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華潤電力控股有限公司

China Resources Power Holdings Company Limited

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

(Stock Code: 836)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2022

SUMMARY OF OPERATING RESULTS

The board of directors (the “Board”) of China Resources Power Holdings Company Limited (the “Company”) announces the unaudited financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022.

For the first half of 2022, the Group recorded a profit attributable to owners of the Company (the “Net Profit”) of HK\$4,370 million, representing a decrease of HK\$1,265 million or 22.5% from the Net Profit of HK\$5,635 million for the first half of 2021. Basic earnings per share for the first half of 2022 amounted to HK\$0.91. The Board has resolved to declare an interim dividend of HK\$0.21 per share for the first half of 2022.

In the first half of 2022, Net Profit contribution (before non-cash exchange gains and losses) from renewable energy business amounted to HK\$5,280 million (in the first half of 2021: HK\$4,989 million), while profit contribution (before non-cash exchange gains and losses) from thermal power business amounted to a loss of HK\$2,027 million (in the first half of 2021: net profit HK\$802 million).

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Restated)
Turnover (HK\$'000)	50,409,175	42,799,952
Profit attributable to owners of the Company (HK\$'000)	4,369,939	5,635,468
Basic earnings per share (HK\$)	0.91	1.17
Dividend per share (HK\$)	0.21	0.25

	HK\$'000		RMB'000	
	For the six months ended 30 June		For the six months ended 30 June	
	2022 (Unaudited)	2021 (Restated)	2022 (Unaudited)	2021 (Restated)
Profit attributable to owners of the Company	4,369,939	5,635,468	3,610,148	4,704,307
Non-cash exchange (gains) losses	(1,116,370)	156,005	(927,448)	131,028
Asset impairment losses	<u>590,847</u>	<u>15,731</u>	<u>504,392</u>	<u>12,876</u>
Core business profit attributable to owners of the Company	<u><u>3,844,416</u></u>	<u><u>5,807,204</u></u>	<u><u>3,187,092</u></u>	<u><u>4,848,211</u></u>

	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Restated)
	Equity attributable to owners of the Company (HK\$'000)	86,538,290
Total assets (HK\$'000)	282,869,165	287,967,352
Cash and cash equivalents (HK\$'000)	9,479,901	7,934,211
Pledged and restricted bank deposits (HK\$'000)	62,986	152,819
Bank and other borrowings (HK\$'000)	138,536,051	134,747,702
Net debt to shareholders' equity (%)	149.1	142.3

BUSINESS REVIEW FOR THE FIRST HALF OF 2022

Installed capacity

As at 30 June 2022, the Group had an operational generation capacity of 64,610MW and an attributable operational generation capacity of 50,018MW, including the attributable operational generation capacity of thermal power of 33,716MW or 67.4%; and the combined attributable operational generation capacity of wind, photovoltaic and hydro power of 16,302MW or 32.6%, representing an increase of 0.4 percentage point from the end of 2021.

As at the end of June 2022, the Group's attributable operational wind power generation capacity amounted to 15,165MW with 2,294MW under construction; attributable operational photovoltaic power generation capacity reached 858MW with 2,607MW under construction; attributable operational hydro-power generation capacity was 280MW. Attributable installed capacity of 828MW of wind power and 33MW of photovoltaic power projects newly commenced commercial operation in the first half of 2022.

In the first half of 2022, the Group had approximately 3,050MW of wind power projects and 8,840MW of photovoltaic power projects that were newly approved or filed, a total of approximately 11,890MW.

In the first half of 2022, the Group's attributable operational thermal power generation capacity increased by 1,160MW. The Group completed the acquisition of 34% equity interest in the 2x1,000MW ultra-supercritical coal-fired power generation units of Gansu Changle Power Plant (甘肅常樂電廠) primarily to deepen cooperation with local governments and energy companies in order to obtain more local resources for renewable energy projects. In addition, the Group acquired 40% equity interest in the 2 x 600MW supercritical coal-fired power units of Jiangsu Guoneng Taicang Power Plant (江蘇國能太倉電廠) by way of equivalent swap with the equity in the coal-fired power units previously held by the Group, as Jiangsu Guoneng Taicang Power Plant has a larger single-unit capacity and higher efficiency.

Net generation volume

In the first half of 2022, the total net generation volume of our consolidated power plants amounted to 86,413,534MWh, representing an increase of 0.4% from 86,081,791MWh in the first half of 2021. Net generation volume of wind farms and photovoltaic power stations increased by 12.8% and 27.5%, respectively, as compared to the first half of 2021. Net generation volume of subsidiary thermal power plants decreased by 3.1%.

In the first half of 2022, the average full-load equivalent utilisation hours of wind farms was 1,250 hours, a decrease of 69 hours or 5.3% as compared to the first half of 2021, exceeding the national average utilisation hours for wind power generation units by 96 hours. The average full-load equivalent utilisation hours of photovoltaic power stations was 812 hours, an increase of 44 hours or 5.7% as compared to the first half of 2021, exceeding the national average utilisation hours for photovoltaic power generation units by 122 hours. The average full-load equivalent utilisation hours of subsidiary coal-fired power plants was 2,179 hours, a decrease of 72 hours or 3.2% as compared to the first half of 2021, exceeding the national average utilisation hours for thermal power plants by 122 hours.

In the first half of 2022, the net generation volume of our consolidated power plants that followed market-based pricing accounted for 81.8%. The average market tariff was 15.5% higher than that of the benchmark on-grid tariff.

Heat supply business

As at the end of June 2022, 96% of the thermal power projects of the Group are engaged in heat supply operations. In the first half of 2022, turnover from heat supply business amounted to HK\$4,480 million, representing an increase of 26.4% from the same period last year.

Fuel costs

In the first half of 2022, the average unit cost of standard coal of our consolidated coal-fired power plants was approximately RMB1,135.2 per tonne, representing an increase of 39.7% compared with the same period last year. The average unit fuel cost was RMB337.0 per MWh, representing an increase of 39.5% compared with the same period last year. The average net generation standard coal consumption rate was 293.7g per kWh, representing a decrease of 0.3g or 0.1% compared with the same period last year.

Capital expenditure

In the first half of 2022, the cash capital expenditure of the Group amounted to approximately HK\$13.25 billion, among which, approximately HK\$9.47 billion was used in the construction of wind and photovoltaic power plants, approximately HK\$2.10 billion was used in the construction of thermal power units (including coal-fired and gas-fired power units), approximately HK\$0.54 billion was used in the technological upgrades of coal-fired power units, approximately HK\$0.25 billion was used in the construction of coal mines, and approximately HK\$0.89 billion for the construction of integrated energy and other projects.

FUTURE PROSPECTS

Development of renewable energy

The Group will continue to make every effort to accelerate the development and construction of wind and photovoltaic power projects. During the 14th Five Year Plan period (i.e. 2021 to 2025), the Group aims to increase its installed capacity of renewable energy by 40GW. It is expected that the mix of installed capacity of renewable energy will exceed 50% by the end of the 14th Five Year Plan period (i.e. the end of 2025). To this end, we have further optimised the organisational structure, mobilising employees and managers to develop new wind and photovoltaic power projects in our domestic target markets.

The grid connection target for wind and photovoltaic power projects of the Group for 2022 is expected to be 6,300MW, including a large number of projects to be connected to the grid in the second half of this year.

Reducing carbon emissions

The Group has been actively piloting carbon capture, utilisation and storage (“CCUS”) technologies. In addition, the Group will enhance its cooperation with research institutions, proactively explore new energy technologies, and increase investment in the research and development of carbon capture and utilisation technologies and the related pilot projects.

The Group will actively assist industrial and commercial end-users and government units to improve energy efficiency, accelerate the expansion and construction of rooftop photovoltaic power projects, help end-users and the whole society to utilise renewable energy, reduce carbon emissions, and cooperate with end-users to pilot the construction of low-carbon and zero-carbon projects.

To facilitate the achievement of the carbon emission reduction targets, the Group explicitly includes carbon emission reduction and renewable energy development in the senior managements’ performance contracts, and the key performance indicators include, among others, capacity mix of renewable energy, new grid-connection of renewable energy, and carbon emission intensity in power generation, and evaluates actual performance.

Capital expenditure

The cash capital expenditure in 2022 is expected to be approximately HK\$37.9 billion, including approximately HK\$30.5 billion for the construction of wind and photovoltaic power plants, approximately HK\$4.3 billion for the construction of thermal power units (including coal-fired and gas-fired power units), approximately HK\$1.5 billion for the technological upgrades of operating coal-fired power units, approximately HK\$0.6 billion for the construction of coal mines, and approximately HK\$1.0 billion for the construction of integrated energy and other projects.

In the second half of 2022, the Group expects to commission an attributable capacity of approximately 2,085MW of thermal power generation units, including Hubei Xiantao Power Plant, Shanxi Ningwu Power Plant, Anhui Fuyang Phase II and gas-fired distributed projects.

OPERATING RESULTS

The results of operations for the six months ended 30 June 2022, which have been reviewed by the auditor (in accordance with the Hong Kong Standard on Review Engagements 2410) and the Audit and Risk Committee of the Company, and the relevant data for the period of 2021, which have been restated under the Amendments to HKAS 16, are set out as follows:

Condensed Consolidated Statement of Profit or Loss

	For the six months ended 30 June	
	2022 <i>HK\$'000</i> <i>(Unaudited)</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
Turnover	<u>50,409,175</u>	<u>42,799,952</u>
Operating expenses		
Fuels	(30,787,980)	(22,468,175)
Depreciation and amortisation	(7,402,252)	(7,013,801)
Employee benefit expenses	(2,492,861)	(3,023,248)
Repairs and maintenance	(1,537,423)	(1,298,267)
Consumables	(663,113)	(633,704)
Impairment charges	(594,998)	(22,980)
Tax and surcharges	(310,666)	(353,135)
Others	<u>(1,471,689)</u>	<u>(1,313,450)</u>
Total operating expenses	<u>(45,260,982)</u>	<u>(36,126,760)</u>
Other income	1,010,795	1,397,787
Other gains and losses	<u>1,251,568</u>	<u>(91,799)</u>
Operating profit	7,410,556	7,979,180
Finance costs	(1,943,342)	(1,741,452)
Share of results of associates	26,330	272,572
Share of results of joint ventures	<u>(252,671)</u>	<u>83,919</u>
Profit before income tax	5,240,873	6,594,219
Income tax expense	<u>(866,413)</u>	<u>(932,075)</u>
Profit for the period	<u><u>4,374,460</u></u>	<u><u>5,662,144</u></u>
Profit for the period attributable to:		
Owners of the Company	4,369,939	5,635,468
Non-controlling interests	<u>4,521</u>	<u>26,676</u>
	<u><u>4,374,460</u></u>	<u><u>5,662,144</u></u>
Earnings per share – Basic	<u><u>HK\$0.91</u></u>	<u><u>HK\$1.17</u></u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Restated)
Profit for the period	4,374,460	5,662,144
Other comprehensive (loss) income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(6,757,002)	1,613,912
Share of other comprehensive (loss) income of investments accounted for using the equity method	(235,994)	77,830
Release to profit or loss in relation to disposal of a subsidiary	(2,862)	69
<i>Item that will not be reclassified to profit or loss</i>		
Fair value changes on equity investments at fair value through other comprehensive income, net of tax	45,264	9,772
Other comprehensive (loss) income for the period, net of tax	(6,950,594)	1,701,583
Total comprehensive (loss) income for the period, net of tax	<u>(2,576,134)</u>	<u>7,363,727</u>
Attributable to:		
Owners of the Company	(2,237,009)	7,212,246
Non-controlling interests	(339,125)	151,481
Total comprehensive (loss) income for the period, net of tax	<u>(2,576,134)</u>	<u>7,363,727</u>

Condensed Consolidated Statement of Financial Position

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Restated)</i>
ASSETS		
Non-current assets		
Property, plant and equipment	186,876,247	193,546,026
Right-of-use assets	5,547,375	5,679,555
Mining rights	4,349,550	4,558,859
Exploration and resources rights	158,650	165,944
Goodwill	632,433	663,659
Deferred tax assets	1,040,095	1,043,357
Other receivables and prepayments	12,205,143	12,600,647
Interests in associates	9,695,424	8,760,459
Interests in joint ventures	5,769,400	5,760,413
Financial assets at fair value through other comprehensive income (FVOCI)	1,158,375	1,138,982
Loan to a FVOCI investee company	87,847	91,886
Loan to a non-controlling shareholder of a subsidiary	14,617	—
	<u>227,535,156</u>	<u>234,009,787</u>

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Restated)</i>
Current assets		
Inventories	4,945,917	6,748,274
Trade receivables, other receivables and prepayments	39,772,501	37,785,592
Loans to associates	–	83,904
Loans to joint ventures	195,641	262,377
Loan to a FVOCI investee company	355,752	372,107
Amounts due from associates	330,206	406,333
Amounts due from joint ventures	48,441	35,375
Amounts due from other related companies	142,664	176,573
Pledged and restricted bank deposits	62,986	152,819
Cash and cash equivalents	9,479,901	7,934,211
	<u>55,334,009</u>	<u>53,957,565</u>
Total assets	<u>282,869,165</u>	<u>287,967,352</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	22,316,710	22,316,710
Other reserves	15,143,516	21,750,464
Retained earnings	49,078,064	44,924,595
	<u>86,538,290</u>	<u>88,991,769</u>
Equity attributable to owners of the Company	<u>86,538,290</u>	<u>88,991,769</u>
Perpetual capital securities holders	10,827,061	10,827,061
Other non-controlling interests	7,666,026	7,844,051
	<u>105,031,377</u>	<u>107,662,881</u>
Total equity	<u>105,031,377</u>	<u>107,662,881</u>

	30 June 2022	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Restated)</i>
Non-current liabilities		
Borrowings	101,883,571	105,310,179
Contract liabilities	378,353	858,566
Lease liabilities	874,554	863,241
Deferred tax liabilities	344,808	351,725
Deferred income	923,872	973,525
Retirement and other long-term employee benefits obligations	876,451	913,356
Other long-term payable	2,790,347	2,974,419
	<u>108,071,956</u>	<u>112,245,011</u>
Current liabilities		
Trade payables, other payables and accruals	28,974,545	34,136,474
Contract liabilities	726,527	1,481,794
Lease liabilities	126,206	114,999
Amounts due to associates	711,000	772,877
Amounts due to joint ventures	980,165	566,022
Amounts due to other related companies	7,318,980	7,391,714
Tax liabilities	527,692	409,820
Borrowings	30,400,717	23,185,760
	<u>69,765,832</u>	<u>68,059,460</u>
Total liabilities	<u><u>177,837,788</u></u>	<u><u>180,304,471</u></u>
Total equity and liabilities	<u><u>282,869,165</u></u>	<u><u>287,967,352</u></u>

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Restated)</i>
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES	8,193,823	4,782,248
Cash flows from investing activities		
Dividends received from associates and joint ventures	137,441	127,098
Dividends received from financial assets at FVOCI	18,166	82,793
Interests received	5,495	235,744
Advance proceeds from disposal of property, plant and equipment and right-of-use assets	–	566,149
Proceeds from disposal of property, plant and equipment and right-of-use assets	28,639	41,850
Proceeds from disposal of subsidiaries engaging in coal mining business	–	1,790,025
Proceeds from disposal of a FVOCI investment	–	130,729
Acquisition of property, plant and equipment and right-of-use assets	(12,179,246)	(10,005,444)
Net cash outflow on acquisition of a subsidiary	–	(132,300)
Prepayment on acquisition of an equity investment	(362,846)	(126,272)
Capital contributions into associates	(223,234)	(52,172)
Capital contributions into joint ventures	(482,672)	(34,655)
Additional investment in financial assets at FVOCI	–	(49,000)
Loans to associates	–	(18,063)
Loans repaid by associates	–	115,278
Loans repaid by joint ventures	141,659	–
Loans to joint ventures	–	(19,829)
Government grants related to assets	25,416	15,381
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(12,891,182)	(7,332,688)

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Restated)</i>
Cash flows from financing activities		
Proceeds from bank and other borrowings	29,092,752	22,789,053
Repayment of bank and other borrowings	(16,707,290)	(14,317,136)
Proceeds from issuance of corporate bonds	–	1,207,390
Redemption of corporate bonds	(3,698,070)	(6,042,400)
Proceeds from bills deposits	–	1,829
Capital contribution from non-controlling interests	169,429	46,613
Capital reduction by non-controlling interests	(1,553)	–
(Repayment of advances from associates)		
advances from associates	(54,741)	75,390
Repayment of advances from other related parties	(45,362)	(70,723)
Advances from joint ventures	424,064	112,471
Advances from non-controlling interests	26,351	2,175
Dividends paid to owners of the Company	(20)	(15)
Dividends paid to non-controlling interests	(105,754)	(22,742)
Interests paid	(2,203,466)	(1,988,843)
Repayment of principal elements of lease payments	(298,137)	(51,353)
	<hr/>	<hr/>
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	6,598,203	1,741,709
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,900,844	(808,731)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,934,211	5,036,484
EFFECT OF EXCHANGE RATE CHANGES	(355,154)	98,328
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>9,479,901</u>	<u>4,326,081</u>

Basis of preparation of financial statements and principal accounting policies

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at 30 June 2022, the Group had net current liabilities of approximately HK\$14,432 million. The directors of the Board (“Directors”) are of the opinion that, taking into account the current operation of the Group as well as the banking facilities available to the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the date of the condensed consolidated statement of financial position. Therefore, these condensed consolidated financial statements have been prepared on a going concern basis.

Changes in accounting standards and disclosures

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

Other than additional accounting policies as resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, the application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and accounting policies on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

Accounting policies

Property, plant and equipment

Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing the related assets functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss.

Impacts of application of amendments to HKFRSs on the condensed consolidated financial statements

The effects of the changes in accounting policy as a result of application of amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use on the condensed consolidated statement of profit or loss and other comprehensive income and earnings per share, are as follows:

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Impact on profit for the period</i>		
Increase in turnover	207,846	560,828
Increase in operating expenses	(61,353)	(22,477)
Increase in income tax expense	–	(1,053)
	<u>146,493</u>	<u>537,298</u>
Net increase in profit for the period	<u><u>146,493</u></u>	<u><u>537,298</u></u>
Increase in profit for the period attributable to:		
– Owners of the Company	134,594	529,981
– Non-controlling interests	11,899	7,317
	<u>146,493</u>	<u>537,298</u>
<i>Impact on comprehensive income</i>		
Increase in total comprehensive income for the period attributable to:		
– Owners of the Company	106,369	531,526
– Non-controlling interests	11,899	7,317
	<u>118,268</u>	<u>538,843</u>

	For the six months ended 30 June	
	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Impact on basic earnings per share</i>		
Basic earnings per share before adjustments	0.88	1.06
Net adjustments arising from change in accounting policy in relation to:		
– Determination of costs of property, plant and equipment	0.03	0.11
Reported basic earnings per share	<u>0.91</u>	<u>1.17</u>

The effects of the changes in accounting policy as a result of application of amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use on the condensed consolidated statement of financial position as at the end of the immediately preceding financial year, i.e. 31 December 2021, are as follows:

	31 December 2021 (Originally stated)	Adjustments	31 December 2021 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	192,953,359	592,667	193,546,026
Deferred tax assets	1,040,784	2,573	1,043,357
Trade receivables, other receivables and prepayments	<u>37,768,557</u>	<u>17,035</u>	<u>37,785,592</u>
Total effects on assets	<u>231,762,700</u>	<u>612,275</u>	<u>232,374,975</u>

	31 December 2021 (Originally stated)	Adjustments	31 December 2021 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other reserves	21,680,974	69,490	21,750,464
Retained earnings	44,389,984	534,611	44,924,595
Other non-controlling interests	<u>7,835,877</u>	<u>8,174</u>	<u>7,844,051</u>
Total effects on equity	<u>73,906,835</u>	<u>612,275</u>	<u>74,519,110</u>

Impact on the condensed consolidated statement of cash flows

The effects of the changes in accounting policy as a result of application of amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use on the condensed consolidated statement of cash flows, are as follows:

	For the six months ended 30 June	
	2022 <i>HK\$'000</i> <i>(Unaudited)</i>	2021 <i>HK\$'000</i> <i>(Unaudited)</i>
OPERATING ACTIVITIES		
Net cash flows generated from operating activities	<u>161,735</u>	<u>546,903</u>
INVESTING ACTIVITIES		
Cash used in payments for purchases of property, plant and equipment	(161,735)	(546,903)
Net decrease in cash used in investing activities	<u>(161,735)</u>	<u>(546,903)</u>

CHANGES OF ACCOUNTING ESTIMATES

Upon recent assessment carried out by the management taking into account past operating experience with the combination of actual usage of relevant assets and considering market practice by taking reference from major operators in China's power industry, the Board approved the resolution that the estimated useful lives of the wind power and photovoltaic power generation equipment should be adjusted from 18 years to 20 years with the estimated residual value remaining nil with effect from 1 January 2022.

In the current period, this change in estimated useful lives has resulted in a decrease in the depreciation charge for the period by HK\$351 million, and an increase in profit for the period by HK\$303 million. And the depreciation charge for the whole year is expected to decrease by HK\$702 million, and an increase in profit for the whole year by HK\$606 million.

TURNOVER AND SEGMENT INFORMATION

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

	HK\$'000		RMB'000	
	For the six months ended 30 June		For the six months ended 30 June	
	2022 <i>(Unaudited)</i>	2021 <i>(Restated)</i>	2022 <i>(Unaudited)</i>	2021 <i>(Restated)</i>
Sales of electricity	45,928,692	39,254,668	37,987,269	32,722,357
Including: Sales of power generated from thermal power plants	34,439,856	28,514,628	28,474,925	23,768,714
Sales of power generated from renewable energy	11,488,836	10,740,040	9,512,344	8,953,643
Heat supply	<u>4,480,483</u>	<u>3,545,284</u>	<u>3,679,508</u>	<u>2,958,811</u>
	<u>50,409,175</u>	<u>42,799,952</u>	<u>41,666,777</u>	<u>35,681,168</u>

The Group's turnover for the first half of 2022 was HK\$50,409 million, representing an increase of HK\$7,609 million or 17.8% from HK\$42,800 million in the first half of 2021. In RMB terms, the Group's turnover for the first half of 2022 was RMB41,667 million, representing an increase of RMB5,986 million or 16.8% from RMB35,681 million in the first half of 2021. The increase was mainly attributable to (1) a year-on-year increase of 23.9% in the average on-grid tariffs (tax exclusive) of subsidiary coal-fired power plants; and (2) a year-on-year increase of 19.9% in the average sales price of heat supply of subsidiary coal-fired power plants.

The Group is engaged in two business segments – thermal power (inclusive of coal-fired and gas-fired power) and renewable energy (inclusive of wind power, photovoltaic power and hydro power).

As at 30 June 2022, after considering the liabilities that can be split and classified to the renewable energy segment, the net assets of the Group's renewable energy segment attributable to owners of the Company was HK\$70,161 million (31 December 2021: HK\$65,985 million) and the net assets of the Group's thermal power segment attributable to owners of the Company was HK\$16,377 million (31 December 2021: HK\$23,007 million).

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

For the six months ended 30 June 2022

	Thermal power <i>HK\$'000</i>	Renewable energy <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
External sales	<u>38,920,339</u>	<u>11,488,836</u>	<u>50,409,175</u>
Segment (loss) profit	<u>(2,008,719)</u>	<u>6,133,222</u>	4,124,503
Exchange gains			<u>1,116,370</u>
Profit before income tax			<u>5,240,873</u>
(Loss) profit attributable to owners of the Company (before non-cash exchange gains and losses)	(2,026,901)	5,280,470	3,253,569
Asset impairment losses	<u>590,832</u>	<u>15</u>	<u>590,847</u>
Core business (loss) profit attributable to owners of the Company	<u>(1,436,069)</u>	<u>5,280,485</u>	<u>3,844,416</u>

For the six months ended 30 June 2021

	Thermal power HK\$'000 (Restated)	Renewable energy HK\$'000 (Restated)	Total HK\$'000 (Restated)
Segment revenue			
External sales	<u>32,059,912</u>	<u>10,740,040</u>	<u>42,799,952</u>
Segment profit	<u>1,111,665</u>	<u>5,638,559</u>	6,750,224
Exchange losses			<u>(156,005)</u>
Profit before income tax			<u>6,594,219</u>
Profit attributable to owners of the Company (before non-cash exchange gains and losses)	802,466	4,989,007	5,791,473
Asset impairment losses	<u>14,650</u>	<u>1,081</u>	<u>15,731</u>
Core business profit attributable to owners of the Company	<u>817,116</u>	<u>4,990,088</u>	<u>5,807,204</u>

Geographical information

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

Operating expenses

Operating expenses mainly comprise fuel costs, depreciation and amortisation, employee benefit expenses, repairs and maintenance, consumables, impairment charges, tax and surcharges, and other operating expenses. Other operating expenses include office rent, water charges, utility expenses and other management fees. Total operating expenses for the first half of 2022 amounted to HK\$45,261 million, representing an increase of HK\$9,134 million or 25.3% from HK\$36,127 million for the first half of 2021.

Fuel costs increased from HK\$22,468 million for the first half of 2021 to HK\$30,788 million for the first half of 2022, representing an increase of HK\$8,320 million or 37.0%, mainly due to an increase in the unit price of standard coal by 39.7% year-on-year, but the increase was partly offset by a decrease in net generation volume of subsidiary coal-fired power plants by 3.3% year-on-year.

Depreciation and amortisation increased from HK\$7,014 million for the first half of 2021 to HK\$7,402 million for the first half of 2022, representing an increase of HK\$388 million or 5.5%, mainly due to an increase in the depreciation cost resulting from the commissioning of the renewable energy projects.

Employee benefit expenses decreased by HK\$530 million or 17.5% from HK\$3,023 million in the first half of 2021 to HK\$2,493 million in the first half of 2022, mainly due to the decrease in performance bonus accrued during the reporting period.

Repairs and maintenance expenses increased from HK\$1,298 million for the first half of 2021 to HK\$1,537 million for the first half of 2022, representing an increase of HK\$239 million or 18.4%, mainly due to increased overhauling of thermal power units and an increase in the repairs and maintenance works arising from the growth of installed capacity for the renewable energy.

Consumables increased by HK\$29 million or 4.6% from HK\$634 million in the first half of 2021 to HK\$663 million in the first half of 2022, which was mainly due to the rising prices of consumables.

Impairment charges increased by HK\$572 million from HK\$23 million in the first half of 2021 to HK\$595 million in the first half of 2022, mainly due to the impairment provision of HK\$439 million for Guizhou Tianrun Coal Mine and the impairment provision of HK\$68 million for the time value of receivables of Wujianfang Xiyi Coal Mine.

Tax and surcharges decreased by HK\$42 million or 12.0% from HK\$353 million in the first half of 2021 to HK\$311 million in the first half of 2022, mainly due to a decrease in urban maintenance and construction tax and education surcharge payables as a result of tax reduction and exemption granted by government.

Other operating expenses increased by HK\$159 million or 12.0% from HK\$1,313 million for the first half of 2021 to HK\$1,472 million for the first half of 2022. Other operating expenses mainly include other production costs for power operations such as water charges, utility expenses and electricity transaction fees amounting to approximately HK\$1,217 million; and management fees such as office rent, building management fees and professional fees amounting to approximately HK\$255 million.

Other income

Other income amounted to HK\$1,011 million, representing a decrease of HK\$387 million or 27.7% from HK\$1,398 million for the first half of 2021, which was mainly attributable to a decrease in sales of by-products, dividend income and interest income. Other income for the first half of 2022 mainly included income from government subsidies of HK\$416 million, sales of by-products of HK\$367 million, income from service fees of HK\$111 million, interest income of HK\$89 million.

Other gains and losses

Other gains amounted to HK\$1,252 million, comprising exchange gains of HK\$1,116 million and gains on disposal of right-of-use assets and property, plant and equipment of HK\$34 million. Exchange gains mainly arise from RMB loans obtained by the Company in the Hong Kong market. The depreciation of the exchange rate of RMB against HKD has resulted in book gains in the financial statements denominated in HKD.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expenses and non-controlling interests. Operating profit for the first half of 2022 amounted to HK\$7,411 million, representing a decrease of HK\$568 million or 7.1% from HK\$7,979 million for the first half of 2021. The decrease in operating profit was mainly due to a significant increase in fuel costs of the subsidiary coal-fired power plants, which offset the effects of (1) a year-on-year increase in the average on-grid tariff (tax exclusive) of subsidiary coal-fired power plants; (2) profit contribution from newly commissioned renewable energy projects; and (3) the depreciation of RMB against HKD, resulting in book exchange gains.

Finance costs

Finance costs amounted to HK\$1,943 million for the first half of 2022, representing an increase of HK\$202 million or 11.6% from HK\$1,741 million for the first half of 2021, which was mainly attributable to an increase in total borrowings and commissioning of new power generation units, resulting in an increase in finance costs, which offset the effects of a decrease in average borrowing interest rate.

	For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000
Interests on bank borrowings	2,218,312	1,812,942
Interests on corporate bonds	124,470	238,407
Interests on loans from related parties	32,286	26,304
Interests on lease liabilities	10,873	12,150
Others	39,491	26,149
	<hr/>	<hr/>
	2,425,432	2,115,952
Less: Interest capitalised in construction in progress	(482,090)	(374,500)
	<hr/>	<hr/>
	<u>1,943,342</u>	<u>1,741,452</u>

Share of results of associates

Share of results of associates for the first half of 2022 amounted to HK\$26 million, representing a decrease of HK\$247 million or 90.3% from HK\$273 million for the first half of 2021, mainly due to a decrease in the profit of coal-fired power associates resulting from an increase in fuel costs.

Share of results of joint ventures

Share of results of joint ventures for the first half of 2022 was a loss of HK\$253 million, mainly due to the loss incurred by coal-fired power joint ventures resulting from an increase in fuel costs, as compared to the profit of HK\$84 million for the first half of 2021.

Income tax expenses

Income tax expense for the first half of 2022 amounted to HK\$866 million, representing a decrease of HK\$66 million or 7.1% from HK\$932 million for the first half of 2021, mainly due to a profit decrease of subsidiary coal-fired power plants, resulting in a decrease in income tax expenses, which offset an increase in income tax expenses for some renewable energy projects not entitled to tax exemption.

Details of the income tax expense for the six months ended 30 June 2022 as compared with the same period of last year are set out below:

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Current income tax – PRC enterprise income tax	903,057	997,877
Deferred taxation provision	<u>(36,644)</u>	<u>(65,802)</u>
	<u>866,413</u>	<u>932,075</u>

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

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

Profit for the period

	For the six months ended 30 June	
	2022 HK\$'000	2021 HK\$'000 (Restated)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant, equipment and right-of-use assets	<u>7,402,252</u>	<u>7,013,801</u>
Total depreciation and amortisation	<u>7,402,252</u>	<u>7,013,801</u>
Salaries and employee benefit expenses	2,492,861	3,023,248
Included in other income		
Sales of by-product	366,786	597,239
Dividend income from FVOCI investee companies	–	106,600
Government grant	416,012	378,557
Interest income	89,106	163,801
Service income	110,964	114,952
Others	27,927	36,638
Included in other gains and losses		
Net foreign exchange gains (losses)	1,116,370	(156,005)
Gains on disposal of property, plant and equipment and right-of-use assets	34,025	25,997
Gains on disposal of a subsidiary/associates	32,137	797
Others	<u>69,036</u>	<u>37,412</u>

Profit for the period attributable to owners of the Company

As a result of the above, the Group's Net Profit for the first half of 2022 amounted to approximately HK\$4,370 million, representing a decrease of 22.5% as compared to HK\$5,635 million in the first half of 2021.

Earnings per share

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

	For the six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Restated)</i>
Profit attributable to owners of the Company	<u>4,369,939</u>	<u>5,635,468</u>

	For the six months ended 30 June	
	2022	2021
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>4,810,443,740</u>	<u>4,810,443,740</u>

Interim dividend and closure of register of members

The Board resolved to declare an interim dividend of HK\$0.21 per share for the six months ended 30 June 2022 (2021: Interim dividend of HK\$0.25 per share). Based on the number of shares in issue as at the date of this announcement, a total amount of dividend of approximately HK\$1,010 million will be distributed.

At the Board meeting held on 16 March 2022, the Board proposed a final dividend of HK\$0.045 per share for the year ended 31 December 2021. The proposal was subsequently approved by the shareholders of the Company on 7 June 2022. The final dividend paid in July 2022 was approximately HK\$216 million (2021: HK\$1,953 million).

The interim dividend will be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 9 September 2022. The register of members of the Company will be closed from Tuesday, 6 September 2022 to Friday, 9 September 2022 (both days inclusive), during such period no share transfer will be registered. To qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 5 September 2022.

The 2022 interim dividend will be payable to each shareholder in cash in HKD unless an election is made to receive the same in RMB.

Shareholders will be given the option to elect to receive all (but not part, save in the case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of the 2022 interim dividend in RMB at the exchange rate of HKD1.0 to RMB0.860718, being the average benchmark exchange rate of HKD to RMB as published by the People's Bank of China during the five business days immediately before 17 August 2022. If shareholders elect to receive the 2022 interim dividend in RMB, such dividend will be paid to shareholders at RMB0.180751 per share. To make such election, shareholders should complete the Dividend Currency Election Form which is expected to be dispatched to shareholders by the end of September 2022 as soon as practicable after the record date of 9 September 2022 to determine shareholders' entitlement to the 2022 interim dividend, and return it to 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 17 October 2022.

Shareholders who intend to elect to receive all (but not part, save in the case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of their dividends in RMB by cheques or by transfer through the RMB bank account should note that (1) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment or transferred; and (2) there is no assurance that RMB cheques can be cleared or transferred without material handling charges or delay in Hong Kong or that RMB cheques will be honoured for payment upon presentation outside Hong Kong. The cheques are expected to be sent to the relevant shareholders by ordinary post on 4 November 2022 at the shareholders' own risk. The transfer is expected to be made to the RMB account designated by the shareholders on the same day.

If no election is made by a shareholder or no duly completed Dividend Currency Election Form in respect of that shareholder is received by the Company's share registrar by 4:30 p.m. on 17 October 2022, such shareholder will automatically receive the 2022 interim dividend in HKD. All dividend payments in HKD will be made on 4 November 2022.

Capital structure management

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

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

The Directors review the capital structure on a regular basis, including the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through payment of dividends and the issue of new debts or the repayment of existing debts.

Liquidity and financial resources, borrowings, and charge of assets

Cash and cash equivalents as at 30 June 2022 denominated in local currency and foreign currencies mainly included HK\$26 million and RMB8,081 million, respectively, and a small amount of USD and GBP.

The bank and other borrowings of the Group as at 30 June 2022 and 31 December 2021 were as follows:

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Secured bank loans	2,759,688	2,936,822
Unsecured bank loans	123,911,816	116,019,015
Corporate bonds and notes	5,612,784	9,540,102
Loans from related parties	6,251,763	6,251,763
	<u>138,536,051</u>	<u>134,747,702</u>

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

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Within 1 year	28,295,923	17,314,928
More than 1 year and within 2 years	29,648,479	31,608,528
More than 2 years and within 5 years	27,485,354	20,903,130
Over 5 years	41,241,748	49,129,251
	<u>126,671,504</u>	<u>118,955,837</u>

The maturity profile of the above corporate bonds and notes is as follows:

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Within 1 year	2,104,794	5,870,832
More than 1 year and within 2 years	2,338,660	2,446,180
More than 2 years and within 5 years	1,169,330	1,223,090
	<u>5,612,784</u>	<u>9,540,102</u>

The above secured bank and other borrowings are secured by:

Pledge of assets (<i>note</i>)	<u>2,753,482</u>	<u>3,200,855</u>
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Note: Certain bank loans were secured by the Group's buildings, power generating plants and equipment with carrying value of HK\$2,294,147,000 (2021: HK\$2,437,553,000) and HK\$459,335,000 (2021: HK\$763,302,000), respectively.

The bank and other borrowings as at 30 June 2022 denominated in local currency and foreign currencies amounted to RMB95,025 million, HK\$26,185 million, GBP129 million and EUR1.29 million, respectively.

As at 30 June 2022, bank and other borrowings of HK\$26,185 million and GBP129 million (2021: HK\$26,122 million, GBP129 million and USD10.3538 million) bore interest at a range from HIBOR plus 0.55% to 1.03% per annum and SONIA plus credit-adjusted spread for the applicable interest period plus 0.89% to 0.98% per annum, respectively, and the remaining bank and other borrowings carried interest rates at a range from 0.25% to 4.70% (2021: 2.35% to 4.90%) per annum.

As at 30 June 2022, the ratio of the Group's net debt to shareholders' equity was 149.1%. In the opinion of the Directors, the Group has a reasonable capital structure, which can support its future development plans and operations.

For the six months ended 30 June 2022, the Group's primary sources of funding included new bank borrowings, capital contribution from non-controlling interests, dividend income and net cash inflow from operating activities, which amounted to HK\$29,093 million, HK\$169 million, HK\$156 million and HK\$8,194 million, respectively. The Group's funds were primarily used for the repayment of bank borrowings, acquisition of and deposits paid for property, plant and equipment and right-of-use assets, redemption of corporate bonds and interest payment, which amounted to HK\$16,707 million, HK\$12,179 million, HK\$3,698 million and HK\$2,203 million, respectively.

Trade receivables

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

The following is an ageing analysis of trade receivables by invoice date at the end of the reporting period:

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000 (Restated)
0-30 days	12,931,315	13,396,411
31-60 days	1,021,223	1,020,802
Over 60 days	19,175,908	15,435,963
	<u>33,128,446</u>	<u>29,853,176</u>

Trade payables

The following is an ageing analysis of trade payables by invoice date at the end of the reporting period:

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
0-30 days	4,831,707	5,168,345
31-90 days	405,826	2,879,972
Over 90 days	2,891,473	3,145,167
	<u>8,129,006</u>	<u>11,193,484</u>

Key financial ratios of the Group

	As at 30 June 2022	As at 31 December 2021 <i>(Restated)</i>
Current ratio (times)	0.79	0.79
Quick ratio (times)	0.72	0.69
Net debt to shareholders' equity (%)	149.1	142.3
EBITDA interest coverage (times) ⁽¹⁾	5.8	4.8

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

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

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

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

Note:

(1) Excluding non-cash income and expenses, being impairment losses and exchange gains and losses.

Foreign exchange risk

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

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

The functional currency of major project companies of the Group is RMB, and their revenue and expenses are mainly denominated in RMB. Foreign exchange risk mainly arises from borrowings denominated in HKD. However, certain entities are located in Hong Kong and their functional currencies are HKD. Their foreign exchange risk mainly arises from balances denominated in RMB and borrowings denominated in RMB and GBP.

In addition, given that there are different functional currencies within the Group, even if the transactions and balances within the Group are offset, there will still be foreign exchange risk. Cash and cash equivalents as at 30 June 2022 denominated in local currency and foreign currencies mainly included HK\$26 million and a small amount of USD and GBP, and bank borrowings of HK\$26,185 million, GBP129 million and EUR1.29 million. The remaining assets and liabilities of the Group were mainly denominated in RMB.

Events after the balance sheet date

The Group had no significant subsequent event since the end of the financial period.

Financial guarantees and contingent liabilities

As at 30 June 2022, the Group did not provide any external guarantees (31 December 2021: HK\$389,491,000).

In addition, there were certain pending litigations and claims against the Group as at 30 June 2022. After consulting with legal counsels, the Directors are of the view that the likelihood of any material financial impact on the Group is remote, therefore, no provisions and disclosure have been made in light of such litigations and claims.

Employees

As at 30 June 2022, the Group had approximately 21,794 employees.

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

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

The Company and its subsidiaries did not purchase, sell or redeem any of their listed securities during the six months ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 enquiries of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code.

AUDITOR AND AUDIT AND RISK COMMITTEE

The interim results for the six months ended 30 June 2022 have been reviewed by the Audit and Risk Committee under the Board of the Company and the auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the HKICPA.

A full set of unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 which has been prepared in accordance with HKAS 34 “Interim Financial Reporting” as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited will be published as soon as practicable.

The financial information relating to the year ended 31 December 2021 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2022 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

By order of the Board
**CHINA RESOURCES POWER
HOLDINGS COMPANY LIMITED**
WANG Chuandong
Chairman

Hong Kong, 17 August 2022

As at the date of this announcement, the Board of the Company comprises three non-executive directors, namely Mr. WANG Chuandong (Chairman), Mr. LIU Guixin and Mr. CHEN Guoyong; three executive directors, namely Mr. SHI Baofeng, Mr. ZHANG Junzheng and Ms. WANG Xiao Bin; and four independent non-executive directors, namely Ms. LEUNG Oi-sie, Elsie, Dr. CH’IEN Kuo-fung, Raymond, Mr. SO Chak Kwong, Jack and Mr. YANG Yuchuan.