company's website: www.cr-power.com as detailed in B.1.3 above.

B.1.5 The Remuneration Committee was provided with sufficient resources to discharge its duties.

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 Company's policy is to determine executive Directors' and senior management's bonus based on the Company's and individual's performance for the year. The Company has also set up the Medium to Long-term Performance Evaluation Incentive Plan to retain the best available personnel, to provide long-term incentive to employees and to ensure the interests of the executive Directors, senior management and staff are aligned with those of the shareholders (the "Shareholders"). Please refer to Note 9 under the section "Notes to the Financial Statements" in this Annual Report on page 115 to page 117 for details on Directors' remuneration.

In addition, the Company complied with all recommended best practices.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial reporting

Principle

The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

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

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

C.1.2 The Directors acknowledge that they are responsible for overseeing the preparation of financial statements of each financial period, which gives a true and fair view of the operating results and financial conditions of the Company. There should be a statement by the auditors about their reporting responsibilities in the annual report and the interim report as detailed in the auditors' report and review report in the annual report and the interim report respectively. In the period under review, the Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In preparing the financial reports for the year ended 31 December 2010, the Directors have selected appropriate accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable, and prepared accounts on a going concern basis.

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

Currently, the Company has not decided to announce and publish results on a quarterly basis and has not complied with recommended best practices C.1.4 and C.1.5.

C.2 Internal controls

Principle

The board should ensure that the company maintains sound and effective internal controls to safeguard the shareholders' investment and the company's assets.

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

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

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

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

C.2.2 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 12 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 Committee and administratively to the Chief Executive Officer. The internal auditors can employ outside resources when necessary.

The responsibilities of the internal auditors include but not limited to the following:

(1) to review adequacy and effectiveness of internal systems and controls;

(2) to comply with the Company's policies and procedures, appropriate laws and good business practices; and

(3) to apply the Company's resources economically and effectively.

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.

During 2010, the internal audit department regularly completed the internal audit and the follow-up audits on a number of subsidiaries and branches of the Company, and presented their findings and recommendations to the Audit Committee and the Board.

The Company complied with all recommended best practices.

C.3 Audit Committee

Principle

The board should establish formal and transparent arrangements for considering how it applies the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors. Audit committee established by the company pursuant to the Listing Rules should have clear terms of reference.

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

C.3.1 Full minutes of audit committee meetings were kept by a duly appointed secretary of the meeting. Minutes of the audit committee meetings were sent to all members of the committee for their comment within a reasonable time after the meeting. The final versions of the minutes were for record only.

C.3.2 None of a former partner of the Company's existing auditing firm acted as a member of the Company's audit committee for a period of 1 year commencing on the date of his ceasing.

i. to be a partner of the firm; or

ii. to have any financial interest in the firm.

C.3.3 The proposed changes to the composition of the Company's Audit Committee were approved at the Board meeting held on 8 July 2010. As at the date of this report, the Company's Audit Committee comprises one non-executive Director and four independent non-executive Directors, namely Mr. Shi Shanbo, Mr. Ma Chiu-Cheung, Andrew, Mr. Anthony H. Adams, Mr. Chen Ji Min and Ms. Elsie Leung Oi-sie. Mr. Ma Chiu-Cheung is the Chairman of the Committee. Mr. 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.

The terms of reference of the Audit Committee (formulated by the Company and adopted by the Board as set out in the Company's website: www.cr-power.com) are as follows:

1) primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; the Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

3) to develop and implement policies on the engagement of an external auditor to supply non-audit services. For these purposes, external auditors include any entity that is under the common control, ownership or management of the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the firm nationally or internationally. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps may be taken;

4) to monitor integrity of financial statements, annual reports and accounts, interim reports and (if intended to publish) quarterly reports of the Company and to review significant financial reporting judgments contained in them. In reviewing the annual reports and accounts, interim reports and (if intended to publish) quarterly reports to be presented to the Board, the Committee should pay special attention to the following matters:

   a) any changes in accounting policies and practices;

   b) major judgment areas;

   c) significant adjustments resulting from audit;

   d) the going concern assumptions and any qualifications;

   e) compliance with accounting standards; and

   f) compliance with the Listing Rules and other legal requirements in relation to financial reporting.

(5) In respect of (4) above:

(a) The members of the Committee should keep in contact with the Board and senior management. The Committee should meet at least once a year with the auditors of the Company; and

(b) The Committee should consider any significant or extraordinary items reflected or should be reflected in those reports and accounts, and consider, if thought fit, any issues raised by the qualified accountant, compliance officer or auditors of the Company;

(6) to review the Company's financial controls, internal control and risk management systems;

(7) to discuss with the management the system of internal control and ensure that the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;

(8) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;

(9) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the the Company, and to review and monitor the effectiveness of the internal audit function;

(10) to review the opinion letter from external auditor in relation to audit engagement, any material queries raised by the auditor in respect of the accounting records, financial accounts or monitoring systems and management's feedback;

(11) to review the Company's statement on internal control system (where one is included in the annual report) prior to endorsement by the Board; where an internal audit function exists to review the internal audit programme, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;

(12) to review and monitor the effectiveness of the internal audit function;

(13) to ensure that the Board will provide a timely response to the issues raised in the opinion letter issued by external auditor to the management;

(14) to report to the Board on the matters set out in provision of terms of reference of the committee;

(15) to review the group's financial and accounting policies and practices; and

(16) to consider other topics, as defined by the Board.

C.3.4 The terms of reference of the audit committee formulated by the Company and adopted by the Board were set out in the Company's website: www.cr-power.com. as detailed in C.3.3 above.

C.3.5 The Audit Committee held two meetings in 2010. External and internal auditors, representatives of the executive Directors as well as senior management were invited to attend the Audit Committee meetings.

The attendance of the members of the Audit Committee at the meetings of the Audit Committee is as follows:

Audit Committee	Number of meetings attended/Number of meetings held during the office of directorship	Attendance during the office of directorship
Ma Chiu-Cheung, Andrew (Chairman)	2/2	100%
Elsie Leung Oi-sie	1/1	100%
Anthony H. Adams	1/2	50%
Chen Ji Min	2/2	100%
Shi Shanbo	1/1	100%

For the period from 1 January 2010 to the date of this report, the audit 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 17 March 2011, the audit committee reviewed the financial statements of the Company for the year ended 31 December 2010, including the major accounting issues raised by external auditors.

In 2010, there was no disagreement between the Board and Audit 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 re-appointment of auditors.

	2010 **HKD'000**	2009 HKD'000
Audit services	**4,952**	5,312
Non-audit services	**1,895***	497
Total	**6,847**	5,809

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

C.3.6 The audit committee was provided with sufficient resources to discharge its duties.

The Company complied with all recommended best practices.

D. DELEGATION BY THE BOARD

D.1 Management functions

Principle

The company should have a formal schedule of matters specifically reserved to the board for its decision. The board should give clear directions to management as to the matters that must be approved by the board before decisions are made on behalf of the company.

In the period under review, the Company strictly complied with the above principle and code provision D.1.1 to D.1.2 as described as follows:

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

The Board has delegated the responsibilities of the execution of strategies and decision making for day-to-day operation of the Company to the management team headed by the Chief Executive Officer.The management reports regularly to the Board on the operating and financial performance of the Company. Development, expansion and acquisition of coal-fired power plants, coal mine and alternative energy projects and other major capital expenditure and commitment, as well as major financing decisions are all to be reviewed and approved by the Board.

D.2 Board committees

Principle

Board committees should be formed with specific written terms of reference which deal clearly with the committees' authority and duties.

D.2.1&D.2.2 The Company has established written terms of reference for the four committees (namely, audit, nomination, remuneration and strategy and development) of the Board. Details on the duties of the Board committees have been set out in the Company's website (www.cr-power.com) as detailed in B.1.3 and C.3.3.

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

Principle

The board should endeavor to maintain an on-going dialogue with shareholders and in particular, use annual general meetings and other general meetings to communicate with shareholders and encourage their participation.

In the period under review, the Company strictly complied with the above principle and code provision E.1.1 and E.1.3, and deviated from code provision E.1.2, as described as follows:

E.1.1 At the general meeting held on 8 June 2010, the Directors and management of the Company also took the opportunity to communicate with the shareholders present, and answer their queries with respect to the Company's operations and industries relevant to the Company's activities.

In addition, the Company and its 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.1.2 The Company also regards the annual general meeting as an important opportunity for communication with Shareholders.

Ms. Wang Xiao Bin, Executive Director and Chief Financial Officer and Mr. Ma Chiu-Cheung, Andrew and Ms. Elsie Leung Oi-sie, both are Independent Non-Executive Director, attended the annual general meeting held on 8 June 2010.

In addition, Ms. Wang Xiao Bin, Executive Director and Chief Financial Officer and Mr. Ma Chiu-Cheung, Andrew, Independent Non-Executive Director attended the extraordinary general meeting held on 23 December 2010, and actively responded to the enquiries of Shareholders.

Due to business commitment, Mr. Song Lin, the then Chairman of the Board, and Mr. Wang Shuai Ting, the then Vice Chairman of the Board, were unable to attend the annual general meeting of the Company held on 8 June, 2010.

E.1.3 The notices to shareholders were sent at least 20 clear business days before the meeting in the case of annual general meetings, and at least 10 clear business days before the extraordinary general meeting.

E.2 Voting by Poll

Principle

The company should regularly inform shareholders of the procedure for voting by poll and ensure compliance with the requirements about voting by poll contained in the Listing Rules and the constitutional documents of the issuer.

In the period under review, the Company strictly complied with the above principle and code provision E.2.1.

The chairman of the meetings explains the detailed procedures for conducting a poll at the commencement of general meetings and answers questions from Shareholders of the Company. Details of the proposed resolutions are set out in the circular.

The Company also enhances communication with Shareholders through various investor relations activities. Details of major investor relations activities in 2010 are set out in page 73 of the Annual Report.

Investor Relations Activities

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 as well as in accomplishing maximization of shareholder value. During the meetings with investors, we explain not only the situation and future development trend of the Chinese power industry and related industries, current development, strategic planning and future outlook of the Company's three major segments, i.e. coal-fired power generation, coal mining and alternative energy, we also place great emphasis on listening to investors' feedback and expectations so as to improve our investor relations management and create greater value for the Shareholders.

In 2010, our management team actively participated in a number of major investment forums and conferences and participated in 16 investor forums and conferences organised by the major international securities companies. In addition, the management also conducted road shows in Hong Kong, Singapore, and main financial centres in the US and Europe after the announcements of our interim and final results. These investor relations activities have provided various communication channels with the management of the Company to the institutional investors.

In order to enhance the understandings of investors towards our power plant operations and our front-line plant managers, we arrange visits to power plants and wind farms 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 the operations of our power plants and wind farms whilst our plant and wind farm managers were able to get a better understanding of capital markets' expectations, which helped to improve our internal management and thus enhance profitability.

In 2010, there were more than 100 requests for company visits and teleconferences from different investors, together with the investor conferences and road shows organised by various securities companies, we had met approximately more than 300 fund managers and securities analysts from all over the world. The active level of investor relations activities during last year proved the level of interests from capital markets in obtaining more information and knowing more about the Company.

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 generation volume to securities analysts and media on a monthly basis; we also issue press releases to inform the markets of the commencement of new generation units, the effect of the new state policies on the Company, our latest investments, acquisitions and financing and awards received in a timely manner; all of the information was available on our website simultaneously. There is a question and answer (Q&A) session on the website for the sake of making inquiries by the public about the Company. All of the inquiries will be handled fairly and we aim to provide replies as soon as possible.

Deloitte.
德勤

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

We have audited the consolidated financial statements of China Resources Power Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 188, which comprise the consolidated and Company's statements of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, 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 financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the presentation of 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

17 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Turnover	5	**48,578,313**	33,213,676
Operating expenses			
Fuel		**(29,670,607)**	(19,052,308)
Repairs and maintenance		**(766,677)**	(579,679)
Depreciation and amortisation		**(4,274,656)**	(3,244,254)
Others		**(6,743,299)**	(3,297,305)
Total operating expenses		**(41,455,239)**	(26,173,546)
Other income		**730,461**	406,103
Other gains and losses		**399,281**	3,637
Profit from operations		**8,252,816**	7,449,870
Finance costs	6	**(2,526,568)**	(1,931,726)
Share of results of associates		**790,346**	889,912
Share of results of jointly controlled entities		**289**	—
Profit before taxation		**6,516,883**	6,408,056
Taxation	7	**(755,046)**	(370,431)
Profit for the year	8	**5,761,837**	6,037,625
Profit for the year attributable to:			
Owners of the Company		**4,903,654**	5,317,392
Non-controlling interests		**858,183**	720,233
		5,761,837	6,037,625
Earnings per share	12		
– basic		**HK$1.05**	HK$1.19
– diluted		**HK$1.04**	HK$1.17

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**5,761,837**	6,037,625
Other comprehensive income and expense:		
Exchange differences from translation	**1,030,232**	(43,552)
Share of changes in translation reserve of associates and jointly controlled entities	**385,606**	(5,087)
Fair value change on cash flow hedges	**24,076**	60,223
Other comprehensive income for the year	**1,439,914**	11,584
Total comprehensive income for the year	**7,201,751**	6,049,209
Total comprehensive income for the year attributable to:		
Owners of the Company	**6,079,511**	5,334,592
Non-controlling interests	**1,122,240**	714,617
	7,201,751	6,049,209

Consolidated Statement of Financial Position

At 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	13	**84,273,757**	71,552,710
Prepaid lease payments	14	**1,891,805**	1,486,211
Mining rights	15	**9,939,938**	188,213
Exploration and resources rights	16	**148,218**	355,468
Interests in associates	18	**12,279,541**	9,107,332
Interests in jointly controlled entities	19	**935,595**	—
Goodwill	20	**3,796,731**	3,756,835
Investments in investee companies	21	**1,093,160**	201,053
Deposits paid for acquisition of property, plant and equipment		**1,145,815**	1,076,532
Deposits paid for acquisition of mining/exploration rights	22	**2,794,700**	10,023,947
Deposit paid for land use rights		**111,741**	161,305
Other non-current deposits paid	23	**158,170**	1,870,231
Pledged bank deposits	24	**—**	37,218
Deferred taxation assets	36	**107,084**	111,086
		118,676,255	99,928,141
Current assets			
Inventories	25	**2,006,017**	1,431,955
Trade receivables, other receivables and prepayments	26	**10,763,185**	8,288,090
Amounts due from associates	27	**2,853,053**	931,621
Amounts due from jointly controlled entities	28	**1,417,034**	—
Amounts due from related companies	29	**159,293**	167,813
Financial assets at fair value through profit or loss	30	**3,544**	5,844
Restricted bank balances	24	**58,641**	1,503,229
Pledged bank deposits	24	**271,818**	407,306
Bank balances and cash	24	**6,801,707**	6,261,931
		24,334,292	18,997,789
Current liabilities			
Trade payables, other payables and accruals	31	**14,682,456**	12,763,230
Amounts due to associates	32	**1,092,917**	3,249,297
Amounts due to related companies	33	**116,386**	169,386
Taxation payable		**149,198**	62,298
Bank and other borrowings - repayable within one year	34	**20,667,961**	23,494,165
Derivative financial instruments	35	**—**	17,467
		36,708,918	39,755,843

	NOTES	2010 HK$'000	2009 HK$'000
Net current liabilities		**(12,374,626)**	(20,758,054)
Total assets less current liabilities		**106,301,629**	79,170,087
Non-current liabilities			
Bank and other borrowings - repayable after one year	34	**54,243,192**	32,990,302
Accrued retirement benefit cost		**286,801**	294,337
Derivative financial instruments	35	**323,885**	316,083
Deferred taxation liabilities	36	**493,655**	413,983
Deferred consideration payables	44(b)	**693,987**	—
		56,041,520	34,014,705
		50,260,109	45,155,382
Capital and reserves			
Share capital	37	**4,719,501**	4,683,431
Share premium and other reserves		**37,444,717**	32,910,548
		42,164,218	37,593,979
Non-controlling interests		**8,095,891**	7,561,403
		50,260,109	45,155,382

The financial statements on pages 75 to 188 were approved by the Board of Directors and authorised for issue on 17 March 2011 and are signed on its behalf by:

WANG SHUAI TING
DIRECTOR

WANG YU JUN
DIRECTOR

Statement of Financial Position

At 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	13	8,048	10,310
Investments in subsidiaries	17	16,947,445	13,402,497
Loans to subsidiaries	17	6,590,374	2,261,068
Investments in associates	18	2,473,729	2,348,329
Interests in jointly controlled entities	19	221,065	—
Deposit paid for establishment of an associate		29,892	29,892
Investment in an investee company		70,265	60,526
		26,340,818	18,112,622
Current assets			
Other receivables		73,248	44,400
Amount due from an associate	27	98,498	837,338
Amount due from a jointly controlled entity	28	11,849	—
Amounts due from related companies	29	18,594,558	18,446,669
Bank balances and cash	24	2,897,982	824,678
		21,676,135	20,153,085
Current liabilities			
Other payables and accruals		158,085	60,399
Amounts due to associates	32	—	1,324
Amounts due to related companies	33	1,190	1,928
Bank and other borrowings-repayable within one year	34	1,800,000	1,000,000
Derivative financial instruments	35	—	17,467
		1,959,275	1,081,118
Net current assets		19,716,860	19,071,967
Total assets less current liabilities		46,057,678	37,184,589
Non-current liabilities			
Bank and other borrowings-repayable after one year	34	19,211,402	9,287,019
Derivative financial instruments	35	323,885	316,083
		19,535,287	9,603,102
		26,522,391	27,581,487
Capital and reserves			
Share capital	37	4,719,501	4,683,431
Share premium and other reserves	39	21,802,890	22,898,056
		26,522,391	27,581,487

WANG SHUAI TING
DIRECTOR

WANG YU JUN
DIRECTOR

For the year ended 31 December 2010

	Attributable to the owners of the Company												
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 39)	Special reserve HK$'000 (Note 39)	Capital reserve HK$'000	Shares held for share award scheme HK$'000 (Note 40)	Translation reserve HK$'000	Share option reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2009	4,212,797	10,731,749	536,565	40,782	25,594	(155,340)	3,313,389	355,213	(369,734)	8,524,090	27,215,105	2,945,758	30,160,863
Exchange differences arising from translation	—	—	—	—	—	—	(37,936)	—	—	—	(37,936)	(5,616)	(43,552)
Share of changes in translation reserve of associates	—	—	—	—	—	—	(5,087)	—	—	—	(5,087)	—	(5,087)
Fair value change on cash flow hedges	—	—	—	—	—	—	—	—	60,223	—	60,223	—	60,223
Profit for the year	—	—	—	—	—	—	—	—	—	5,317,392	5,317,392	720,233	6,037,625
Total comprehensive income for the year	—	—	—	—	—	—	(43,023)	—	60,223	5,317,392	5,334,592	714,617	6,049,209
Rights issue of shares at a price of HK$14.00 per rights share (Note 37)	424,337	5,516,384	—	—	—	—	—	—	—	—	5,940,721	—	5,940,721
Shares issued upon exercise of options	46,297	149,342	—	—	—	—	—	—	—	—	195,639	—	195,639
Recognition of equity settled share based payments	—	—	—	—	—	—	—	53,587	—	—	53,587	—	53,587
Transfer of share option reserve on exercise of share options	—	89,673	—	—	—	—	—	(89,673)	—	—	—	—	—
Purchase of shares under share award scheme	—	—	—	—	—	(526,160)	—	—	—	—	(526,160)	—	(526,160)
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	2,851,479	2,851,479
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	(191,420)	(191,420)
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(172,283)	(172,283)
Acquired on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	1,413,252	1,413,252
Dividends paid	—	—	—	—	—	—	—	—	—	(619,505)	(619,505)	—	(619,505)
Transfer of reserves	—	—	450,476	—	—	—	—	—	—	(450,476)	—	—	—
Transfer (note a)	—	—	—	—	14,094	—	—	—	—	(14,094)	—	—	—
Transfer upon utilisation (note b)	—	—	—	—	(4,439)	—	—	—	—	4,439	—	—	—
At 31 December 2009	4,683,431	16,487,148	987,041	40,782	35,249	(681,500)	3,270,366	319,127	(309,511)	12,761,846	37,593,979	7,561,403	45,155,382

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to the owners of the Company												
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 39)	Special reserve HK$'000 (Note 39)	Capital reserve HK$'000	Shares held for share award scheme HK$'000 (Note 40)	Translation reserve HK$'000	Share option reserve HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Exchange differences arising from translation	—	—	—	—	—	—	766,175	—	—	—	766,175	264,057	1,030,232
Share of changes in translation reserve of associates and jointly controlled entities	—	—	—	—	—	—	385,606	—	—	—	385,606	—	385,606
Fair value change on cash flow hedges	—	—	—	—	—	—	—	—	24,076	—	24,076	—	24,076
Profit for the year	—	—	—	—	—	—	—	—	—	4,903,654	4,903,654	858,183	5,761,837
Total comprehensive income for the year	—	—	—	—	—	—	1,151,781	—	24,076	4,903,654	6,079,511	1,122,240	7,201,751
Shares issued upon exercise of options	36,070	123,211	—	—	—	—	—	—	—	—	159,281	—	159,281
Recognition of equity settled share based payments	—	—	—	—	—	—	—	27,688	—	—	27,688	—	27,688
Transfer of share option reserve on exercise of share options	—	69,731	—	—	—	—	—	(69,731)	—	—	—	—	—
Acquisition of a subsidiary (Note 43a)	—	—	—	—	—	—	—	—	—	—	—	26,513	26,513
Acquisition of additional interests in subsidiaries	—	—	—	—	(2,285)	—	—	—	—	—	(2,285)	(602,431)	(604,716)
Acquisition of assets (Note 44b)	—	—	—	—	—	—	—	—	—	—	—	196,459	196,459
Acquisition of assets and additional interest in a subsidiary through acquisition of a subsidiary (Note 44c)	—	—	—	—	(48,753)	—	—	—	—	—	(48,753)	143,771	95,018
Capital contribution by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	148,972	148,972
Share of changes in capital reserves of an associate and a jointly controlled entity	—	—	—	—	125,721	—	—	—	—	—	125,721	150,436	276,157
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	(651,472)	(651,472)
Dividends paid	—	—	—	—	—	—	—	—	—	(1,770,924)	(1,770,924)	—	(1,770,924)
Transfer of reserves	—	—	158,569	—	—	—	—	—	—	(158,569)	—	—	—
Transfer (note a)	—	—	—	—	133,692	—	—	—	—	(133,692)	—	—	—
Transfer upon utilisation (note b)	—	—	—	—	(43,713)	—	—	—	—	43,713	—	—	—
At 31 December 2010	4,719,501	16,680,090	1,145,610	40,782	199,911	(681,500)	4,422,147	277,084	(285,435)	15,646,028	42,164,218	8,095,891	50,260,109

Notes:

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

(b) *During the year ended 31 December 2010, amount totalling HK$43,713,000 (2009: HK$4,439,000) has been spent on the relevant assets and expenditure as approved by the PRC government, the corresponding amount was then transferred to retained profits.*

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**6,516,883**	6,408,056
Adjustments for:		
Amortisation of prepaid lease payments	**65,121**	56,100
Amortisation of mining rights	**176,294**	9,235
Depreciation for property, plant and equipment	**4,033,241**	3,178,919
Recognition of share-based payments	**27,688**	53,587
Interest expense	**2,526,568**	1,931,726
Interest income	**(187,645)**	(49,608)
Fair value change on financial assets at fair value through profit and loss	**2,300**	(2,882)
Fair value change on derivative financial instruments	**14,410**	6,508
Share of results of associates	**(790,346)**	(889,912)
Share of results of jointly controlled entities	**(289)**	—
Dividend received from an investee company	**(111,624)**	—
Gain on disposal of a subsidiary	**(127,477)**	—
Net gain on disposal of property, plant and equipment	**(153,680)**	(11,408)
Operating cash flows before movements in working capital	**11,991,444**	10,690,321
(Increase) decrease in inventories	**(474,492)**	556,415
Increase in trade receivables, other receivables and prepayments	**(1,505,908)**	(1,367,791)
Increase in trade payables, other payables and accruals	**1,444,601**	137,184
Decrease in accrued retirement benefit cost	**(19,145)**	—
PRC Enterprise Income Tax paid	**(616,047)**	(270,757)
NET CASH FROM OPERATING ACTIVITIES	**10,820,453**	9,745,372
INVESTING ACTIVITIES		
Dividends received from associates	**921,971**	313,433
Dividend received from an investee company	**111,624**	—
Interest received	**272,675**	49,608
Decrease (increase) in pledged bank deposits	**190,238**	(363,006)
Release of (increase in) restricted bank balances	**1,444,964**	(1,412,923)
Purchase and deposit paid for acquisition of property, plant and equipment and land use rights	**(15,850,272)**	(11,503,328)
Purchase and deposit paid for acquisition of mining rights and exploration and resources rights	**(919,987)**	(7,563,833)
Loan repaid from a non-controlling shareholder of a subsidiary	**1,136**	147,377
Loan (advance to) repaid from associates	**(1,542,149)**	371,234
Advance to a jointly controlled entity	**(1,410,624)**	—
Advance to a non-controlling shareholder of a subsidiary	**(96,171)**	—
Capital contribution for investments in associates	**(2,618,317)**	(41,742)

For the year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Deposit paid for acquisition of subsidiaries		—	(677,869)
Deposit paid for acquisition of additional interest in a subsidiary		(80,228)	(134,390)
Investments in investee companies		(36,179)	(72,637)
Acquisitions of subsidiaries	43	(119,161)	(2,560,859)
Proceeds from disposal of property, plant and equipment		316,763	138,736
Advances to an investee company		(42,285)	—
Proceeds from disposal of a subsidiary	45	200,393	—
Advances to group companies		—	(20,005)
Net cash outflow from acquisition of assets through acquisition of subsidiaries	44	(320,727)	—
Capital contribution to jointly controlled entities		(822,556)	—
NET CASH USED IN INVESTING ACTIVITIES		(20,398,892)	(23,330,204)
FINANCING ACTIVITIES			
Proceeds from issuances of corporate bonds	34	10,479,293	—
New bank and other borrowings raised		43,671,538	37,705,145
Repayment of bank and other loans		(36,394,972)	(24,245,756)
Capital contribution from non-controlling shareholders		148,972	2,851,479
Proceeds on issue of shares	37	159,281	2,286,360
Acquisition of additional interests in subsidiaries		(470,326)	(172,283)
Purchase of shares held by incentive plan		—	(526,160)
Repayment of advances from associates		(2,735,770)	(406,781)
Advances from group companies		272,163	524,995
Repayment of advances from non-controlling shareholders of subsidiaries		(25,734)	(66,310)
Interest paid		(2,726,813)	(2,441,254)
Dividends paid		(1,770,924)	(619,505)
Dividends paid to non-controlling shareholders of subsidiaries		(684,528)	(465,822)
NET CASH FROM FINANCING ACTIVITIES		9,922,180	14,424,108
NET INCREASE IN CASH AND CASH EQUIVALENTS		343,741	839,276
CASH AND CASH EQUIVALENTS AT 1 JANUARY		6,261,931	5,467,088
EFFECT ON FOREIGN EXCHANGE RATE CHANGE		196,035	(44,433)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTING BANK BALANCES AND CASH		6,801,707	6,261,931

1. GENERAL AND BASIS OF PREPARATION

The Company is a public company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The immediate holding company as at 31 December 2010 is China Resources (Holdings) Company Limited ("CRH"), a company incorporated in Hong Kong. The directors regard the ultimate holding company to be China Resources National Corporation ("CRNC"), a company established in the People's Republic of China (the "PRC"). The address of the registered office and principal place of business of the Company is Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

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

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

The Group had net current liabilities as at 31 December 2010. The directors are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of the financial statements. Hence, the financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS"s), HKFRS, amendments and interpretations ("INT"s) (hereinafter collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC)* - INT 17	Distributions of non-cash assets to owners
HK - INT 5	Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause

* *IFRIC represents the IFRS Interpretations Committee (formerly known as the International Financial Reporting Interpretations Committee).*

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or set out in the disclosures set out in these consolidated financial statements.

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

HKFRS 3 (Revised 2008) "Business combinations"

HKFRS 3 (Revised 2008) "Business combinations" has been applied prospectively from 1 January 2010. Its application has affected the accounting for the acquisition of 湖南華潤煤業唐洞煤礦有限公司(formerly known as 湖南省煤業集團唐洞煤炭有限公司)（"唐洞煤炭"）(see Note 43).

HKFRS 3 (Revised 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority" interests). In the current period, in accounting for the acquisition of 唐洞煤炭, the Group has elected to measure the non-controlling interests at the share of the fair value of the identifiable assets acquired and the liabilities assumed.

HKAS 27 (Revised 2008) "Consolidated and separate financial statements"

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

In respect of the acquisitions during the period of additional interests in China Resources Power (Tongshan) Co., Ltd. ("Tongshan"), Guangzhou China Resources Thermal Power Co., Ltd., Shanxi China Resources Liansheng Energy Investment Co., Ltd. and China Resources (Jiaozuo) Thermal Power Co., Ltd., the impact of the change in policy has been that the difference of HK$51,038,000 between the consideration paid and the decrease in the carrying amount of the non-controlling interests has been recognised directly in equity. In addition, the aggregate cash consideration of HK$470,326,000 paid during the period to the non-controlling shareholders of Guangzhou China Resources Thermal Power Co., Ltd, Shanxi China Resources Liansheng Energy Investment Co., Ltd. and China Resources (Jiaozuo) Thermal Power Co., Ltd is presented as cash flow used in financing activities. Had the previous accounting policy been applied, the cash consideration would have been presented as cash flow used in investing activities. The total consideration for the acquisition of the additional interest in the three companies is HK$604,716,000 in which HK$134,390,000 was paid as at 31 December 2009 and was presented as other non-current deposits paid on the consolidated statement of financial position. The additional interest in Tongshan was acquired when the Group acquired a subsidiary (see Note 44(c)).

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective, except for the partial exemption from disclosure requirement for government-related entity in accordance with HKAS 24 (Revised).

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets[2]
HKFRS 9	Financial Instruments[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of underlying assets[4]
HKAS 24 (as revised in 2009)	Related party disclosures[5]
HKAS 32 (Amendments)	Classification of rights issues[6]
HK(IFRIC) - INT 14 (Amendments)	Prepayments of a minimum funding requirement[5]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[7]

1 *Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate*
2 *Effective for annual periods beginning on or after 1 July 2011*
3 *Effective for annual periods beginning on or after 1 January 2013*
4 *Effective for annual periods beginning on or after 1 January 2012*
5 *Effective for annual periods beginning on or after 1 January 2011*
6 *Effective for annual periods beginning on or after 1 February 2010*
7 *Effective for annual periods beginning on or after 1 July 2010*

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

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

The directors anticipate that the application of HKFRS 9 will affect the classification and measurement of the Group's available-for-sale investment included in investments in investee companies and may affect the classification and measurement of other financial assets.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial instruments: Recognition and measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Business combinations

Business combinations that took place on or after 1 January 2010

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Business combinations that took place on or after 1 January 2010 (continued)

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

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

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

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

Business combinations that took place prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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

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

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

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

Investments in associates

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures

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

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

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

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

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

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

Revenue recognition

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

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

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

Service income is recognised when services are rendered.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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

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

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

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

Property, plant and equipment

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

Leasing

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

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

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

Mining rights

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and resources rights

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

Impairment of exploration and resources rights

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

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

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

Taxation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Investment tax credits

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

Intangible assets acquired in a business combination

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

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

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

Available-for-sale financial assets

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

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

Cash and cash equivalents

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

Impairment of financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

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

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

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities

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

Equity instruments

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

Derivative financial instruments and hedging

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

Hedge accounting

The Group designates certain derivatives (primarily interest rate swap) as hedges of the fair value of fixed-rate bank borrowings (fair value hedges).

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

Cash flow hedge

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

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

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

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

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. 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 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.

Equity-settled share-based payment transactions

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

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

At the end of the reporting period, the Group revises its estimates of the number of options and awarded shares that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve and share award reserve, respectively.

At the time when the share options are exercised, the amount previously recognised in share option 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 share option reserve will be transferred to retained profits.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Borrowing costs

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

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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

From 1 January 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

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

Retirement benefit contributions

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Useful lives of property, plant and equipment

The directors determine the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions and on the assumption that the PRC government will continue to renew the mining rights certificate upon its expiration. It may also change significantly as a result of technical innovations and competitor actions in response to industry cycles. The depreciation charges will increase where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. As at 31 December 2010, the carrying amount of property, plant and equipment is HK$84,273,757,000 (2009: HK$71,552,710,000).

Impairment review of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, the carrying amount of goodwill is HK$3,796,731,000 (2009: HK$3,756,835,000). Details of the recoverable amount calculation are disclosed in Note 20.

Provision for restoration, rehabilitation and environmental expenditure

The provision for restoration, rehabilitation and environmental costs for mining sites and facilities has been determined by the directors based on their best estimates. The directors estimated this liability for final reclamation and mine closure based upon detailed calculations of the amount and timing of future cash flows spending for a third party to perform the restored work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability, such that the provision reflects the present value of the expenditures expected to be required to settle the obligation. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the near future. The provision is reviewed regularly to verify that it properly reflects the present value of the obligation arising from the current and past mining activities. The carrying amount of the provision for restoration, rehabilitation and environment costs is HK$42,200,000 (2009: HK$38,643,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Provision for employee retirement benefits

The Group is obligated to pay employee retirement benefits for retired employees and early retired employees (i.e. retired before their statutory retirement dates) for their life time or upto their statutory retirement dates, respectively, of Jinzhou Eastern Power Co., Ltd. ("Jinzhou"), China Resources (Xuzhou) Coal and Power Ltd. ("Jiangsu Tianneng"), China Resources Power Hunan Liyujiang Co., Ltd. ("Hunan Liyujiang") and Shenyang China Resources Thermal Power Co., Ltd. ("Shenyang China Resources"). The directors of the Company use Projected Unit Credit Method to measure the employee retirement benefits. The estimation requires subjective assumptions, including the life expectancy of the employees and retired employees and the discount rate. Any change to the assumptions can materially affect the fair value of the provision for employee retirement benefits. As at 31 December 2010, total provision for the employee retirement benefits is HK$286,801,000 (2009: HK$294,337,000).

Mining rights and exploration and resources rights

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

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

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change. Reserve estimates are based on current production forecasts, prices and economic conditions. The directors exercise their judgement in estimating the total proved and probable reserves of the coal mines and on the assumption that the PRC government will continue to renew the mining rights certificate and the exploration and resources rights certificate upon its expiration at minimal charges. If the quantities of reserves are different from current estimates and significant charge would be incurred in renewal of the relevant mining rights certificate and the exploration and resources rights certificate upon its expiration, it will result in significant changes to amortisation and depreciation expenses of mining rights and affect the recoverable amount of exploration and resources rights, in which a material impairment loss may arise. As at 31 December 2010, the carrying amount of the mining rights and exploration and resources rights are HK$9,939,938,000 (2009: HK$188,213,000) and HK$148,218,000 (2009: HK$355,468,000), respectively.

Deposit paid for acquisition of exploration rights

The Group entered into an agreement with an independent third party ("Party A") to acquire the exploration right to an area of 36,100 hectares of a coal mine located in Inner Mongolia province. In December 2009, the Group brought a lawsuit against Party A and certain assets of Party A were frozen on the ground that Party A breached the agreement. The Group requested to terminate the agreement and to refund of the deposit paid. The recoverability of the amount dependent on the net realisable value of the underlying frozen asset, which in turn involves, inter-alia, considerable analyses of the recoverable amount of the frozen assets. In this regard, the management is satisfied that no further impairment is considered necessary in respect of the deposit paid. As at 31 December 2010, the deposits in relation to this exploration right amounted to HK$1,345,916,000 (2009: HK$1,300,746,000).

5. TURNOVER AND SEGMENT INFORMATION

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

	2010 **HK$'000**	2009 HK$'000
Sales of electricity	**41,718,794**	30,918,198
Heat supply	**1,429,117**	932,037
Sales of coal	**5,430,402**	1,363,441
	48,578,313	33,213,676

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

Segment revenues and results

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

For the year ended 31 December 2010

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

5. TURNOVER AND SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 December 2009

	Sales of electricity HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Revenue				
External sales	31,850,235	1,363,441	—	33,213,676
Inter-segment sales	—	149,246	(149,246)	—
Total	31,850,235	1,512,687	(149,246)	33,213,676
Segment profit	7,172,457	436,177	—	7,608,634
Unallocated corporate expenses				(201,864)
Interest income				49,608
Fair value change on derivative financial instruments				(6,508)
Finance costs				(1,931,726)
Share of results of associates				889,912
Profit before taxation				6,408,056

Inter-segment sales are charged at prevailing market rates.

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

5. TURNOVER AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

Segment assets

	2010 HK$'000	2009 HK$'000
Segment assets		
– Sales of electricity	**103,701,103**	86,911,166
– Coal mining	**18,732,021**	14,502,176
Total segment assets	**122,433,124**	101,413,342
Interests in associates	**12,279,541**	9,107,332
Interests in jointly controlled entities	**935,595**	—
Pledged bank deposits, restricted bank deposits, bank balances and cash	**7,132,166**	8,209,684
Deferred taxation assets	**107,084**	111,086
Corporate assets, mainly representing assets held by head office and investment holding companies	**123,037**	84,486
Consolidated assets	**143,010,547**	118,925,930

Segment liabilities

	2010 HK$'000	2009 HK$'000
Segment liabilities		
– Sales of electricity	**(15,035,583)**	(15,026,304)
– Coal mining	**(1,675,761)**	(1,358,521)
Total segment liabilities	**(16,711,344)**	(16,384,825)
Bank and other borrowings	**(74,911,153)**	(56,484,467)
Derivative financial instruments	**(323,885)**	(333,550)
Taxation payable	**(149,198)**	(62,298)
Deferred taxation liabilities	**(493,655)**	(413,983)
Corporate liabilities, mainly representing liabilities of head office and investment holding companies	**(161,203)**	(91,425)
Consolidated liabilities	**(92,750,438)**	(73,770,548)

5. TURNOVER AND SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

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

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

Other segment information

2010

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

5. TURNOVER AND SEGMENT INFORMATION (continued)

Other segment information (continued)

2009

	Sales of electricity HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit:				
Additions to non-current assets (note)	12,908,848	7,703,688	3,522	20,616,058
Depreciation and amortisation	3,128,317	113,844	2,093	3,244,254
Net gain on disposal of property, plant and equipment	(11,408)	—	—	(11,408)
Amounts regularly provided to chief operating decision maker but not included in the measure of segment profit:				
Share of results of associates	(832,732)	(57,180)	—	(889,912)
Finance costs	1,634,986	23,153	273,587	1,931,726

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

Geographical information

The Group's operations are located in the PRC, other than Hong Kong. All of the Group's revenue from external customers are attributed to customers located in the PRC, other than Hong Kong. The Group's non-current assets excluding financial instruments and deferred taxation assets, which amounted to HK$117,467,963,000 as at 31 December 2010 (2009: HK$99,568,474,000) 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 (note):

	2010 HK$'000	2009 HK$'000
Customer A	**8,533,418**	7,109,424
Customer B	**7,692,079**	6,871,881
Customer C	**7,212,391**	5,511,428
Customer D	**N/A***	3,507,205

* *The corresponding revenue did not contribute over 10% of the total sales of the Group.*

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

6. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest on:		
Bank and other borrowings:		
– wholly repayable within five years	**(2,532,325)**	(1,872,828)
– not wholly repayable within five years	**(231,535)**	(437,769)
Corporate bonds		
– wholly repayable within five years	**(70,844)**	—
– not wholly repayable within five years	**(206,273)**	—
	(3,040,977)	(2,310,597)
Less: Interest capitalised in property, plant and equipment (note)	**514,409**	378,871
	(2,526,568)	(1,931,726)

Note: Borrowing costs capitalised during the year arose on funds borrowed specifically for the purpose of obtaining qualifying assets and on the general borrowing pool and are calculated by applying a capitalisation rate of 5.10% (2009: 5.89%) per annum to expenditure on qualifying assets.

7. TAXATION

	2010 HK$'000	2009 HK$'000
The charge comprises:		
The Company and its subsidiaries		
PRC Enterprise Income Tax		
– current	**682,662**	287,196
– underprovision in prior years	**7,120**	9,660
	689,782	296,856
Deferred taxation (Note 36)	**65,264**	73,575
	755,046	370,431

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

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

7. TAXATION (continued)

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

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, certain subsidiaries of the Company will change the existing tax rates from 15% and 18% to 25% progressively over 5 years from 1 January 2009. The deferred tax reflect the tax rates that are expected to apply to the respective periods when the assets are realised or the liabilities are settled.

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

	2010 **HK$'000**	2009 HK$'000
Profit before taxation	**6,516,883**	6,408,056
Less: Share of results of associates	**(790,346)**	(889,912)
Share of results of jointly controlled entities	**(289)**	—
Profit before taxation attributable to the Company and its subsidiaries	**5,726,248**	5,518,144
Tax at applicable rate of 22% (2009: 20%)	**1,259,774**	1,103,629
Tax effect of income that is not taxable in determining current year taxable profit	**(51,478)**	(1,988)
Tax effect of expenses that are not deductible in determining current year taxable profit	**145,237**	106,295
Effect of tax exemptions granted to PRC subsidiaries	**(217,903)**	(420,975)
Reduction of tax in respect of Tax Benefits	**(431,618)**	(611,175)
Effect of different tax rates of subsidiaries	**39,403**	69,831
Tax effect of tax losses not recognised	**10,731**	39,358
Utilisation of tax losses previously not recognised	**(11,741)**	—
Deferred tax arising from withholding tax on undistributed profits of the PRC subsidiaries/associates	**10,946**	76,584
Underprovision in prior years	**7,120**	9,660
Others	**(5,425)**	(788)
Tax charge for the year	**755,046**	370,431

Note: Tax rate of 22% (2009: 20%) is adopted for the taxation reconciliation as such tax rate is applicable to most of the Group's operations in the PRC for the year.

8. PROFIT FOR THE YEAR

	2010 HK$'000	2009 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration		
– Fees	**1,202**	1,049
– Other emoluments	**17,889**	10,519
– Pension costs	**472**	381
– Share option benefits expenses	**393**	461
	19,956	12,410
Salaries, wages and bonus (note a)	**2,199,771**	1,484,558
Pension costs, excluding directors (note a)	**368,996**	204,326
Share option benefits expenses, excluding directors	**27,295**	53,126
Total staff costs	**2,616,018**	1,754,420
Amortisation of prepaid lease payments	**65,121**	56,100
Amortisation of mining rights (included in depreciation and amortisation)	**176,294**	9,235
Auditor's remuneration	**4,952**	5,312
Depreciation of property, plant and equipment (note a)	**4,033,241**	3,178,919
Fair value change on derivative financial instruments (included in other gains and losses)	**14,410**	6,508
Fair value change on financial assets at fair value through profit or loss (included in other gains and losses)	**2,300**	—
Net exchange loss (included in other gains and losses)	**—**	4,145
Minimum lease payments under operating leases in respect of:		
– land and buildings	**80,377**	82,473
– other assets	**10,875**	8,534
Pre-operating expenses of subsidiaries (included in other operating expenses)	**44,170**	55,588

8. PROFIT FOR THE YEAR (continued)

	2010 HK$'000	2009 HK$'000
and after crediting:		
Included in other income		
CDM income	**88,203**	—
Dividend income from investee companies	**111,624**	—
Government grant (note b)	**69,100**	96,542
Interest income	**187,645**	49,608
Sales of scrap materials	**148,039**	155,266
Service income from heat connection contracts	**56,577**	52,572
Included in other gains and losses		
Fair value change on financial assets at fair value through profit or loss	**—**	2,882
Gain on disposal of a subsidiary (Note 45)	**127,477**	—
Net exchange gain	**134,834**	—
Net gain on disposal of property, plant and equipment	**153,680**	11,408
Expenses capitalised in construction in progress:		
Salaries, wages and bonus	**118,595**	125,450
Pension costs	**24,310**	20,807
Depreciation of property, plant and equipment	**6,377**	5,162

Notes:

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

(b) *During the year ended 31 December 2010, the Group received refund of value-added tax on sales from the relevant PRC Tax Authority to encourage the operations of certain PRC subsidiaries for growth in supply of electricity of HK$40,166,000 (2009: HK$62,589,000) and development of environmental friendly electricity generation of HK$8,016,000 (2009: HK$15,989,000). There were no unfulfilled conditions attached to these grants and, the Group has recognised the grants upon receipts.*

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

For the year ended 31 December 2009, the Group received subsidies from the relevant PRC Government for the high operating cost due to increase in coal price amounting to HK$17,964,000. There were no unfulfilled conditions attached to these grants and, therefore, the Group recognised the grants upon receipts.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

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

The emoluments paid or payable to each of the nineteen (2009: eleven) directors are as follows:

For the year ended 31 December 2010

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

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

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

For the year ended 31 December 2009

	Song Lin HK$'000	Wang Shuai Ting HK$'000	Tang Cheng HK$'000	Zhang Shen Wen HK$'000	Wang Xiao Bin HK$'000	Jiang Wei HK$'000	Chen Xiao Ying HK$'000	Anthony H. Adams HK$'000	Wu Jing Ru HK$'000	Chen Ji Min HK$'000	Ma Chiu Cheung Andrew HK$'000	Total 2009 HK$'000
Short-term benefits												
Fees	53	—	—	—	—	70	126	200	200	200	200	1,049
Other emoluments												
Salaries and other benefits	1,325	2,130	1,860	1,975	1,574	—	—	—	—	—	—	8,864
Bonus (note)	—	483	350	397	425	—	—	—	—	—	—	1,655
Post-employment benefits Pension costs	147	72	47	43	72	—	—	—	—	—	—	381
Share option benefits expenses	91	91	21	40	61	61	—	48	48	—	—	461
Total emoluments	1,616	2,776	2,278	2,455	2,132	131	126	248	248	200	200	12,410

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

(ii) Employees

Details of remunerations paid by the Group to the five highest paid individuals (including five (2009: two) directors, and nil (2009: three) employee) for the year are as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other benefits	**6,484**	10,387
Pension costs	**360**	179
Bonus	**7,320**	1,927
Share option benefits expenses	**67**	971
	14,231	13,464

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

(ii) Employees (continued)

Emoluments of these five individuals are within the following bands:

	2010	2009
HK$2,000,001 to HK$2,500,000	1	3
HK$2,500,001 to HK$3,000,000	3	1
HK$3,000,001 to HK$3,500,000	—	1
HK$3,500,001 to HK$4,000,000	1	—

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

10. RETIREMENT BENEFIT SCHEMES

(a) Hong Kong

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

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

	2010 HK$'000	2009 HK$'000
Amount contributed and charged to the consolidated income statement	2,096	1,719

(b) PRC

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

(ii) Other than Pre-acquisition Employees, the employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the respective local government in the PRC. The Group is required to contribute a specified percentage of payroll costs to the schemes to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions. The amounts charged to the consolidated income statement and capitalised in the construction in progress are HK$367,372,000 (2009: HK$202,988,000) and HK$24,310,000 (2009: HK$20,807,000), respectively.

10. RETIREMENT BENEFIT SCHEMES (continued)

(b) PRC (continued)

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

	2010 HK$'000	2009 HK$'000
Amount contributed and charged to the consolidated income statement	**367,372**	202,988
Amount contributed and capitalised in the construction in progress	**24,310**	20,807

11. DIVIDENDS

	2010 HK$'000	2009 HK$'000
Dividends recognised as distribution during the year		
Interim dividend for 2010 of HK$0.06 (2009: HK$0.06) per share on 4,710,212,000 (2009: 4,674,434,000) shares (note)	**282,612**	280,466
2009 final dividend of HK$0.32 (2009: for 2008 of HK$0.08) per share on 4,699,936,000 (2009: 4,237,982,000) shares (note)	**1,503,979**	339,039
	1,786,591	619,505
Final dividend proposed of HK$0.27 (2009: HK$0.32) per share	**1,275,996**	1,500,345

The proposed final dividend for 2010 is based on 4,725,912,931 shares (2009: 4,688,579,319 shares) in issue at 17 March 2011 and to be approved by shareholders in general meeting.

Note: *During the year ended 31 December 2010, dividends recognised as distribution amounting to HK$1,770,924,000 (2009: HK$619,505,000) is after elimination of HK$15,667,000 (2009: nil) paid for shares held by the Medium to Long-term Performance Evaluation Incentive Plan (formerly known as Restricted Share Award Scheme) (Note 40).*

12. EARNINGS PER SHARE

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

	2010 HK$'000	2009 HK$'000
Earnings for the purposes of basic and diluted earnings per share (profit attributable to owners of the Company)	**4,903,654**	5,317,392

	Number of ordinary shares 2010	 2009
Weighted average number of ordinary shares excluding own shares held for share award scheme for the purpose of basic earnings per share	**4,659,998,240**	4,454,782,698
Effect of dilutive potential ordinary shares:		
- share options	**70,242,373**	97,822,679
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,730,240,613**	4,552,605,377

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Power generating plant and equipment HK$'000	Mining structures HK$'000	Motor vehicles, furniture, fixtures, equipment and others HK$'000	Construction in progress HK$'000	Total HK$'000
THE GROUP						
COST						
At 1 January 2009	10,563,760	34,053,374	663,713	574,333	11,300,016	57,155,196
Currency realignment	992	11,569	(94)	876	3,166	16,509
Acquisition of subsidiaries	870,854	4,105,348	—	150,475	7,260,413	12,387,090
Additions	107,749	1,624,831	—	271,983	10,179,086	12,183,649
Transfer	1,902,912	8,955,402	4,512	12,757	(10,875,583)	—
Transfer to prepaid lease payments	(31,325)	—	—	—	—	(31,325)
Adjustments upon finalisation of construction costs	(63,491)	(68,379)	—	943	—	(130,927)
Disposals and write off	(123,141)	(236,658)	(3,429)	(10,041)	—	(373,269)
At 31 December 2009	13,228,310	48,445,487	664,702	1,001,326	17,867,098	81,206,923
Currency realignment	505,632	1,497,654	43,344	31,989	798,437	2,877,056
Acquisition of a subsidiary (Note 43(a))	35	14,220	—	—	—	14,255
Acquisition of assets (Note 44)	13,952	1,683	436,624	700	—	452,959
Additions	366,948	3,114,578	380,729	407,034	10,332,827	14,602,116
Transfer	692,934	8,291,892	28,297	114,821	(9,127,944)	—
Disposal of a subsidiary (Note 45)	—	(4,666)	—	(9,328)	(482,270)	(496,264)
Transfer to prepaid lease payments	(147,194)	—	—	—	—	(147,194)
Disposals and write off	(191,405)	(359,390)	—	(137,543)	—	(688,338)
At 31 December 2010	14,469,212	61,001,458	1,553,696	1,408,999	19,388,148	97,821,513

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK$'000	Power generating plant and equipment HK$'000	Mining structures HK$'000	Motor vehicles, furniture, fixtures, equipment and others HK$'000	Construction in progress HK$'000	Total HK$'000
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2009	1,503,165	5,140,439	36,455	156,542	—	6,836,601
Currency realignment	358	2,526	495	1,634	—	5,013
Provided for the year	664,833	2,334,937	39,868	155,527	—	3,195,165
Adjustments upon finalisation of construction costs	(5,278)	(5,376)	—	(430)	—	(11,084)
Transfer to prepaid lease payments	(5,482)	—	—	—	—	(5,482)
Elimination on disposals and write off	(122,789)	(235,868)	(1,024)	(6,319)	—	(366,000)
At 31 December 2009	2,034,807	7,236,658	75,794	306,954	—	9,654,213
Currency realignment	88,210	279,780	2,867	12,750	—	383,607
Provided for the year	786,152	2,959,452	96,527	197,487	—	4,039,618
Disposal of a subsidiary (Note 45)	—	(776)	—	(1,798)	—	(2,574)
Transfer to prepaid lease payments	(1,853)	—	—	—	—	(1,853)
Elimination on disposals and write off	(164,715)	(283,310)	—	(77,230)	—	(525,255)
At 31 December 2010	2,742,601	10,191,804	175,188	438,163	—	13,547,756
CARRYING VALUES						
At 31 December 2010	11,726,611	50,809,654	1,378,508	970,836	19,388,148	84,273,757
At 31 December 2009	11,193,503	41,208,829	588,908	694,372	17,867,098	71,552,710

13. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

As at 31 December 2010, included in construction in progress is interest capitalised of HK$514,409,000 (2009: HK$353,458,000) not yet transferred to the appropriate categories of property, plant and equipment.

	Motor vehicles, furniture, fixtures, equipment and others HK$'000
THE COMPANY	
COST	
At 1 January 2009	15,574
Additions	3,522
At 31 December 2009	19,096
Additions	832
At 31 December 2010	19,928
ACCUMULATED DEPRECIATION	
At 1 January 2009	6,026
Provided for the year	2,760
At 31 December 2009	8,786
Provided for the year	3,094
At 31 December 2010	11,880
CARRYING VALUE	
At 31 December 2010	8,048
At 31 December 2009	10,310

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

14. PREPAID LEASE PAYMENTS

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

Analysed for reporting purposes as:

	2010 HK$'000	2009 HK$'000
Current (included in trade receivables, other receivables and prepayments)	**71,487**	51,775
Non-current	**1,891,805**	1,486,211
	1,963,292	1,537,986

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

15. MINING RIGHTS

	THE GROUP HK$'000
COST	
At 1 January 2009	206,539
Addition	422
Currency realignment	(29)
At 31 December 2009	206,932
Addition	1,900,644
Acquisition of a subsidiary (Note 43(a))	169,628
Acquisition of assets (Note 44(b))	7,375,092
Transfer from exploration and resources rights (Note 16)	209,410
Currency realignment	274,774
At 31 December 2010	10,136,480
ACCUMULATED AMORTISATION	
At 1 January 2009	9,478
Currency realignment	6
Amortisation for the year	9,235
At 31 December 2009	18,719
Currency realignment	1,529
Amortisation for the year	176,294
At 31 December 2010	196,542
CARRYING VALUE	
At 31 December 2010	9,939,938
At 31 December 2009	188,213

15. MINING RIGHTS (continued)

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

During the year ended 31 December 2009, the Group entered into several agreements with independent parties to acquire the mining rights to an aggregate area of 10,580 hectares of a coal mine located in Shanxi province. During the year ended 31 December 2010, certain of these acquisitions were completed (Note 44(b)). The remaining licence period of the mining rights ranged from 1 to 3 years at date of acquisition. The licence period of the other mining rights held by the Group ranged from 5 to 10 years. In the opinion of the directors, the Group will be able to renew the mining rights with relevant government authorises continuously at minimal charges.

16. EXPLORATION AND RESOURCES RIGHTS

	THE GROUP HK$'000
Carrying value	
At 1 January 2009	239,989
Currency realignment	63
Additions	115,416
At 31 December 2009	355,468
Currency realignment	2,160
Transfer to mining rights (Note 15)	(209,410)
At 31 December 2010	148,218

As at 31 December 2010, the exploration activities had been commenced. The term of the certificates ranged from 2 to 10 years. In the opinion of the directors, the Group will be able to renew the above rights with relevant government authorities continuously at minimal charges.

17. INVESTMENTS IN SUBSIDIARIES/LOANS TO SUBSIDIARIES

	THE COMPANY	
	2010 **HK$'000**	2009 HK$'000
Unlisted shares/capital contribution, at cost	**16,947,445**	13,402,497
Loans to subsidiaries (note)	**6,590,374**	2,261,068
	23,537,819	15,663,565

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

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

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

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered and paid-up capital 2010	2009	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
Leader Best Limited 豐能有限公司	Hong Kong	**Ordinary shares - HK$10,000 Non-voting deferred shares - HK$10,000***	Ordinary shares - HK$10,000 Non-voting deferred shares - HK$10,000*	**100**	100	**—**	—	Investment holding
Resources Shajiao C Investments Limited 香港潤朗沙角投資有限公司	Hong Kong	**Ordinary shares - HK$9,999 Special share - HK$1****	Ordinary shares - HK$9,999 Special share - HK$1**	**—**	—	**90**	90	Investment holding
China Resources Power (Jiangsu) Investment Company Limited ("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**	Registered capital and paid-up capital - RMB1,500,000,000	**—**	—	**100**	100	Investment holding
Nanjing Chemical Industry Park Heat-Power Co., Ltd. 南京化學工業園熱電有限公司 ("Nanjing Chemical") (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - US$21,800,000**	Registered and paid-up capital - US$21,800,000	**—**	—	**90**	90	Operation of a power station
Jiang Su Nanre Power Generation Co. Ltd. 江蘇南熱發電有限責任公司 ("Jiangsu Nanre") (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - US$100,000,000**	Registered and paid-up capital - US$100,000,000	**—**	—	**100**	100	Operation of a power station
China Resources Power Dengfeng Co., Ltd. 華潤電力登封有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB1,130,011,245**	Registered and paid-up capital - RMB630,000,000	**—**	—	**85**	85	Operation of a power station

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

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered and paid-up capital 2010	2009	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	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**	Registered and paid-up capital - RMB80,000,000	**—**	—	**51**	51	Operation of a power station
China Resources Power (Changshu) Co., Ltd. 華潤電力（常熟）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - US$173,520,000**	Registered and paid-up capital - US$173,520,000	**—**	—	**100**	100	Operation of a power station
China Resources Power Hunan Liyujiang Co., Ltd. 湖南華潤電力（鯉魚江）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB573,660,000**	Registered and paid-up capital - RMB573,660,000	**—**	—	**60**	60	Operation of a power station
China Resources Power Hubei Co., Ltd. 華潤電力湖北有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - US$112,000,000**	Registered and paid-up capital - US$112,000,000	**—**	—	**100**	100	Operation of a power station
China Resources (Jiaozuo) Thernal 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 - RMB194,748,500**	Registered capital - RMB267,540,000 Paid-up capital - RMB194,748,500	**—**	—	**100**	60	Operation of a power station
China Resources Power Performance Co., Ltd.	The British Virgin Islands	**Share - HK$0.01**	Share - HK$0.01	**100**	100	**—**	—	Investment holding
Tangshan China Resources Thermal Power Co., Ltd. 唐山華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB270,490,000**	Registered and paid-up capital - RMB270,490,000	**—**	—	**80**	80	Operation of a power station
China Resources Power Henan Shouyangshan Co., Ltd. 河南華潤電力首陽山有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB1,237,500,000**	Registered and paid-up capital - RMB1,237,500,000	**—**	—	**85**	85	Operation of a power station

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

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered and paid-up capital 2010	2009	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
Yixing China Resources Thermal Power Co., Ltd. 宜興華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered capital - RMB201,000,000 Paid-up capital - RMB144,425,000**	Registered capital - RMB201,000,000 Paid-up capital - RMB144,425,000	**—**	—	**55**	55	Operation of a power station
China Resources Power Hunan Co., Ltd. 華潤電力湖南有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB1,361,000,000**	Registered capital - RMB1,361,000,000 Paid-up capital - RMB1,358,545,665	**—**	—	**100**	100	Operation of a power station
Henan China Resources Power Gu Cheng Co., Ltd. 河南華潤電力古城有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB740,500,000**	Registered capital - RMB740,500,000 Paid-up capital - RMB737,718,067	**—**	100	**100**	—	Operation of a power station
華潤電力（唐山曹妃甸）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB783,000,000**	Registered and paid-up capital - RMB783,000,000	**—**	—	**90**	90	Operation of a power station
China Resources Power Project Service Co., Ltd. 華潤電力工程服務有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - HK$50,000,000**	Registered and paid-up capital - HK$50,000,000	**100**	100	**—**	—	Power station project consultancy services
CR Power Fuel (Henan) Co., Ltd. 華潤電力燃料（河南）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - HK$140,412,000**	Registered and paid-up capital - HK$35,000,000	**—**	—	**100**	100	Sale of coal
湖南華潤煤業有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - US$29,990,000**	Registered and paid-up capital - US$29,990,000	**—**	—	**100**	100	Coal mining

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

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered and paid-up capital 2010	2009	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
Shantou Dan Nan Wind Power Co., Ltd. 汕頭丹南風能有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - US$10,000,000**	Registered and paid-up capital - US$10,000,000	**—**	—	**55**	55	Operation of a power station
Guangzhou China Resources Thermal Power Co. Ltd.# 廣州華潤熱電有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB875,000,000**	Registered and paid-up capital - RMB350,000,000	**—**	—	**100**	70	Operation of a power station
China Resources Concord (Beijing) Thermal Power Co. Ltd. 華潤協鑫（北京）熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and capital paid-up - RMB247,100,000**	Registered and capital paid-up - RMB247,100,000	**—**	—	**51**	51	Operation of a power station
Fuyang China Resources Power Co., Ltd. 阜陽華潤電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered capital - RMB1,259,000,000 Paid-up capital - RMB919,000,000**	Registered capital - RMB1,259,000,000 Paid-up capital - RMB919,000,000	**—**	—	**55**	55	Operation of a power station
Yunnan China Resources Power (Honghe) Co., Ltd. 雲南華潤電力（紅河）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB279,400,000**	Registered and paid-up capital - RMB279,400,000	**—**	—	**70**	70	Operation of a power station
偃師華潤運輸有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB11,000,000**	Registered and paid-up capital - RMB11,000,000	**—**	—	**55**	55	Provision of local logistic services
China Resources Power Maintenance Henan Co., Ltd. 華潤電力檢修（河南）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB10,100,000**	Registered and paid-up capital - RMB5,000,000	**—**	—	**100**	100	Power station maintenance service

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

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered and paid-up capital 2010	2009	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
攀枝花華潤水電開發有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB50,000,000**	Registered and paid-up capital - RMB50,000,000	**—**	—	**70**	70	Development of a power station
深圳南國能源有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB50,000,000**	Registered and paid-up capital - RMB50,000,000	**—**	—	**100**	100	Investment holding
China Resources Power Investment Co., Ltd. ("CR Investment") 華潤電力投資有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered capital - RMB15,800,000,000 Paid-up capital - RMB13,082,904,478**	Registered capital - RMB11,400,000,000 Paid-up capital - RMB9,272,817,000	**100**	100	**—**	—	Investment holding
China Resources Cangzhou Co-generation Co., Ltd. 滄州華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB550,000,000**	Registered and paid-up capital - RMB550,000,000	**—**	—	**95**	95	Operation of a power station
Jinzhou Eastern Power Co., Ltd. ("Jinzhou ") 華潤電力（錦州）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB764,922,500**	Registered and paid-up capital - RMB764,922,500	**—**	—	**100**	100	Operation of a power station
Xuzhou Huaxin Power Generation Co., Ltd. ("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**	Registered and paid-up capital - RMB480,000,000	**—**	—	**72**	72	Operation of a power station
China Resources (Xuzhou) Coal and Power Ltd. ("Jiangsu 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**	Registered and paid-up capital - RMB109,364,623	**—**	—	**100**	100	Exploration and sale of coal and operation of a power station
China Resources Wind Power (Shantou) Co., Ltd. 華潤電力風能（汕頭）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB73,460,329**	Registered and paid-up capital - RMB73,460,329	**—**	—	**100**	100	Operation of a power station

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

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered and paid-up capital 2010	2009	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
China Resources Power Xingning Co., Ltd. 華潤電力興寧有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB337,500,000**	Registered and paid-up capital - RMB337,500,000	**—**	—	**100**	100	Operation of a power station
China Resources Wind Power (Chengde) Co., Ltd. 華潤電力風能（承德）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB176,332,198**	Registered capital - RMB176,320,000 Paid-up capital - RMB73,246,856	**—**	—	**100**	100	Operation of a power station
China Resources Power (Jining) Co., Ltd. 華潤電力（濟寧）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB195,000,000**	Registered and paid-up capital - RMB195,000,000	**90**	90	**—**	—	Development of a power station
China Resources Power (Heze) Co., Ltd. 華潤電力（荷澤）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered capital - USD29,000,000 Paid-up capital - USD28,977,000**	Registered capital - USD29,000,000 Paid-up capital - USD28,977,000	**100**	100	**—**	—	Development of a power station
China Resources Power (Lianyuan) Co., Ltd. 華潤電力（漣源）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - USD29,800,000**	Registered and paid-up capital - USD29,800,000	**—**	—	**100**	100	Operation of a power station
Shenyang China Resources Thermal Power Co., Ltd. 瀋陽華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB566,380,000**	Registered and paid-up capital - RMB566,380,000	**—**	—	**54**	54	Operation of a power station
China Resources Jinniu Thermal Power Co., Ltd. 內蒙古華潤金牛熱電有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB552,000,000**	Registered capital - RMB 200,000,000 Paid-up capital - RMB149,515,842	**—**	—	**100**	100	Operation of a power station

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

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered and paid-up capital 2010	2009	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
China Resources Wind Power (Yantai) Co., Ltd. 華潤電力風能（煙臺）有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered capital - RMB198,585,700 Paid-up capital - RMB165,420,124**	Registered capital - RMB198,585,700 Paid-up capital - RMB165,420,124	**—**	—	**95**	95	Operation of a power station
China Resources Wind Power (Shantouchaonan) Co., Ltd. 華潤電力風能（汕頭潮南）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered capital - RMB295,460,000 Paid-up capital - RMB250,032,702**	Registered capital - RMB295,460,000 Paid-up capital - RMB172,743,158	**—**	—	**100**	100	Operation of a power station
China Resources Power (Hezhou) Co., Ltd.Δ ("CRP Hezhou") 華潤電力（賀州）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - USD 33,000,000**	Registered and paid-up capital - USD 33,000,000	**—**	100	**—**	—	Development of a power station
華潤電力（六枝）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered capital - USD49,000,000 Paid-up capital - USD15,500,000**	Registered capital - USD49,000,000 Paid-up capital - USD15,500,000	**100**	100	**—**	—	Development of a power station
Henan Tianzhong Coal Mining Co., Ltd 河南天中煤業有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered capital - RMB200,000,000 paid-up capital - RMB199,979,411**	Registered capital - RMB200,000,000 paid-up capital - RMB29,979,339	**—**	—	**100**	100	Coal mining
China Resources Power (Wenzhou) Co., Ltd 華潤電力（溫州）有限公司 (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - USD49,000,000**	Registered capital - USD49,000,000 paid-up capital - USD15,500,000	**100**	100	**—**	—	Development of a power station
南京華潤熱電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB728,000,000**	Registered and paid-up capital - RMB728,000,000	**—**	—	**65**	65	Operation of a power station
山西華潤聯盛能源投資有限公司 ## (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB3,800,000,000**	Registered and paid-up capital - RMB3,800,000,000	**—**	—	**51**	51	Coal mining

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

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered and paid-up capital 2010	2009	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
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 - RMB270,618,000**	Registered and paid-up capital - RMB214,778,000	**—**	—	**51**	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
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
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
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
華潤電力風能(陽江)有限公司▲ (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB158,005,841**	—	**—**	—	**100**	—	Operation of a power station
華潤電力風能(煙臺蓬萊)有限公司▲ (Sino-Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB179,880,000**	—	**—**	—	**95**	—	Operation of a power station
華潤電力風能(承德禦道口)有限公司▲ (Wholly Foreign Owned Enterprise)	PRC	**Registered and paid-up capital - RMB168,110,532**	—	**—**	—	**100**	—	Operation of a power station

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

Name of subsidiary	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered and paid-up capital 2010	2009	Proportion of nominal value of issued capital/registered capital held by the Company Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
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
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
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
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
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
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
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
華潤電力風能（建平）有限公司▲ (Wholly Foreign Owned Enterprise)	PRC	Registered and paid-up capital RMB168,433,400	—	—	—	100	—	Development of a power station

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

* *The non-voting deferred shares are not entitled to receive notice of or attend or vote at any general meeting nor to any participation in the profits or surplus assets on winding up.*

** *The special share carries same rights as ordinary shares.*

\# *The Group acquired 30% additional interest during the year ended 31 December 2010.*

\## *The Group acquired 8% additional interest during the year ended 31 December 2010.*

\### *Newly acquired during the year ended 31 December 2010.*

Δ *The Group disposed 50% interest in China Resources Power (Hezhou) Co., Ltd. and China Resources Power (Hezhou) Co., Ltd. became a jointly controlled entity of the Group thereafter (Note 45).*

▲ *Newly incorporated during the year ended 31 December 2010.*

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

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the year.

18. INTERESTS IN ASSOCIATES

	THE GROUP	
	2010	2009
	HK$'000	HK$'000
Cost of investment in associates - unlisted	**9,792,459**	6,696,400
Share of post-acquisition profits and other comprehensive income and reserves, net of dividend received	**2,487,082**	2,410,932
	12,279,541	9,107,332

	THE COMPANY	
	2010	2009
	HK$'000	HK$'000
Cost of investment in associates - unlisted	**2,473,729**	2,348,329

Included in the Group's cost of investment in associates is goodwill of HK$910,790,000 (2009: HK$910,790,000) arising on acquisition of certain associates. The movement of goodwill is set out below:

	Goodwill
	HK$'000
COST	
At 1 January 2009	921,124
Transfer to goodwill of subsidiaries (Note 20)	(10,334)
At 31 December 2009 and 2010	910,790

18. INTERESTS IN ASSOCIATES (continued)

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

Name of associate	Place of registration	Registered and paid-up capital 2010	Registered and paid-up capital 2009	Attributable equity interest held by the Group 2010 %	Attributable equity interest held by the Group 2009 %	Attributable equity interest held by the Company 2010 %	Attributable equity interest held by the Company 2009 %	Principal activities
Guangdong Guanghope Power Co., Ltd. ("Guangdong Guanghope")* 廣東廣合電力有限公司 (Sino-Foreign Co-operative Joint Venture)	PRC	**Registered capital - US$391,600,000 Paid-up capital - US$241,600,000**	Registered capital - US$391,600,000 Paid-up capital - US$241,600,000	**36**	36		—	Operation of a power station
Hebei Harv Power Generation Company Limited 河北衡豐發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB777,000,000**	Registered and paid-up capital - RMB777,000,000	**25**	25		—	Operation of a power station
Zhejiang Wenzhou Telluride Power Generating Company Limited 浙江溫州特魯萊發電有限責任公司 (Sino-Foreign Co-operative Joint Venture)	PRC	**Registered and paid-up capital - RMB796,120,000**	Registered and paid-up capital - RMB796,120,000	**40**	40		—	Operation of a power station
China Resources (Xuzhou) Electric Power Company Limited** 徐州華潤電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered capital - RMB1,058,310,000 Paid-up capital - RMB863,110,000**	Registered capital - RMB1,058,310,000 Paid-up capital - RMB863,110,000	**50**	35	**—**	—	Operation of a power station
Hengshui Hengxing Power Generation Company Limited 衡水恒興發電大有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB475,000,000**	Registered and paid-up capital - RMB475,000,000	**25**	25	**—**	25	Operation of a power station
河南永華能源有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB300,000,000**	Registered and paid-up capital - RMB300,000,000	**49**	49	**—**	—	Exploration and sale of coal

18. INTERESTS IN ASSOCIATES (continued)

Name of associate	Place of registration	Registered and paid-up capital 2010	Registered and paid-up capital 2009	Attributable equity interest held by the Group 2010 %	Attributable equity interest held by the Group 2009 %	Attributable equity interest held by the Company 2010 %	Attributable equity interest held by the Company 2009 %	Principal activities
鄭州華轅煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB750,000,000**	Registered and paid-up capital - RMB750,000,000	**49**	49	**—**	—	Exploration and sale of coal
Yangzhou No. 2 Power Generation LL Co. 揚州第二發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB1,692,000,000**	Registered and paid-up capital - RMB1,692,000,000	**45**	45	**45**	45	Operation of a power station
Guizhou Hualong Coal Mining Co., Ltd. 貴州華隆煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered capital - RMB175,000,000 Paid-up capital - RMB 100,000,000**	Registered capital - RMB175,000,000 Paid-up capital - RMB 100,000,000	**49**	49	**49**	49	Coal mining
Jiangsu Zhenjiang Generator Company Limited 江蘇鎮江發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB1,482,200,000**	Registered and paid-up capital - RMB1,482,200,000	**42.5**	42.5	**—**	—	Operation of a power station
Zhangjiagang Shazhou Power Corporation 張家港沙洲電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB1,000,000,000**	Registered and paid-up capital - RMB1,000,000,000	**20**	20	**—**	—	Operation of a power station
Guodian Changzhou Power Corporation 國電常州發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB1,000,000,000**	Registered and paid-up capital - RMB1,000,000,000	**25**	25	**—**	—	Operation of a power station
徐州垞城電力有限責任公司# (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB360,000,000**	Registered and paid-up capital - RMB360,000,000	**53.75**	53.75	**—**	—	Operation of a power station
太原華潤煤業有限公司 (「太原華潤煤業」)## (Sino-Foreign Equity Joint Venture)	PRC	**Registered and paid-up capital - RMB4,000,000,000**	—	**49**	—	**—**	—	Coal mining

18. INTERESTS IN ASSOCIATES (continued)

Notes:

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

** *The Group acquired additional interest 15% in the associate Xuzhou as the completion of the acquisition of a 51% equity interest in Xuzhou Huaxing during year ended 31 December 2009.*

Under the shareholder's agreement of China Resources (Xuzhou) Electric Power Company Limited, two third of the board members' approval is required to decide certain key financial and operating matters. The directors of the Company consider that the Group does not have control over China Resources (Xuzhou) Electric Power Company Limited but is able to exercise significant influence in the operation thereof. China Resources (Xuzhou) Electric Power Company Limited is an associate of Xuzhou Huaxing, a subsidiary of the Group. The Group acquired Xuzhou Huaxing during the year ended 31 December 2010 (Note 44(c)).

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

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

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.

18. INTERESTS IN ASSOCIATES (continued)

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

	2010 RMB' 000	2009 RMB'000
Total assets	**55,250,641**	36,594,739
Total liabilities	**31,489,185**	17,300,417
Net assets	**23,761,456**	19,294,322
Group's share of net assets of associates	**11,368,751**	8,196,542
Turnover	**25,754,452**	13,897,138
Profit for the year	**2,458,353**	2,184,464
Other comprehensive income	**848,241**	(15,416)
	HK$'000	HK$'000
Group's share of net assets of associates	**11,368,751**	8,196,542
Group's share of profits of associates for the year	**790,346**	889,912
Group's share of other comprehensive income (expense) of associates for the year	**368,626**	(5,087)

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2010 **HK$'000**	2009 HK$'000
Cost of investment in jointly controlled entities - unlisted	**822,556**	—
Share of post-acquisition profits and other comprehensive income and reserves, net of dividend received	**113,039**	—
	935,595	—

	THE COMPANY	
	2010 **HK$'000**	2009 HK$'000
Cost of investment in jointly controlled entities - unlisted	**221,065**	—

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

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

Name of jointly controlled entities	Place of registration	Registered and paid-up capital 2010	Registered and paid-up capital 2009	Attributable equity interest held by the Group 2010 %	Attributable equity interest held by the Group 2009 %	Attributable equity interest held by the Company 2010 %	Attributable equity interest held by the Company 2009 %	Principal activities
山西華潤煤業有限公司（「山西華潤煤業」）# Shan Xi China Resources Coal Company Limited	PRC	Registered and paid-up capital - RMB800,000,000	—	50	—	—	—	Coal mining
天津中海華潤航運有限公司（「天津中海華潤航運」）# Tianjin Zhonghai Huarun Marine Company Limited	PRC	Registered and paid-up capital - RMB257,283,156	—	49	—	—	—	Provision of logistic services
潤捷能源投資有限公司 Resources J Investment Company Holding Limited ("Recourses J")##	HK	Registered and paid-up capital - USD2,000,000	—	50	—	50	—	Investment holding

Notes:

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

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

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

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES (continued)

Notes: (continued)

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

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

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

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

	2010 **RMB'000**	2009 RMB'000
Total assets	**1,998,534**	—
Total liabilities	**(1,202,405)**	—
Net assets	**796,129**	—
Turnover	**126,204**	—
Profit for the year	**247**	—
Other comprehensive income	**14,512**	—
	HK$'000	HK$'000
Group's share of net assets of jointly controlled entities	**935,595**	—
Group's share of profits of jointly controlled entities for the year	**289**	—
Group's share of other comprehensive income of jointly controlled entities for the year	**16,980**	—

20. GOODWILL

	THE GROUP HK$'000
COST	
At 1 January 2009	3,207,440
Transfer from interests in associates (Note 18)	10,334
Arising on acquisition of subsidiaries (Note 43(b))	539,061
At 31 December 2009	3,756,835
Arising on acquisition of a subsidiary (Note 43(a))	39,896
At 31 December 2010	3,796,731

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

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

During the year, the Group performed impairment review for goodwill based on cash flow forecasts covering a period of shorter than the useful life of the property, plant and equipment and operation period of the CGU. The first 5 years derived from the most recent financial budgets approved by management using discount rate of 8% (2009: 11%) for CGU engaged in operating of power station, while the forecast beyond 5 years is based on the financial budget which assumes no growth. The value in use calculated by using the discount rate is higher than the carrying amount of the goodwill allocated to the CGUs and accordingly, no impairment loss was considered necessary.

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

	2010 HK$'000	2009 HK$'000
Jinzhou	**1,438,876**	1,438,876

Pre-tax discount rates used for value in use calculation is 8% (2009: 11%). In the opinion of directors, any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Jinzhou to exceed the aggregate recoverable amount of Jinzhou.

21. INVESTMENTS IN INVESTEE COMPANIES

The Group's investments in investee companies represent investment in unlisted equity securities issued by nine (2009: four) limited liability entities registered in the PRC. They are measured at cost less impairment at the end of the reporting periods as the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

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

22. DEPOSITS PAID FOR ACQUISITION OF MINING/EXPLORATION RIGHTS

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

	2010	2009
	HK$'000	HK$'000
Exploration rights of coal mines located in Inner Mongolia province - project A (note a)	**1,116,421**	1,078,953
Exploration rights of coal mines located in Inner Mongolia province - project B (note b)	**1,345,916**	1,300,746
Exploration rights of coal mines located in Inner Mongolia province - project C (note c)	**117,518**	113,574
Mining rights of coal mines located in Shanxi province (note d)	**188,029**	7,439,815
Mining rights of coal mines located in Hunan province (note e)	**26,816**	90,859
	2,794,700	10,023,947

Notes:

(a) *In January 2008, the Group entered into an agreement with an independent third party to acquire the exploration and resources right to an area of 21,000 hectares of a coal mine located in Inner Mongolia province with consideration amounted to RMB6,900,000,000 (equivalents to HK$8,108,742,000). Up to 31 December 2010, consideration amounted to RMB950,000,000 (equivalent to HK$1,116,421,000) (2009: RMB950,000,000 (equivalent to HK$1,078,953,000)) had been paid by the Group, with outstanding consideration amounted to approximately RMB5,950,000,000 (equivalent to HK$6,992,321,000) (2009: RMB5,950,000,000 (equivalent to HK$6,757,653,000)).*

(b) *In June 2008, the Group entered into an agreement with an independent third party to acquire the exploration and resources right to an area of 36,100 hectares of a coal mine located in Inner Mongolia province with consideration amounted to RMB1,851,559,000 (equivalents to approximately HK$2,175,915,000). Up to 31 December 2010, consideration amounted to RMB1,145,285,000 (equivalent to approximately HK$1,345,916,000) (2009: RMB1,145,285,000 (equivalent to approximately HK$1,300,746,000))had been paid by the Group, with outstanding consideration amounted to approximately RMB706,274,000 (equivalent to approximately HK$802,999,000) (2009: RMB706,274,000 (equivalent to approximately HK802,144,000)). In December 2009, the Group brought a lawsuit against the counter party (Note 24).*

(c) *In September 2008, the Group entered into an agreement with an independent third party to acquire the exploration and resources right to an area of 9,310 hectares of a coal mine located in Inner Mongolia province with consideration amounted to RMB1,369,000,000 (equivalent to HK$1,608,821,000). Up to 31 December 2010, consideration amounted to RMB100,000,000 (equivalent to HK$117,518,000) (2009: RMB100,000,000 (equivalent to HK$113,574,000)) had been paid by the Group, with outstanding consideration amounted to approximately RMB1,269,000,000 (equivalent to HK$1,491,303,000) (2009: RMB1,269,000,000 (equivalent to HK$1,441,254,000)).*

22. DEPOSITS PAID FOR ACQUISITION OF MINING/EXPLORATION RIGHTS *(continued)*

Notes: (continued)

(d) *During the year ended 31 December 2009, the Group entered into several agreements with independent parties to acquire the mining rights to an aggregate area of 10,580 hectares of a coal mine located in Shanxi province and paid deposits amounting to RMB6,550,632,000 (equivalent to HK$7,439,815,000) as at 31 December 2009. During the year ended 31 December 2010, certain of these acquisitions were completed and the deposits paid amounting to RMB5,609,172,000 (equivalents to HK$6,370,561,000) (Note 44b) and RMB781,460,000 (equivalents to HK$913,792,000) were transferred to mining rights, respectively. The remaining licence period of the mining rights ranged from 1 to 3 years at date of acquisition. In the opinion of the directors, the Group will be able to renew the mining rights with relevant government authorises at minimal charges upon its expiration.*

(e) *In June 2008, the Group entered into an agreement with an independent third party to acquire the mining right to an area of 1,590 hectares of a coal mine located in Hunan province with consideration amounted to RMB276,213,000 (equivalents to approximately HK$324,600,000). Up to 31 December 2010, consideration amounted to RMB198,233,000 (equivalent to approximately HK$232,959,000) (2009: RMB80,000,000 (equivalent to approximately HK$90,859,000)) had been paid by the Group, with outstanding consideration amounted to approximately RMB77,980,000 (equivalent to approximately HK$91,641,000) (2009: RMB196,213,000 (equivalent to approximately HK$222,847,000)). During the year ended 31 December 2010, an amount of RMB175,414,000 (equivalent to approximately HK$222,847,000) is transferred to mining rights when the Group completed the acquisition and obtained the relevant mining right certificate and an amount of RMB22,819,000 (equivalent to approximately HK$26,816,000) remains pending for completion of this transfer.*

The counterparties are either local provincial government or companies with strong financial background. In the opinion of the directors of the Company, the deposit paid for acquisition of mining/exploration rights are of good credit quality.

23. OTHER NON-CURRENT DEPOSITS PAID

THE GROUP

The other non-current deposits paid comprise:

	2010 **HK$'000**	2009 HK$'000
Deposit paid for acquisition of subsidiaries	**—**	1,657,899
Deposit paid for acquisition of additional interest in subsidiaries	**80,228**	134,390
Deposit paid for establishment of an associate	**77,942**	77,942
	158,170	1,870,231

24. RESTRICTED BANK BALANCES/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank balances

The restricted bank balances at 31 December 2010 represented the bank balances of the Company's subsidiaries, China Resources (Xuzhou) Coal and Power Ltd. (the "CR Xuzhou") amounting to RMB49,900,000 (equivalent to HK$58,641,000).

The restricted bank balances at 31 December 2009 represented the bank balances of the CR Xuzhou and China Resources Power Investment Company Limited (the "CR Investment"), amounting to RMB80,609,000 (equivalent to HK$91,550,000) and RMB1,242,959,000 (equivalent to HK$1,411,679,000), respectively.

CR Xuzhou was acquired by the Company from the Xuzhou provincial government during the year ended 31 December 2007. In May 2008, CR Xuzhou was involved in a lawsuit in connection with coal mining overstep the boundary prior to the acquisition by the Company, with bank balances amounted to RMB80,609,000 (equivalent to HK$91,550,000) being frozen at the order of the civil court. During the year ended 31 December 2010, the frozen balance has been brought down to RMB49,900,000 (equivalent to HK$58,641,000). Pursuant to the State Owned Asset Transfer Agreement entered between the Xuzhou provincial government and the Company in connection for the acquisition of CR Xuzhou, the Xuzhou provincial government will compensate the Company for any loss arising from litigation or event occurred prior to the acquisition. In the opinion of the directors, the aforementioned lawsuit will not have material adverse effect on the financial position of the Group.

In June 2008, CR Investment entered into an agreement with an independent third party ("Party A") to acquire the exploration and resources right to an area of 36,100 hectares of a coal mine located in Inner Mongolia province with consideration amounted to RMB1,851,559,000 (equivalents to approximately HK$2,175,915,000). Up to 31 December 2010, consideration amounted to RMB1,145,285,000 (equivalent to approximately HK$1,345,916,000) had been paid by the Group, with outstanding consideration amounted to approximately RMB706,274,000 (equivalent to approximately HK$830,000,000). In December 2009, CR Investment brought a lawsuit against Party A on the ground that Party A breached the agreement. CR Investment requested to terminate the agreement and to refund of the deposit paid. For the purpose of freezing certain assets of Party A, CR Investment placed the same amount restricted deposit of RMB1,242,959,000 (equivalent to approximately HK$1,411,679,000) in Agricultural Bank of China and applied for a guarantee letter to be issued by the bank to the civil court. The guarantee letter was issued on 25 December 2009. On 26 February 2010, this restricted bank deposit was released by the bank.

Pledged bank deposits

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to HK$271,818,000 (2009: HK$407,306,000) have been pledged to secure short-term bank loans and are therefore classified as current assets. Deposit amounting to HK$37,218,000 (2010: nil) as at 31 December 2009 was pledged to secure long-term bank borrowings of an associate and that non-current pledged bank deposit was released upon the repayment of the relevant bank borrowings during the year.

Bank balances and cash

The bank balances and bank deposits of the Group and the Company carried interest at rates ranging from 0.01% to 1.17% per annum (2009: 0.36% to 1.71% per annum).

25. INVENTORIES

	THE GROUP	
	2010	2009
	HK$'000	HK$'000
Coal	**1,464,120**	907,742
Fuel oil	**149,248**	204,860
Spare parts and consumables	**392,649**	319,353
	2,006,017	1,431,955

At the end of the reporting period, all inventories were stated at cost.

26. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

THE GROUP

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

The following is an aged analysis of trade and notes receivables, included in trade receivables, other receivables and prepayments, presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	HK$'000
0 - 30 days	**6,422,154**	5,010,516
31 - 60 days	**271,699**	90,186
Over 60 days	**71,906**	86,344
	6,765,759	5,187,046

As at 31 December 2010, included in trade receivables is an amount of HK$48,346,000 (2009: nil) which is trade receivables from fellow subsidiaries and is aged within 30 days.

Included in the Group's prepayments are prepayments for purchase of coal and fuel amounted to HK$1,536,736,000 (2009: HK$736,588,000). In addition, other receivables and prepayments included an amount of VAT receivable of HK$933,564,000 (2009: HK$1,066,270,000) and advances to power grid companies of HK$422,573,000 (2009: HK$522,860,000).

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$71,906,000 (2009: HK$86,344,000) which are past due over 60 days at the end of reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 30 days (2009: 30 days).

The Group does not provide any allowance for all receivables because historical experience is such that receivables are generally recoverable. Management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

27. AMOUNTS DUE FROM ASSOCIATES

THE GROUP

	2010 HK$'000	2009 HK$'000
Loans to an associate (note a)	**2,281,420**	—
Dividend receivable from associates (note b)	**359,816**	30,378
Amounts due from associates (note b)	**211,817**	901,243
	2,853,053	931,621

Notes:

(a) *The loan to an associate are unsecured, carry interest at rates ranging from the rate offered by the People's Bank of China ("PBOC") to 120% of the rate offered by the PBOC and are repayable before 30 June 2011.*

(b) *The dividend receivable from associates and amounts due from associates are unsecured, non-interest bearing and repayable on demand. In the opinion of directors, the amounts will be repayable within one year.*

The Group does not provide any allowance for amounts due from associates because historical experience is such that amounts due from associates are generally recoverable. Management closely monitors the credit quality of loans to associates and amounts due from associates and considers the amounts are neither past due nor impaired to be a good credit quality. The Group does not hold any collateral over these balances.

THE COMPANY

	2010 HK$'000	2009 HK$'000
Amount due from an associate	**98,498**	837,338

The amount due from an associate at 31 December 2010 and 31 December 2009 is unsecured, non-interest bearing and repayable on demand.

The Company does not provide any allowance for amount due from an associate because historical experience is such that amount due from associate is generally recoverable. Management closely monitors the credit quality of amount due from an associate and considers the amount is neither past due nor impaired to be a good credit quality. The Company does not hold any collateral over this balance.

28. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

THE GROUP

	2010 HK$'000	2009 HK$'000
Loan to a jointly controlled entity (note a)	**1,175,180**	—
Amounts due from jointly controlled entities (note b)	**241,854**	—
	1,417,034	—

Notes:

(a) The loan to a jointly controlled entity are unsecured, carry interest at the rate offered by the PBOC and are repayable before 30 June 2011.

(b) The amounts due from jointly controlled entities are unsecured, non-interest bearing and repayable on demand.

The Group does not provide any allowance for amounts due from jointly controlled entities because historical experience is such that amounts due from associates are generally recoverable. Management closely monitors the credit quality of loan to a jointly controlled entity and amounts due from jointly controlled entities and considers the amounts are neither past due nor impaired to be a good credit quality. The Group does not hold any collateral over these balances.

THE COMPANY

	2010 HK$'000	2009 HK$'000
Amount due from a jointly controlled entity	**11,849**	—

The amount due from a jointly controlled entity at 31 December 2010 is unsecured, non-interest bearing and repayable on demand.

The Company does not provide any allowance for amount due from jointly controlled entity because historical experience is such that amount due from a jointly controlled entity is generally recoverable. Management closely monitors the credit quality of amount due from jointly controlled entity and considers the amount is neither past due nor impaired to be a good credit quality. The Company does not hold any collateral over this balance.

29. AMOUNTS DUE FROM RELATED COMPANIES

THE GROUP

	2010 HK$'000	2009 HK$'000
Amounts due from group companies (note a)	**18,950**	164,790
Amount due from an investee company (note b)	**42,285**	—
Amounts due from non-controlling shareholders of subsidiaries (note c)	**98,058**	3,023
	159,293	167,813

29. AMOUNTS DUE FROM RELATED COMPANIES *(continued)*

THE GROUP *(continued)*

Notes:

(a) *The amounts due from group companies comprise:*

	2010 HK$'000	2009 HK$'000
Loan to a fellow subsidiary (note i)	—	59,626
Amounts due from fellow subsidiaries (note ii)	**18,950**	105,164
	18,950	164,790

(i) *As at 31 December 2009, loan to a fellow subsidiary was unsecured, carried interest at a fixed rate of 4.43% per annum and was repayable within one year.*

(ii) *The amounts due from fellow subsidiaries are unsecured, non-interest bearing and repayable on demand. In the opinion of directors, the amounts will be repayable within one year.*

(b) *The amount due from an investee company is unsecured, non-interest bearing and repayable on demand. In the opinion of directors, the amount will be repayable within one year.*

(c) *The amounts due from non-controlling shareholders of subsidiaries comprise:*

	2010 HK$'000	2009 HK$'000
Loans to non-controlling shareholders of subsidiaries	—	1,136
Amounts due from non-controlling shareholders of subsidiaries	**98,058**	1,887
	98,058	3,023

As at 31 December 2009, the loans to non-controlling shareholders of subsidiaries were unsecured, carried interest at LIBOR plus 0.8878% and were repayable on demand.

The amounts due from non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand.

The Group does not provide any allowance for amounts due from related companies because historical experience is such that amounts due from related companies are generally recoverable. Management closely monitors the credit quality of amounts due from related companies and considers the amounts are neither past due nor impaired to be a good credit quality. The Group does not hold any collateral over these balances.

29. AMOUNTS DUE FROM RELATED COMPANIES *(continued)*

THE COMPANY

	2010 HK$'000	2009 HK$'000
Amounts due from group companies (note)	**18,552,273**	18,446,669
Amount due from an investee company	**42,285**	—
	18,594,558	18,446,669

Note:

The amounts due from group companies comprise:

	2010 HK$'000	2009 HK$'000
Amounts due from fellow subsidiaries	**—**	*15,777*
Amounts due from subsidiaries	**18,552,273**	*18,430,892*
	18,552,273	*18,446,669*

The amounts due from group companies are unsecured, non-interest bearing and repayable on demand. In the opinion of directors, the amounts will be repayable within one year.

The Company does not provide any allowance for amounts due from related companies because historical experience is such that amounts due from related companies are generally recoverable. Management closely monitors the credit quality of amounts due from related companies and considers the amounts are neither past due nor impaired to be a good credit quality. The Company does not hold any collateral over these balances.

30. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	THE GROUP	
	2010 HK$'000	2009 HK$'000
Financial assets at fair value through profit or loss held for trading are analysed below:		
Listed equity securities in the PRC	**3,544**	5,844

The classification of the measure of the financial assets at fair value through profit or loss at 31 December 2010 and 2009 using the fair value hierarchy of Level 1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets.

31. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

THE GROUP

The following is an aged analysis of trade payables, included in trade payables, other payables and accruals, presented based on the invoice date at the end of the reporting period:

	2010 HK$'000	2009 HK$'000
0 - 30 days	**2,994,329**	1,674,656
31 - 90 days	**483,608**	584,550
Over 90 days	**383,171**	259,613
	3,861,108	2,518,819
The other payables and accruals include:		
Accrued purchases of coal and fuel	**655,547**	409,247
Payables in respect of purchase of property, plant and equipment and construction	**7,110,903**	6,695,962
Accrued wages	**608,534**	550,004
Payable in respect of employee settlement cost	**491,624**	482,004
Other tax payables	**512,696**	274,934
Provision for restoration, rehabilitation and environmental expenditure	**42,200**	38,643
Other payables and accruals	**1,399,844**	1,793,617
	10,821,348	10,244,411

As at 31 December 2010, included in trade and other payables is an amount of HK85,105,000 (2009: nil) due to a non-controlling shareholder of a subsidiary in respect of service fees (see Note 48).

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Other payables are unsecured, interest free and repayable on demand.

32. AMOUNTS DUE TO ASSOCIATES

THE GROUP

	2010 HK$'000	2009 HK$'000
Loans from associates (note a)	**1,092,917**	397,509
Amounts due to associates (note b)	**—**	2,851,788
	1,092,917	3,249,297

Notes:

(a) The loans from associates are unsecured, carries interest at the rate set by People's Bank of China for loan of the same maturity minus 1% or 3% per annum, and repayable within one year, the range of effective interest rates (which is also equal to contracted interest rates) on the loan from an associate was from 3.72% to 5% (2009: 3.72% to 4.37%).

(b) The amounts due to associates are unsecured, non-interest bearing and repayable on demand.

THE COMPANY

	2010 HK$'000	2009 HK$'000
Amount due to an associate	**—**	1,324

The amount due to an associate at 31 December 2009 was unsecured, non-interest bearing and repayable on demand.

33. AMOUNTS DUE TO RELATED COMPANIES

THE GROUP

	2010 HK$'000	2009 HK$'000
Amounts due to fellow subsidiaries	**792**	1,621
Amounts due to immediate holding company	**398**	381
Amounts due to non-controlling shareholders of subsidiaries	**115,196**	167,384
	116,386	169,386

THE COMPANY

	2010 HK$'000	2009 HK$'000
Amounts due to fellow subsidiaries	**792**	1,547
Amount due to immediate holding company	**398**	381
	1,190	1,928

The amounts due to related companies are unsecured, non-interest bearing and repayable on demand.

34. BANK AND OTHER BORROWINGS

THE GROUP

	2010 HK$'000	2009 HK$'000
Secured bank loans (note a)	**861,058**	6,159,953
Unsecured bank loans (note a)	**63,294,724**	49,863,124
Corporate bonds (note b)	**10,653,559**	—
Other loans (note c)	**101,812**	461,390
	74,911,153	56,484,467
Carrying amount repayable:		
Within 1 year	**20,667,961**	23,494,165
More than 1 year, but not exceeding 2 years	**24,441,275**	9,578,244
More than 2 years, but not exceeding 5 years	**16,226,073**	17,163,792
More than 5 years	**13,575,844**	6,248,266
	74,911,153	56,484,467
Less: Amount due within 1 year shown under current liabilities	**(20,667,961)**	(23,494,165)
Amount due after 1 year	**54,243,192**	32,990,302
The above secured bank loans are secured by:		
Pledge of assets (note d)	**1,843,895**	10,367,797

Notes:

(a) As at 31 December 2010, included in bank borrowings are amounts of HK$1,800,000,000 and HK$12,998,960,000 which bear interest at a range from HIBOR plus 0.88% per annum to HIBOR plus 1.20% per annum and at a range from HIBOR plus 0.30% per annum to HIBOR plus 1.50% per annum, respectively. The bank borrowings are unsecured and repayable in 2011 and 2015, respectively.

As at 31 December 2009, included in bank borrowings were amounts of HK$1,000,000,000 and HK$9,287,019,000 which bore interest at HIBOR plus 0.39% per annum and at a range from HIBOR plus 0.30% per annum to HIBOR plus 1.20% per annum, respectively. The bank borrowings were unsecured and repayable in 2010 and 2013, respectively.

The remaining bank borrowings carry interest at fixed rates ranging from 1.79% to 6.12% (2009: 1.79% to 7.60%) per annum.

34. BANK AND OTHER BORROWINGS *(continued)*

THE GROUP *(continued)*

Notes: (continued)

(b) *As at 31 December 2010, corporate bonds include fixed rate bonds and notes issued by the Group and guaranteed by the Company as follows:*

(i) *issued by China Resources Power Investment Company Limited, a wholly-owned subsidiary of the Company, in the PRC:*

RMB3,300,000,000 (equivalent to HK$3,878,094,000) - 4.70% due January 2020 (issued in January 2010)

RMB500,000,000 (equivalent to HK$589,075,000) - 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$3,747,942,000) ("Tranche 1") and RMB500,000,000 (equivalent to HK$567,870,000) ("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.

(ii) *issued by the Company and listed on the Stock Exchange:*

US$500,000,000 (equivalent to HK$3,891,450,000) - 3.75% due August 2015 (issued in August 2010)

The notes will mature on 3 August 2015 but may be redeemed before then at the option of the Company, in whole but not in part, at any time at the (a) the principal amount of such note or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such note, together with the present values of the interest payable for the period from the date fixed for redemption to the maturity date, discounted to redemption date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.3%, as determined by an independent investment bank of international repute. The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong. The notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each note, together with interest accrued to the date for redemption, upon a change of controlling shareholder with respect to the Company.

(iii) *issued by the Company in Hong Kong:*

RMB1,000,000,000 (equivalent to HK$1,175,180,000) - 2.90% due November 2013 (issued in November 2010)

RMB1,000,000,000 (equivalent to HK$1,175,180,000) - 3.75% due November 2015 (issued in November 2010)

The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong or the PRC.

(c) *As at 31 December 2010, included in other loans is an amount of HK$94,014,000 (2009: HK$340,722,000) lent by* 安徽省能源集團有限公司, *the holding company of* 安徽省皖能股份有限公司（"皖能"）*which is a non-controlling shareholder of a subsidiary, Fuyang China Resources Power Co., Ltd., through a bank in the PRC which bear fixed rate at 4.5135% per annum, and is repayable in 2011.*

As at 31 December 2009, included in other loans was an amount of HK$113,574,000 lent by 皖能 *through a bank in the PRC which bore fixed rate at 4.5131% per annum, and was repaid in 2010.*

During the year ended 31 December 2010, total effective interest expenses incurred is HK$8,910,000 (2009: HK$11,168,000).

(d) *Certain bank loans are secured by the Group's land use rights, buildings, power generating plant and equipment and note receivables with carrying values of HK$65,444,000 (2009: HK$32,628,000), HK$128,543,000 (2009: HK$915,983,000), HK$1,418,691,000 (2009: HK$9,130,402,000) and HK$231,217,000 (2009: HK$288,784,000), respectively.*

34. BANK AND OTHER BORROWINGS *(continued)*

THE COMPANY

	2010 HK$'000	2009 HK$'000
Unsecured bank loans (note a)	**14,798,960**	10,287,019
Corporate bonds (note b)	**6,212,442**	—
	21,011,402	10,287,019
Carrying amount repayable:		
Within 1 year	**1,800,000**	1,000,000
More than 1 year, but not exceeding 2 years	**6,685,000**	1,000,000
More than 2 years, but not exceeding 5 years	**12,526,402**	7,837,019
More than 5 years	**—**	450,000
	21,011,402	10,287,019
Less: Amount due within 1 year shown under current liabilities	**(1,800,000)**	(1,000,000)
Amount due after 1 year	**19,211,402**	9,287,019

Notes:

(a) As at 31 December 2010, included in bank borrowings are amounts of HK$1,800,000,000 and HK$12,998,960,000 which bear interest at a range from HIBOR plus 0.88% per annum to HIBOR plus 1.20% per annum and at a range from HIBOR plus 0.30% per annum to HIBOR plus 1.50% per annum, respectively. The bank borrowings are unsecured and repayable in 2011 and 2015, respectively.

As at 31 December 2009, included in bank borrowings are amounts of HK$1,000,000,000 and HK$9,287,019,000 which bore interest at HIBOR plus 0.39% per annum and at a range from HIBOR plus 0.30% per annum to HIBOR plus 1.20% per annum, respectively. The bank borrowings were unsecured and repayable in 2010 and 2013, respectively.

(b) As at 31 December 2010, the corporate bonds are fixed rate bonds issued by the Company as follows:

(i) US$500,000,000 (equivalent to HK$3,903,392,000) - 3.75% due August 2015 (issued in August 2010)

The notes will mature on 3 August 2015 but may be redeemed before then at the option of the Company, in whole but not in part, at any time at the (a) the principal amount of such note or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such note, together with the present values of the interest payable for the period from the date fixed for redemption to the maturity date, discounted to redemption date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.3%, as determined by an independent investment bank of international repute. The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong. The notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each note, together with interest accrued to the date for redemption, upon a change of controlling shareholder with respect to the Company.

(ii) RMB1,000,000,000 (equivalent to HK$1,175,180,000) - 2.90% due November 2013 (issued in November 2010)

RMB1,000,000,000 (equivalent to HK$1,175,180,000) - 3.75% due November 2015 (issued in November 2010)

The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong or the PRC.

34. BANK AND OTHER BORROWINGS *(continued)*

The Group and the Company's borrowings that are denominated in currencies other than the functional currency, Renminbi, of the relevant entities are set out below:

	THE GROUP		THE COMPANY	
Currency	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
US dollars	**4,703,938**	3,129,233	**4,683,352**	3,098,019
Hong Kong dollars	**14,019,000**	7,190,062	**14,019,000**	7,190,062

At 31 December 2010, the interest rate risk of the Group and the Company's borrowings of HK$6,619,000,000 (2009: HK$4,935,000,000) was hedged using interest rate swaps (floating to fixed interest swaps) (see Note 35 for details).

35. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives under hedge accounting

	THE GROUP AND THE COMPANY	
	2010	2009
	HK$'000	HK$'000
Cash flow hedges - Interest rate swaps	**323,885**	333,550
Analysed for reporting purposes:		
Current	**—**	17,467
Non-current	**323,885**	316,083
	323,885	333,550

35. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Cash flow hedges

The Group uses interest rate swaps (net quarterly settlement) to minimise its exposure to interest expenses of certain of its floating-rate Hong Kong Dollar bank borrowings by swapping floating interest rates to fixed interest rates. The interest rate swaps and the corresponding bank borrowings have the similar terms and the directors of the Company considered that the interest rate swaps are highly effective hedging instruments. Major terms of the interest rate swaps at 31 December 2010 and 31 December 2009 are set out below:

Notional amount	Maturity	Swaps
HK$600,000,000	20 May 2010*	From HIBOR + 0.39% to 4.18%
HK$400,000,000	20 May 2010*	From HIBOR + 0.39% to 4.10%
HK$500,000,000	25 October 2012	From HIBOR to 4.52%
HK$500,000,000	25 October 2012	From HIBOR to 4.48%
HK$500,000,000	26 October 2012	From HIBOR to 4.48%
HK$335,000,000	8 November 2012	From HIBOR to 4.29%
HK$500,000,000	29 October 2012	From HIBOR to 4.415%
HK$500,000,000	29 October 2012	From HIBOR to 4.38%
HK$500,000,000	25 October 2012	From HIBOR to 4.50%
HK$400,000,000	31 December 2012	From HIBOR to 3.97%
HK$200,000,000	28 February 2013	From HIBOR to 3.36%
HK$1,000,000,000	6 May 2015#	From HIBOR to 2.12%
HK$1,184,000,000	6 May 2015#	From HIBOR + 0.92% to 2.115%
HK$500,000,000	8 June 2015#	From HIBOR + 1.20% to 2.075%

* *The interest rate swaps were matured during 2010.*

\# *The interest rate swaps were entered into during 2010.*

As at 31 December 2010, the gross fair value gain and fair value loss during the year from the interest rate swaps under cash flow hedge amounted to HK$75,352,000 (2009: HK$60,924,000) and HK$51,276,000 (2009: HK$701,000), respectively, and resulted a net fair value gain of HK$24,076,000 (2009: fair value gain of HK$60,223,000) has been deferred in equity and are expected to be released to the income statement when the hedged interest expense is charged to profit or loss quarterly. Fair value gain and fair value loss of interest rate swaps for ineffective portion, amounting to HK$664,000 (2009: HK$23,771,000) and HK$15,074,000 (2009: HK$30,279,000) respectively. The net change in fair value amounting to HK$14,410,000 (2009: HK$6,508,000), was recognised in profit or loss in the current year.

The classification of the measure of the derivative financial instruments at 31 December 2010 and 2009 using the fair value hierarchy is Level 2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

36. DEFERRED TAXATION

THE GROUP

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK$'000	Fair value of mining rights HK$'000	Fair value of prepaid lease payments HK$'000	Fair value of property, plant and equipment HK$'000	Distributable profits of PRC subsidiaries and associates HK$'000	Retirement benefit obligations HK$'000	Trade and other receivables HK$'000	Others HK$'000	Total HK$'000
At 1 January 2009	(80,777)	(28,116)	(50,382)	80,754	(25,512)	77,007	11,827	3,687	(11,512)
Exchange realignment	20	7	8	(7)	—	6	1	9	44
(Charge) credit to profit or loss for the year	(38,400)	2,308	1,637	10,358	(76,584)	(2,466)	(6,635)	36,207	(73,575)
Acquisition of subsidiaries	—	—	(20,695)	(205,282)	—	—	8,123	—	(217,854)
At 31 December 2009	(119,157)	(25,801)	(69,432)	(114,177)	(102,096)	74,547	13,316	39,903	(302,897)
Exchange realignment	(3,373)	(1,704)	(2,390)	(3,824)	—	1,330	416	729	(8,816)
(Charge) credit to profit or loss for the year	(30,734)	6,096	3,877	10,478	(34,676)	(5,596)	—	(14,709)	(65,264)
Acquisition of subsidiaries	—	(42,407)	—	—	—	—	—	—	(42,407)
Settlement upon dividend received and credit to income statement	—	—	—	—	32,813	—	—	—	32,813
At 31 December 2010	(153,264)	(63,816)	(67,945)	(107,523)	(103,959)	70,281	13,732	25,923	(386,571)

36. DEFERRED TAXATION *(continued)*

THE GROUP *(continued)*

The following is the analysis of the deferred taxation balances for financial reporting purposes:

	2010 **HK$'000**	2009 HK$'000
Deferred tax assets	**107,084**	111,086
Deferred tax liabilities	**(493,655)**	(413,983)
	(386,571)	(302,897)

At 31 December 2010, the Group had unused tax losses of HK$560,573,000 (2009: HK$594,262,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses at 31 December 2010 are losses of approximately HK$380,689,000 (2009: HK$456,275,000) that will expire within 5 years from the year of originating, in or before 2014. Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$9,672,713,000 (2009: HK$5,742,600,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

THE COMPANY

At 31 December 2010, the Company had unused tax losses of HK$179,883,000 (2009: HK$173,089,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

37. SHARE CAPITAL

	Number of shares		Amount	
	2010	2009	**2010**	2009
	'000	'000	**HK$'000**	HK$'000
Ordinary share of HK$1.00 each				
Authorised:				
Balance at 1 January and 31 December	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Issued and fully paid:				
Balance at 1 January	**4,683,431**	4,212,797	**4,683,431**	4,212,797
Issue of shares:				
- rights issue of shares at a price of HK$14.00 per rights share (note)	**—**	424,337	**—**	424,337
- upon exercise of share options	**36,070**	46,297	**36,070**	46,297
Balance at 31 December	**4,719,501**	4,683,431	**4,719,501**	4,683,431

Note: 424,337,196 rights shares of HK$1.00 each were allotted in July 2009 at a subscription price of HK$14.00 per rights share to the shareholders of the Company in the proportion of one rights share for every ten shares held (the "Rights Issue"). The Company raised approximately HK$5,941 million. The subscription money for the Rights Issue payable by China Resources (Holdings) Company Limited of approximately HK$3,850,000,000 was set off against debt owing by the Group to CRNC with a principal amount of approximately HK$3,850,000,000 and carrying amount at amortised cost of approximately HK$3,732,981,000 (the difference between the principal amount and the carrying amount of the debt of approximately HK$117,019,000 represents transaction costs incurred upon initial recognition which was refunded from CRNC following the Rights Issue).

All shares issued rank pari passu with the then existing shares in issue in all respects.

All the shares which were issued during the year rank pari passu with the existing shares in all respects.

38. SHARE OPTION

Pursuant to a resolution in writing passed on 6 October 2003 by the shareholders of the Company, a Pre-IPO Share Option Scheme and a Share Option Scheme have been adopted by the Company.

(a) Pre-IPO Share Option Scheme

On 6 October 2003, the Company granted options to the grantees to subscribe for 167,395,000 shares in the Company at an exercise price of HK$2.80 per share, upon payment of HK$1 per grant. Options granted are exercisable within a period of ten years within which there is a total vesting period of five years. 20% of the share options will be allowed to exercise upon each of the first five anniversary dates.

Movement of options under Pre-IPO Share Option Scheme during the years ended 31 December 2009 and 2010 is as follows:

		Number of options							
	Exercise price HK$	Outstanding at 1.1.2009	Adjustments during the year ended 31.12.2009*	Exercised during the year ended 31.12.2009	Outstanding at 31.12.2009	Reclassification during the year ended 31.12.2010	Lapsed during the year ended 31.12.2010	Exercised during the year ended 31.12.2010	Outstanding at 31.12.2010
Directors of the Company	2.80	3,060,000	(2,460,000)	(600,000)	—	—	—	—	—
	2.75	—	2,504,280	(400,000)	2,104,280	(264,680)	—	(1,086,280)	753,320
Directors of CRH	2.80	480,000	(240,000)	(240,000)	—	—	—	—	—
	2.75	—	244,320	—	244,320	1,018,000	—	(122,160)	1,140,160
Employees of the Group	2.80	21,680,000	(12,231,000)	(9,449,000)	—	—	—	—	—
	2.75	—	12,451,194	(1,985,118)	10,466,076	—	—	(4,338,816)	6,127,260
Employees of CRH and its subsidiaries, other than the Group	2.80	20,878,000	(19,526,000)	(1,352,000)	—	—	—	—	—
	2.75	—	19,877,468	(1,930,128)	17,947,340	(753,320)	—	(832,724)	16,361,296
		46,098,000	620,262	(15,956,246)	30,762,016	—	—	(6,379,980)	24,382,036
Exercisable at the end of the year		46,098,000			30,762,016				24,382,036
Weighted average exercise price		2.80	N/A	2.79	2.75	N/A	N/A	2.75	2.75

* *The number of share options and the corresponding exercise price had been adjusted as a result of the Rights Issue.*

38. SHARE OPTION *(continued)*

(a) Pre-IPO Share Option Scheme *(continued)*

The purpose of the Pre-IPO Share Option Scheme is to, amongst others, give the participants an opportunity to have a personal stake in the Company and help to motivate the participants to optimise their performance and efficiency and retain participants whose contributions are important to the long-term growth and profitability of the Group.

(b) Share Option Scheme

Pursuant to the Share Option Scheme approved by a resolution of the shareholders of the Company dated 6 October 2003, the Board may, at its absolute discretion, offer any employee, director, consultant or advisor of (i) CRH and its subsidiaries; and (ii) the Company, its subsidiaries and associated companies, option to subscribe for the Company's shares, for the promotion of success of the business of the Group. The exercise price of the share option will be determined at the highest of (1) the closing price of the Company's shares on the Stock Exchange on the date of grant of the option; (2) the average closing price of the Company's shares on the Stock Exchange on the five trading days immediately preceding the date of grant; and (3) the nominal value of the shares.

Options granted are exercisable during the period from the vesting date to the last day of the ten-year period after grant date. The share options have vesting periods from one to five years and every 20% will be vested each year.

38. SHARE OPTION *(continued)*

(b) Share Option Scheme *(continued)*

Movement of options granted under the Share Option Scheme in 2009 and 2010 is as follows:

	Exercise price HK$	Date of grant	Number of options: Outstanding at 1.1.2009	Adjustments during the year ended 31.12.2009*	Reclassification during the year ended 31.12.2009	Exercised during the year ended 31.12.2009	Outstanding at 31.12.2009	Reclassification during the year ended 31.12.2010	Lapsed during the year ended 31.12.2010	Exercised during the year ended 31.12.2010	Outstanding at 31.12.2010
Directors of CRH and	3.990	18.3.2005	1,620,000	(1,320,000)	—	(300,000)	—	—	—	—	—
its subsidiaries	3.919	18.3.2005	—	1,343,760	—	—	1,343,760	916,200	—	(305,400)	1,954,560
Directors of the Company	3.990	18.3.2005	2,400,000	(2,160,000)	—	(240,000)	—	—	—	—	—
	3.919	18.3.2005	—	2,198,880	—	—	2,198,880	(447,920)	—	(871,880)	879,080
	4.725	18.11.2005	400,000	(400,000)	—	—	—	—	—	—	—
	4.641	18.11.2005	—	407,200	—	—	407,200	—	(40,720)	(162,880)	203,600
	12.430	30.3.2007	400,000	(400,000)	—	—	—	—	—	—	—
	12.210	30.3.2007	—	407,200	—	—	407,200	—	—	—	407,200
Employees of CRH and	4.250	1.9.2004	4,300,000	—	(4,300,000)	—	—	—	—	—	—
its subsidiaries, other than	3.990	18.3.2005	4,340,000	(3,920,000)	—	(420,000)	—	—	—	—	—
the Group	3.919	18.3.2005	—	3,990,560	—	(244,320)	3,746,240	—	—	(1,546,280)	2,199,960
	4.725	18.11.2005	9,750,000	—	(9,750,000)	—	—	—	—	—	—
Employees of the Group	4.250	1.9.2004	8,770,000	(9,130,000)	4,300,000	(3,940,000)	—	—	—	—	—
	4.175	1.9.2004	—	9,294,340	—	(2,114,560)	7,179,780	—	—	(3,766,240)	3,413,540
	3.990	18.3.2005	13,800,000	(11,040,000)	—	(2,760,000)	—	—	—	—	—
	3,919	18.3.2005	—	11,238,720	—	(2,004,120)	9,234,600	(468,280)	—	(6,030,880)	2,735,440
	4.725	18.11.2005	38,040,000	(38,810,000)	9,750,000	(8,980,000)	—	—	—	—	—
	4.641	18.11.2005	—	39,508,580	—	(4,534,020)	34,974,560	—	—	(12,517,920)	22,456,640
	7.050	5.9.2006	23,120,000	(21,480,000)	—	(1,640,000)	—	—	—	—	—
	6.925	5.9.2006	—	21,866,640	—	(2,191,680)	19,674,960	—	—	(4,122,040)	15,552,920
	12.430	30.3.2007	24,236,000	(23,580,000)	—	(656,000)	—	—	—	—	—
	12.210	30.3.2007	—	24,004,440	—	(316,160)	23,688,280	—	—	(366,520)	23,321,760
			131,176,000	2,020,320	—	(30,340,860)	102,855,460	—	(40,720)	29,690,040	73,124,700
Exercisable at the end of the year			52,164,000				57,965,460				57,644,700
Weighted average exercise price			6.41	N/A	N/A	6.26	5.97	N/A	4.25	4.88	7.48

* *The number of share options and the corresponding exercise price had been adjusted as a result of the Rights Issue.*

38. SHARE OPTION *(continued)*

(b) Share Option Scheme *(continued)*

In the current year, an amount of share option expense of HK$27,688,000 (2009: HK$53,587,000) has been recognised in the consolidated income statement, with a corresponding adjustment made in the Group's share option reserve.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$15.87 (2009: HK$16.59).

The fair value of the options was determined at the date of grant using the Black-Scholes option pricing model, taken into account the terms and conditions upon which the share options were granted.

39. RESERVES

THE GROUP

Details of changes in reserves of the Group are set out in the consolidated statement of changes in equity on pages 80 to 82.

General reserve is part of the shareholders' funds and comprises statutory surplus reserve, enterprise expansion fund and reserve fund of subsidiaries and associates in the PRC. Pursuant to the Articles of Associates, certain of the Company's subsidiaries established in the PRC shall make allocation from their profit after tax to the general reserve. The general reserve shall be used for making up losses, capitalisation into capital and expansion of the operations and production of the respective subsidiaries and associates.

The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of subsidiaries acquired pursuant to a group reorganisation for the purpose of the preparation of the Company's share listing on the Stock Exchange.

39. RESERVES *(continued)*

	Share premium HK$'000	Merger reserve HK$'000	Hedging reserve HK$'000	Share option reserve HK$'000	Shares held for share award scheme HK$'000	Retained profits HK$'000	Total HK$'000
THE COMPANY							
At 1 January 2009	10,731,749	82,309	(369,734)	355,213	(155,340)	7,998,517	18,642,714
Fair value change on cash flow hedges		—	60,223	—	—	—	60,223
Loss for the year	—	—	—	—	—	(378,529)	(378,529)
Total comprehensive income for the year		—	60,223	—	—	(378,529)	(318,306)
Rights issue of shares of a price of HK$14.00 per rights share (Note 37)	5,516,384	—	—	—	—	—	5,516,384
Shares issued upon exercise of options	149,342	—	—	—			149,342
Recognition of equity settled share based payments	—	—	—	53,587	—	—	53,587
Transfer of share option reserve on exercise of share options	89,673	—	—	(89,673)	—	—	—
Purchase of shares for shares under share award scheme	—	—	—	—	(526,160)	—	(526,160)
Dividends paid	—	—	—	—	—	(619,505)	(619,505)
At 31 December 2009	16,487,148	82,309	(309,511)	319,127	(681,500)	7,000,483	22,898,056
Fair value change on cash flow hedges	—	—	24,076	—	—	—	24,076
Profit for the year	—	—	—	—	—	500,783	500,783
Total comprehensive income for the year	—	—	24,076	—	—	500,783	524,859
Shares issued upon exercise of options	123,211	—	—	—	—	—	123,211
Recognition of equity settled share based payments	—	—	—	27,688	—	—	27,688
Transfer of share option reserve on exercise of share options	69,731	—	—	(69,731)	—	—	—
Dividends paid	—	—	—	—	—	(1,770,924)	(1,770,924)
At 31 December 2010	16,680,090	82,309	(285,435)	277,084	(681,500)	5,730,342	21,802,890

The merger reserve of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the Group Reorganisation and the nominal amount of the Company's shares issued for the acquisition.

In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained profits of the Company amounted to HK$5,730,342,000 as at 31 December 2010 (2009: HK$7,000,483,000).

40. SHARES HELD FOR SHARE AWARD SCHEME

On 25 April 2008 (the "Adoption Date"), a Medium to Long-term Performance Evaluation Incentive Plan (formerly known as Restricted Share Award Scheme) (the "Scheme") was adopted by the Company. The Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date. Pursuant to the rules of the Scheme, the Company has set up a trust, BOCI - Prudential Trustee Limited, for the purpose of administering the Scheme and holding the restricted shares.

On 26 January 2011, the Company amended the Scheme such that cash instead of restricted shares will be awarded and changed the name of the Restricted Share Award Scheme to Medium to Long-term Performance Evaluation Incentive Plan. The Company will utilise the proceeds generated from disposal of the restricted shares held by the trustee for the awards made under the Scheme.

The Group purchased issued shares from market at cost shown under shares held for share award scheme in the equity during the year ended 31 December 2009. No shares reward are being granted to employees or any other eligible participants up to year end date.

Movement of issued shares purchased is as follows:

	Number of shares purchased '000	Cost of purchase HK$'000
At 1 January 2009	10,580	155,340
Purchase during the year	30,650	526,160
At 31 December 2009 and at 31 December 2010	41,230	681,500

41. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes long-term bank borrowings, short-term bank borrowings, corporate bonds and other loans as disclosed in Note 34, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits. The capital structure of the Company consists of net debt, which includes the long-term bank borrowings and corporate bonds as disclosed in Note 34, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

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

42. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP	
	2010	2009
	HK$'000	HK$'000
Financial assets		
Fair value through profit or loss Held for trading	**3,544**	5,844
Loans and receivables (including cash and cash equivalents)	**19,203,175**	15,600,507
Available-for-sale financial assets	**1,093,160**	201,053
Financial liabilities		
Derivative instruments in designated hedge accounting relationships	**(323,885)**	(333,550)
Amortised cost	**(88,980,545)**	(70,986,326)

	THE COMPANY	
	2010	2009
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**28,266,509**	22,414,153
Financial liabilities		
Derivative instruments in designated hedge accounting relationships	**(323,885)**	(333,550)
Amortised cost	**(21,017,296)**	(10,292,633)

Financial risk management objectives and policies

The Group's major financial instruments include investment in investee companies, restricted bank balances, pledged bank deposits, bank balances and cash, trade and other receivables, trade and other payables, amounts due from associates, amounts due from jointly controlled entities, amounts due from related companies, financial assets at fair value through profit or loss, amounts due to associates, amounts due to related companies, bank and other borrowings and derivative financial instruments. The Company's major financial instruments comprise loans to subsidiaries, other receivables, amounts due from an associate, a jointly controlled entity and related companies, bank balances and cash, other payable, amounts due to associates and related companies, bank and other borrowings and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk

Interest rate risk

The Group's and the Company's fair value interest rate risk is the risk that the fair value of a fixed rate financial instruments will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at year ended 31 December 2010, except for HK$14,799 million (2009: HK$10,287 million) of bank borrowings at floating rates, all remaining bank borrowings and other borrowings of the Group and the Company are at fixed rate. At 31 December 2010, the Group's and the Company's bank borrowings and other borrowings of approximately HK$60,112 million (2009: HK$46,197 million) and HK$6,212 million (2009: nil), respectively, were at fixed rates.

The Group is exposed to cash flow interest rate risk in relation to variable rate loan to an associate, loan to a jointly controlled entity, loans to non-controlling shareholders of subsidiaries and loans from associates and bank borrowings (see Notes 27, 28, 29, 32 and 34). The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and loan to a fellow subsidiary (see Notes 29 and 34).

The Company is exposed to cash flow interest rate risk in relation to variable rate bank borrowings (see Note 34). The Company is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see Note 34).

In order to keep borrowings at fixed rate and to minimise the cash flow interest rate risk, the Group and the Company uses floating to fixed interest rate swaps to manage the cash flow interest rate risk exposure associated with the borrowings at floating interest rates amounting to HK$6,619 million (2009: HK$4,935 million) (see Note 34 for details).

The interest income is derived from the Group's current and fixed deposits that carry interest at the respective banking deposit rate of the banks located in Hong Kong and the PRC. The Group's bank deposits (set out in Note 24) carried at prevailing market rates. The Group's bank deposits are short-term in nature and the exposure of cash flow interest rate risk is minimal and no sensitivity to interest rate risk is presented.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both bank and other borrowings and derivative financial instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the period were outstanding for the whole year. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's and the Company's post-tax profit for the year ended 31 December 2010 would decrease/increase by HK$74,550,000 (2009: HK$53,520,000). This is mainly attributable to the Group's and the Company's exposure to interest rates on its variable-rate bank borrowings.

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk

The Group and the Company do not have significant exposure to foreign currency risk as majority of the Group's operations are in the PRC and transactions are denominated in Renminbi which is the functional currency of the Group and the respective group entities except for certain bank balances and borrowings which are denominated in HK$ and US$.

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

THE GROUP

	Currency	Assets		Liabilities	
		2010	2009	**2010**	2009
		HK$'000	HK$'000	**HK$'000**	HK$'000
US dollars	US$	**416,181**	251,313	**4,703,938**	3,129,233
Hong Kong dollars	HK$	**216,874**	322,177	**14,019,000**	7,190,062

THE COMPANY

	Currency	Assets		Liabilities	
		2010	2009	**2010**	2009
		HK$'000	HK$'000	**HK$'000**	HK$'000
US dollars	US$	**4,143,464**	464,977	**4,683,352**	3,098,019
Hong Kong dollars	HK$	**2,949,947**	2,176,621	**14,019,000**	7,190,062

The following table details the sensitivity to a 5% increase in Renminbi against the relevant foreign currencies. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The analysis illustrates the impact for a 5% strengthening of Renminbi against the relevant currency, a positive number represents increase in profit for the year and a negative represents decrease in profit for the year. For a 5% weakening of Renminbi against the relevant currency, there would be an equal and opposite impact on the profit.

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk (continued)

THE GROUP

	U.S. dollar impact		Hong Kong dollar impact	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Increase in profit for the year	**214,388**(i)	143,896(i)	**690,106**(ii)	343,394(ii)

(i) This is mainly attributable to the exposure on outstanding bank balances, and bank and other borrowings denominated in U.S. dollar.

(ii) This is mainly attributable to the exposure on outstanding bank balances, and bank and other borrowings denominated in Hong Kong dollar.

THE COMPANY

	U.S. dollar impact		Hong Kong dollar impact	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Increase in profit for the year	**26,994**(iii)	131,652(iii)	**553,453**(iv)	250,672(iv)

(iii) This is mainly attributable to the exposure on outstanding bank balances, loans to subsidiaries, amounts due from subsidiaries, and bank and other borrowings denominated in U.S. dollar.

(iv) This is mainly attributable to the exposure on outstanding bank balances, loans to subsidiaries, amounts due from subsidiaries, and bank and other borrowings denominated in Hong Kong dollar.

Other price risk

The Group is exposed to equity price risk through its investment in investee companies and financial assets at fair value through profit or loss. The Group's equity price risk is mainly concentrated on equity instruments operating in power plants. The investment is carried at cost less any impairment loss since the directors of the Company are of opinion that the fair value of the investment cannot be determined reliably. Accordingly, no sensitivity analysis is presented.

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk

THE GROUP

The Group's credit risk is primarily attributable to trade and other receivables, amounts due from associates, amounts due from jointly controlled entities and amounts due from related companies. The maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has reviewed the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Credit risk for the Group are concentrated on a limited number of power grids, associates, jointly controlled entities and related companies. However, the management, having considered the financial background and good creditability of the power grids and related companies, and good operating prospect of the associates and jointly controlled entities believes there is no significant credit risk.

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

THE COMPANY

The Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the statement of financial position. The credit risk is limited because the counterparties are subsidiaries with strong financial position and cash flow position. The credit quality of amounts due from subsidiaries and loans to subsidiaries are of good quality.

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

The Company has concentration of credit risk which was arising from the subsidiaries are mainly engaged in operating power plants and coal mining industry in the PRC.

Substantially all the loans and receivables are not yet due as at the end of the reporting period. The Company does not hold any collateral over these balances.

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including raising of loans to cover expected cash demands, subject to certain internal control measures of the Group. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group had net current liabilities at 31 December 2010, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the management obtained sufficient long-term bank facilities at the end of the reporting period. In addition, the power plants in the PRC have strong operating cash inflow. In this regard, the directors of the Company consider that the Group's liquidity risk is significantly reduced and are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

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

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

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity and interest risk tables

	THE GROUP						
	Weighted average interest rate %	On demand HK$$'000	Less than 1 year HK$'000	1 - 5 years HK$'000	5 + year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2010							
Non-derivative financial liabilities							
Non-interest bearing	N/A	8,804,551	3,477,937	693,987	—	12,976,475	12,976,475
Fixed interest rate instruments	4.671	—	21,159,439	32,014,711	14,974,141	68,148,291	60,112,193
Variable interest rate instruments*	1.090	—	3,068,434	13,237,677	—	16,306,111	15,891,877
		8,804,551	27,705,810	45,946,375	14,974,141	97,430,877	88,980,545
Derivatives - net settlement							
Interest rate swaps		—	209,135	333,477	—	542,612	323,885
At 31 December 2009							
Non-derivative financial liabilities							
Non-interest bearing	N/A	11,845,144	2,259,206	—	—	14,104,350	14,104,350
Fixed interest rate instruments	6.345	—	24,430,855	21,173,736	9,396,827	55,001,418	46,197,448
Variable interest rate instruments*	1.587	—	1,515,759	9,419,005	—	10,934,764	10,684,528
		11,845,144	28,205,820	30,592,741	9,396,827	80,040,532	70,986,326
Derivatives - net settlement							
Interest rate swaps		—	164,049	293,858	—	457,907	333,550

42. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity and interest risk tables (continued)

	THE COMPANY						
	Weighted average interest rate %	On demand HK$$'000	Less than 1 year HK$'000	1 - 5 years HK$'000	5 + year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2010							
Non-derivative financial liabilities							
Non-interest bearing	N/A	5,894	—	—	—	5,894	5,894
Fixed interest rate instruments	3.590	—	223,005	6,969,545	—	7,192,550	6,212,442
Variable interest rate instruments*	1.090	—	1,959,277	13,237,677	—	15,196,954	14,798,960
		5,894	2,182,282	20,207,222	—	22,395,398	21,017,296
Derivatives - net settlement							
Interest rate swaps		—	209,135	333,477	—	542,612	323,885
At 31 December 2009							
Non-derivative financial liabilities							
Non-interest bearing	N/A	5,614	—	—	—	5,614	5,614
Variable interest rate instruments*	1.587	—	1,108,610	9,419,005	—	10,527,615	10,287,019
		5,614	1,108,610	9,419,005	—	10,533,229	10,292,633
Derivatives - net settlement							
Interest rate swaps		—	164,049	293,858	—	457,907	333,550

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

42. FINANCIAL INSTRUMENTS *(continued)*

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of derivative financial instruments is calculated using discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives.

The financial assets and liabilities carried at amortised cost approximate their respective fair values except for bank and other borrowings carried at fixed interest. The fair value calculated by discounting the future cash flows at the prevailing market borrowing interest rate amounting to approximately HK$74,448,723,000 (2009: HK$47,026,157,000).

43. ACQUISITIONS OF SUBSIDIARIES

(a) The following are the details of business acquired in 2010:

On 20 January 2010, the Group acquired from independent third parties 77.7726% equity interest in唐洞煤炭 which is engaged in exploration and sale of coal in Hunan Province, the PRC, at a cash consideration of RMB116,590,000 (equivalent to approximately HK$132,415,000) with the objective of pursuing vertical integration. The transaction has been accounted for using the purchase method of accounting.

	HK$'000
Consideration satisfied:	
– by deposit paid in prior year	11,357
– by cash	121,058
	132,415

43. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(a) The following are the details of business acquired in 2010: *(continued)*

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	14,255
Mining rights	169,628
Inventories	4,235
Trade and other receivables	12,648
Bank balances and cash	1,897
Trade and other payables	(36,515)
Deferred taxation liabilities	(42,407)
Taxation payable	(4,709)
	119,032
Goodwill arising on acquisition:	
Consideration transferred	132,415
Plus: Non-controlling interest (note)	26,513
Less: Fair value of identified net assets acquired	(119,032)
Goodwill arising on acquisition	39,896
Net cash outflow arising on acquisition:	
Consideration paid in cash	121,058
Less: Cash and cash equivalent acquired	(1,897)
	119,161

Note: The non-controlling interest (22.2274%) in 唐洞煤炭 recognised at the acquisition date was measured by reference to the share of the fair value of the identifiable assets acquired and the liabilities assumed which amounted to approximately HK$26,513,000.

The receivables acquired (which principally comprised trade and other receivables) with a fair value of HK$12,648,000 had gross contractual amounts of HK$12,648,000. The best estimate at acquisition date of the contractual cash flows of the receivables is expected to be collected.

The goodwill arising on the acquisition of the subsidiary is attributable to the anticipated future operating synergies from the combination.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Included in the profit and revenue for the year attributable to 唐洞煤炭 is HK$32,563,000 and HK$201,702,000, respectively, which represent the profit and revenue of 唐洞煤炭 for the year.

43. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(b) The following are the details of business acquired in 2009:

(i) In August 2009, the Group acquired the 60% and 40% equity interest in China Resources Power (Jiangsu) Investment Company Limited 華潤電力（江蘇）投資有限公司 ("Jiangsu Investments") which is engaged in operation of a power stations from a intermediate holding company, China Resources Co., Ltd. ("CRC") and a third party, respectively, at a cash consideration of RMB2,513,380,000 (equivalent to approximately HK$2,968,800,000) in aggregate. Upon the completion of the acquisition of Jiangsu Investments, Nanjing Chemical and Jiang Su Nanre, associates of the Group becomes a 90% and 100% owned subsidiaries of the Company respectively. The transactions have been accounted for using the purchase method of accounting.

The consolidated net assets acquired in the transaction and the goodwill arising are as follows:

	Acquirees' carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired:			
Property, plant and equipment	6,299,813	821,127	7,120,940
Prepaid lease payments	173,795	82,781	256,576
Interests in associates	2,202,683	46,148	2,248,831
Deferred tax assets	8,123	—	8,123
Inventories	131,974	—	131,974
Trade and other receivables	1,876,102	—	1,876,102
Amounts due from group companies	1,835,453	—	1,835,453
Bank and cash balances	774,317	—	774,317
Trade and other payables	(2,959,107)	—	(2,959,107)
Tax payable	(2,095)	—	(2,095)
Deferred tax liabilities	—	(225,977)	(225,977)
Bank borrowings	(7,874,402)	—	(7,874,402)
	2,466,656		3,190,735
Less: Non-controlling interests			(641,483)
			2,549,252
Transfer from interests in associates			(117,289)
Goodwill			536,837
Total consideration, satisfied by cash			2,968,800
Net cash outflow arising on acquisition:			
Cash consideration paid			2,968,800
Cash and cash equivalents acquired			(774,317)
			2,194,483

43. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(b) The following are the details of business acquired in 2009: *(continued)*

The goodwill arising on the acquisition of the subsidiaries is attributable to the high profitability of the acquired business and the anticipated future operating synergies from the combination.

These acquirees contributed approximately HK$1,537,546,000 to the Group's turnover and HK$196,514,000 to the Group's profit for the period between the date of acquisition and 31 December 2009.

Had the acquisition been completed on 1 January 2009, the total group revenue for the year would have been HK$36,600,517,000 and profit for the year would have been HK$6,517,424,000. The proforma information is for illustrative purpose only and is not necessarily an indicative revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2009, nor is it intended to be a projection of future results.

43. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(b) The following are the details of business acquired in 2009: *(continued)*

(ii) In December 2009, the Group acquired 24.5% and 30% equity interest in 銅山華潤電力有限公司 which is principally engaged in the operation of power stations from 深圳華潤電力環保工程有限公司 which is a wholly owned subsidiary of China Resources (Xuzhou) Electric Power Company Limited, an associate of the Group and a third party, respectively, at a cash consideration of RMB817,500,000 (equivalent to approximately HK$928,467,000). The transaction has been accounted for using the purchase method of accounting.

The net assets of the subsidiary acquired in the transaction, which approximate their fair values at the date of acquisition, are as follows:

	Acquirees' carrying amounts before combination HK$'000	Fair value HK$'000
Net assets acquired:		
Property, plant and equipment	5,266,150	5,266,150
Prepaid lease payments	33,195	33,195
Deposits paid for acquisition of property, plant and equipment	44,208	44,208
Trade and other receivables	347,094	347,094
Pledged bank deposits	370,374	370,374
Bank and cash balances	191,717	191,717
Amount due to an associate	(2,695,679)	(2,695,679)
Trade and other payables	(599,057)	(599,057)
Amounts due to non-controlling shareholders of subsidiaries	(79,502)	(79,502)
Bank borrowings	(1,182,305)	(1,182,305)
	1,696,195	1,696,195
Less: Non-controlling interests		(771,769)
		924,426
Transfer from interests in associates		1,817
Goodwill		2,224
Total consideration, satisfied by cash		928,467
Net cash outflow arising on acquisition:		
Cash consideration paid		928,467
Cash and cash equivalents acquired		(562,091)
		366,376

43. ACQUISITIONS OF SUBSIDIARIES *(continued)*

(b) The following are the details of business acquired in 2009: *(continued)*

The goodwill arising on the acquisition of the subsidiaries is attributable to the high profitability of the acquired business and the anticipated future operating synergies from the combination.

The acquire has contributed insignificant turnover or profit to the Group for the period between the date of acquisition and the reporting date as the acquiree has not yet fully commenced the operation.

If the acquisition had been completed on 1 January 2009, effect to total group revenue and profit for the year would be insignificant.

44. ACQUISITIONS OF ASSETS

(a) In February 2010, the Group completed the acquisition of 100% equity interest in each of Shenzhen Yihe and Jiangsu Kunlun from independent third parties, for an aggregate consideration of RMB984,752,000 (equivalent to HK$1,118,998,000). Major assets of Shenzhen Yihe and Jiangsu Kunlun are investment in an associate and several investee companies that are engaged in operating power plants in the PRC and as such, the acquisitions have been accounted for as acquisitions of assets rather than businesses.

	HK$'000
Total consideration, satisfied by deposits paid in prior year	1,118,998

The assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	13,973
Interests in an associate	37,720
Trade and other receivables	43,268
Amounts due from group companies	524,555
Investment in investee companies	735,294
Bank and cash balances	221,361
Amount due to an associate	(451,238)
Taxation payable	(5,935)
	1,118,998
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	221,361

44. ACQUISITIONS OF ASSETS *(continued)*

(b) In 2009, the Group entered into several agreements with independent third parties to acquire the several mining rights held by various entities, with mining rights to an aggregate area of 10,580 hectares of coal mines located in Shanxi province. In January 2010, the acquisitions were completed. At date of completion, the mining rights holding companies had ceased operation for over one year and the acquisitions have been accounted for as acquisitions of assets rather than businesses.

	HK$'000
Consideration satisfied:	
– by deposit paid in prior year	6,370,561
– by cash	555,807
– by deferred consideration payables	693,987
	7,620,355

The assets acquired and liabilities recognised at the date of completion are as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	437,301
Prepaid lease payments	12,685
Mining rights	7,375,092
Inventories	38,859
Other receivables	1,867
Bank balances and cash	8,339
Other payables	(57,329)
	7,816,814
Less: Non-controlling interest	(196,459)
	7,620,355
Net cash outflow arising on acquisition:	
Consideration paid in cash	555,807
Less: Cash and cash equivalent acquired	(8,339)
	547,468

44. ACQUISITIONS OF ASSETS *(continued)*

(c) In January 2010, the Group acquired 51% equity interest in Xuzhou Huaxing from China Resources Co., Ltd. ("CRL"), an intermediate holding company of the Company, at a consideration of RMB465,000,000 (equivalent to approximately HK$528,120,000).

Xuzhou Huaxing is an investment holding company. The principal investments of Xuzhou Huaxing are 10.5% equity interest in one of the Group's subsidiaries, Tongshan, 15% equity interest in one of the Group's associates, China Resources (Xuzhou) Electric Power Company Limited, and 30% equity interest in 徐州垞城電力有限公司. The principal activities of the investee companies are engaged in the operation of power plants in Jiangsu Province, the PRC. Upon the completion of the acquisition, the Group's ownership interest in the subsidiary, Tongshan, was increased to 69.5% and the Group's ownership interest in China Resources (Xuzhou) Electric Power Company Limited was increased to 50%.

Two third majority of votes is required in board of directors' meeting to approve major financial and operating decisions as stated in the memorandum and articles of the China Resources China (Xuzhou) Electric Power Company Limited. The Group did not obtain control in China Resources (Xuzhou) Electric Power Company Limited and it was accounted for an associate of the Group.

	HK$'000
Consideration transferred, satisfied by deposit paid in prior year	528,120
Plus: Non-controlling interests (note i)	234,602
Fair value of identified net assets acquired	762,722

The assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	1,685
Interest in associates	447,794
Investment in Tongshan (note ii)	139,584
Investments in investee companies	91,898
Amount due from a group company	113,574
Other receivables	39,745
Bank balances and cash	5,380
Other payables	(65,517)
Bank borrowings	(11,357)
Taxation payable	(64)
	762,722
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired	5,380

44. ACQUISITIONS OF ASSETS *(continued)*

Notes:

(i) The non-controlling interest (49%) in Xuzhou Huaxing recognised at the acquisition date was measured by reference to the carrying value of the identifiable assets acquired and the liabilities assumed recognised in the consolidated financial statements.

(ii) The investment in Tongshan represents the fair value of the 10.5% equity interest in Tongshan, which is accounted for in the consolidated financial statements of the Group as an equity transaction for acquisition of additional interest in a subsidiary. The Group owned 54.5% equity interest in Tongshan and Tongshan was a subsidiary of the Group before the acquisition. The difference of HK$48,753,000 between the consideration attributable to this acquisition of additional interest and the carrying amount of the non-controlling interest attributable to the additional interest acquired is recognised directly in equity and attributable to the owners of the Company.

The fair values of interest in associates, investment in Tongshan and investments in investee companies are determined with reference to the professional valuations.

45. DISPOSAL OF A SUBSIDIARY

The following are the details of business disposed in 2010:

In August 2010, a Share Subscription Agreement was entered into by the Group and an independent third party (the "Purchaser") for the disposal by the Group of 50% interests in China Resources Power Orient Co., Limited ("CRP Orient") a wholly owned subsidiary of the Group. The disposal was effected by forming an investment holding company, namely Resources J, a jointly controlled entity of which each of the Group and the Purchaser holds 50% of its issued share capital. The Group and the Purchaser subscribed for 2,000,000 shares each as an initial capital of Resources J at an aggregate cash subscription price of approximately USD6,245,000 (equivalent to approximately HK$48,494,000) and approximately USD31,480,000 (equivalent to approximately HK$244,450,000), respectively. Pursuant to the terms of the Share Subscription Agreement, the Company transferred the entire issued share capital of CRP Orient at a consideration of RMB238,596,000 (equivalent to HK$278,223,000) to Resources J. CRP Orient holds the entire interest in CRP Hezhou. CRP Hezhou was in the process of development of a power plant in the PRC. This transaction was completed in December 2010. As a result of the transactions, the equity interest of the Group in CRP Orient and CRP Hezhou was reduced from 100% to 50%.

Pursuant to the Share Subscription Agreement, a Call Option Agreement and a Put Option Agreement were entered by the Group with Purchaser, whereby the Purchaser granted to the Group a call option at consideration of HK$1 to acquire 16% equity interest in Resources J and the Group granted to the Purchaser two put options at consideration of HK$1 to dispose of 16% and 34% equity interest in Resources J, respectively. The details of the call option and put options are set out in Note 19.

45. DISPOSAL OF A SUBSIDIARY *(continued)*

	HK$'000
Consideration transferred, satisfied by cash	278,223

Analysis of assets disposed and liabilities derecognised over which control was lost:

	HK$'000
Property, plant and equipment	493,690
Deposit paid for acquisition of property, plant and equipment	1,083,658
Deposit paid for land use right	17,628
Trade and other receivables	5,220
Bank balances and cash	77,830
Trade and other payables	(87,341)
Amounts due to group companies	(7,141)
Bank borrowings	(1,327,953)
	255,591
Gain on disposal of a subsidiaries:	
Consideration received	278,223
Net assets disposed of	(255,591)
Interest in a jointly controlled entity retained (Note i)	127,795
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiaries	(22,950)
Gain on disposal (Note ii)	127,477
Net cash outflow arising on disposal:	
Cash consideration	278,223
Less: Cash and cash equivalent disposed of	(77,830)
	200,393

Notes:

(i) The fair value the interest in a jointly controlled entity retained at date of the disposal was the share of the fair value of each major class of assets and liabilities of Resources J and its subsidiaries at date of disposal.

(ii) The Group was granted with a call option to acquired 16% equity interest in Resources J which may only be exercised on any business day within the period from 17 December 2015 to 1 January 2016, and when the independent party does not exercise the first put option to sell the First Put Option Shares (Note 19). The group does not possess the potential voting rights that are currently exercisable or convertible arising from the call option. The Group lost control of the subsidiary upon disposal and the gain on the disposal is recognised.

46. OPERATING LEASE COMMITMENTS

The Group and The Company as Lessee

At the end of the reporting period, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

THE GROUP

	2010		2009	
	Land and buildings HK$'000	**Other assets HK$'000**	Land and buildings HK$'000	Other assets HK$'000
Within one year	**23,825**	**6,077**	27,090	5,990
In the second to fifth year inclusive	**33,622**	**2,524**	36,460	3,061
Over five years	**7,989**	**5,049**	10,103	3,933
	65,436	**13,650**	73,653	12,984

Operating lease payments represent rentals payable by the Group for its office premises and other assets which represented motor vehicles, railway and related facilities. Leases are negotiated for lease terms of 2 to 25 years and rentals are fixed.

THE COMPANY

	Land and buildings	
	2010 HK$'000	2009 HK$'000
Within one year	**3,922**	2,755
In the second to fifth year inclusive	**6,864**	—
	10,786	2,755

Operating lease payments represent rentals payable by the Company for its office premises. Leases are negotiated and rentals are fixed for original lease term of 3 years.

47. CAPITAL COMMITMENTS

	2010 HK$'000	2009 HK$'000
THE GROUP		
Contracted for but not provided in the financial statements		
– Capital expenditure in respect of the additions of property, plant and equipment	**21,190,579**	16,532,701
– Capital expenditure in respect of the acquisition of mining/exploration rights	**9,477,236**	9,811,522
– Capital expenditure in respect of the acquisition of prepaid lease payments	**—**	11,357
– Capital expenditure in respect of the acquisition of subsidiaries	**—**	121,059
– Capital expenditure in respect of the acquisition of investment in an associate	**—**	601,942
	30,667,815	27,078,581
THE COMPANY		
Unpaid capital contribution to subsidiaries	**3,453,982**	2,997,454

48. RELATED PARTY TRANSACTIONS

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

A deed of option dated 17 October 2003 was executed by CRH in favour of the Company, under which the Company was granted options, in consideration of a nominal amount of HK$1, to acquire from CRH its entire 48% interest in Dongguan Houjie Power Company Limited. The Company may exercise its rights to acquire the power plant within 10 years from the date of the deed of option. The exercise price would be an amount equal to the net book value of the power plant which will be shown in the financial statements of CRH or a price as determined by an independent valuer as agreed by the parties to the deed of option with reference to the market value as at the date on which the option is exercised.

48. RELATED PARTY TRANSACTIONS *(continued)*

(a) The Group entered into the following significant transactions with related parties during the year:

Name of related company	Relationship	Nature of transactions	2010 HK$'000	2009 HK$'000
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expenses paid	**4,031**	3,817
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expenses paid	**6,714**	7,041
Xuzhou Huaxing	Fellow subsidiary (note)	Interest expense paid	**—**	4,780
China Resources (Xuzhou) Electric Power Company Limited	Associate	Consideration paid for acquisition in a subsidiary	**—**	417,384
		Purchase of electricity	**—**	38,254
Shanxi Jiurun Co. Ltd.	Associate	Interest expense paid	**17,397**	31,918
Certain subsidiaries of China Resources Cements Holdings Limited	Fellow subsidiary	Sale of de-surplus gypsum	**6,185**	207
		Sales of ash and slag	**24,442**	464
		Purchase of limestone powder	**4,383**	577
China Resources Cement (Pingnan) Limited	Fellow subsidiary	Sale of coal	**218,374**	—
河南永華能源有限公司	Associate	Purchase of fuel and coal	**314,793**	244,190
CRC	Immediate holding company	Consideration paid for acquisition of interest in a subsidiary	**—**	1,781,280

48. RELATED PARTY TRANSACTIONS (continued)

(a) The Group entered into the following significant transactions with related parties during the year: (continued)

Name of related company	Relationship	Nature of transactions	2010 HK$'000	2009 HK$'000
CRNC	Ultimate holding company	Interest expense paid in respect of loans	—	142,244
太原華潤煤業	Associate	Interest income received	**138,590**	—
山西華潤煤業	Jointly controlled entity	Interest income received	**46,172**	—
山西聯盛能源投資有限公司	Non-controlling shareholder of a subsidiary	Management fee paid	**84,682**	—

Note: Xuzhou Huaxing became a subsidiary of the Group, after the Group acquired 51% interest from CRL during the year ended 31 December 2010.

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in Note 9.

The Group also had balances with related parties at the end of the reporting period which are set out in Notes 27, 28, 29, 32 and 33.

The Company had balances with related parties at the end of the reporting period which are set out in Notes 27, 28, 29, 32 and 33.

(b) The Group has early adopted the partial exemptions set out in paragraphs 25 to 27 of HKAS 24 (Revised) Related Party Disclosures in advance of its effective date, with effect from 1 January 2009. The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled by the PRC government ("government-related entities").

In addition, the Group itself is part of a larger group of companies under CRNC (CRNC and its subsidiaries are referred to as the "CRNC Group") which is controlled by the PRC government. Apart from the transactions and balances with the CRNC Group are disclosed in Note 49(a), the Group also conducts businesses with entities directly or indirectly owned or controlled by the PRC Government in the ordinary course of business, including sale of electricity and purchase of coal.

49. EVENTS AFTER THE REPORTING PERIOD

The Group entered into an agreement with an independent third party on 11 March 2011 to acquire 100% of the share capital of AACI SAADEC (HK) Holdings Limited from the independent third party for a total consideration of USD669 million. AACI SAADEC (HK) Holdings Limited holds 56% equity interest in Shanxi Asian American-Daning Energy Co., Ltd. which operates the Shanxi Asian American-Daning Coal Mine, a coal mine located at Yangcheng County, Jincheng City, Shanxi Province, the PRC. The acquisition was completed on 11 March 2011. As of the date of approval for issuance of these financial statements, the management of the Group is still in the process of determining the financial effect of the acquisition.

Corporate Information

Chairman	Wang Shuai Ting
President	Wang Yu Jun
Executive Directors	Wang Shuai Ting Wang Yu Jun Wang Xiao Bin Zhang Shen Wen Li She Tang
Non-Executive Directors	Du Wenmin Shi Shanbo Wei Bin Zhang Haipeng
Independent Non-Executive Directors	Anthony H. Adams Chen Ji Min Ma Chiu Cheung, Andrew Elsie Leung Oi-sie Raymond K.F. Ch'ien
Company Secretary	Wang Xiao Bin
Auditors	Deloitte Touche Tohmatsu
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 2010
Announcement of final results	17 March 2011
Last day to register for final dividend	1 June 2011
Book close	2 June 2011 to 8 June 2011
Payment of final dividend	30 June 2011

SHAREHOLDER ENQUIRIES

For enquires about share transfer and registration, please contact the Company's Share Registrar:

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Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong.
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