

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

RESULTS ANNOUNCEMENT FOR YEAR 2023

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) announces the audited financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change %
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	
Revenue	44,261,767	43,689,129	1.31
Profit for the year	4,533,955	2,685,338	68.84
Profit attributable to equity holders of the Group	3,084,469	2,648,051	16.48
Profit attributable to ordinary shareholders of the Company	2,660,322	2,480,840	7.23
	<i>RMB</i>	<i>RMB</i>	<i>%</i>
Basic earnings per share	0.22	0.22	–
Proposed final dividend	0.132	0.11	20.00
	<i>MWh</i>	<i>MWh</i>	<i>%</i>
Total power generation	107,582,860	112,942,437	-4.75
Total electricity sold	103,239,505	108,170,802	-4.56

- In 2023, the production capacity and profitability from clean energy segments of the Group continued to unleash, of which the profits from wind power and photovoltaic power generation increased by approximately RMB1.89 billion year-on-year. The Group’s strategy of “joint operations between coal and power enterprises” has yielded notable advantages, the thermal power segment successfully achieved a turnaround from loss to profit and recorded a substantial year-on-year profit increase of approximately RMB2.71 billion. In contrast, the profits from hydropower generation dropped by RMB1.09 billion year-on-year, primarily due to insufficient rainfall where the Group’s major hydropower plants are located during the year.
- As of the end of December 2023, the Group’s consolidated installed capacity of clean energy reached 33,938.8MW, representing around 75.4% of the total consolidated installed capacity.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Revenue	2	44,261,767	43,689,129
Other income	3	2,319,566	747,050
Fuel costs		(16,801,146)	(22,725,546)
Depreciation		(9,080,548)	(7,661,040)
Staff costs		(4,638,636)	(3,840,191)
Repairs and maintenance		(1,095,579)	(964,658)
Subcontracting costs		(104,883)	(59,786)
Cost of sales of energy storage equipment		(2,144,556)	(694,165)
Consumables		(534,308)	(561,346)
Other gains and losses, net	4	678,814	2,515,645
Other operating expenses	5	(4,145,304)	(2,840,830)
Operating profit	6	8,715,187	7,604,262
Finance income	7	279,121	153,624
Finance costs	7	(4,273,867)	(4,260,961)
Share of results of associates		504,855	(155,233)
Share of results of joint ventures		201,294	2,375
Profit before taxation		5,426,590	3,344,067
Income tax expense	8	(892,635)	(658,729)
Profit for the year		<u>4,533,955</u>	<u>2,685,338</u>
Attributable to:			
Ordinary shareholders of the Company		2,660,322	2,480,840
Other equity instruments' holders		424,147	167,211
Non-controlling interests		1,449,486	37,287
		<u>4,533,955</u>	<u>2,685,338</u>
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in RMB per share)			
— Basic	9	<u>0.22</u>	<u>0.22</u>
— Diluted	9	<u>0.22</u>	<u>0.22</u>
Dividends		<u>1,632,860</u>	<u>1,360,717</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit for the year	<u>4,533,955</u>	<u>2,685,338</u>
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	(413,328)	(768,112)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	–	(44)
Fair value gain/(loss) on debt instruments at FVTOCI, net of tax	<u>584</u>	<u>(548)</u>
Other comprehensive expense for the year, net of tax	<u>(412,744)</u>	<u>(768,704)</u>
Total comprehensive income for the year	<u>4,121,211</u>	<u>1,916,634</u>
Attributable to:		
Ordinary shareholders of the Company	2,246,147	1,719,473
Other equity instruments’ holders	424,147	167,211
Non-controlling interests	<u>1,450,917</u>	<u>29,950</u>
Total comprehensive income for the year	<u>4,121,211</u>	<u>1,916,634</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	As at 31 December	
		2023	2022
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	202,555,694	142,306,292
Right-of-use assets		8,494,624	6,893,878
Prepayments for construction of power plants		6,194,356	4,951,116
Goodwill		1,240,558	832,388
Other intangible assets	<i>11</i>	16,135,447	8,286,390
Interests in associates		7,812,833	5,455,182
Interests in joint ventures		2,448,479	1,201,014
Equity instruments at FVTOCI		4,760,344	4,131,667
Deferred income tax assets		1,096,304	288,300
Restricted deposits		42,909	18,711
Other non-current assets		9,383,080	6,154,281
		260,164,628	180,519,219
Current assets			
Inventories		2,380,212	1,091,344
Accounts receivable	<i>12</i>	25,235,221	12,634,771
Prepayments, deposits and other receivables		7,967,510	6,594,392
Amounts due from related parties		4,111,062	6,098,185
Tax recoverable		69,473	70,738
Debt instruments at FVTOCI		59,345	108,972
Restricted deposits		80,513	59,244
Cash and cash equivalents		5,738,815	4,228,099
		45,642,151	30,885,745
Total assets		305,806,779	211,404,964
EQUITY			
Equity attributable to ordinary shareholders of the Company			
Share capital		24,508,986	24,508,986
Reserves		13,956,246	13,820,378
		38,465,232	38,329,364
Other equity instruments		15,174,509	8,639,281
Non-controlling interests		41,380,971	21,621,460
Total equity		95,020,712	68,590,105

		As at 31 December	
	<i>Notes</i>	2023	2022
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		58,107	35,625
Bank borrowings		99,651,965	62,212,186
Borrowings from related parties	<i>13</i>	16,582,669	10,415,324
Other borrowings	<i>14</i>	11,213,837	16,811,531
Lease liabilities		3,398,570	3,189,645
Deferred income tax liabilities		2,849,526	2,275,328
Provisions for other long-term liabilities	<i>15</i>	1,860,767	1,866,003
Other non-current liabilities		–	84,183
		135,615,441	96,889,825
Current liabilities			
Accounts and bills payables	<i>16</i>	3,823,396	2,566,171
Construction costs payable		16,494,052	11,990,216
Other payables and accrued charges		5,523,832	3,607,678
Amounts due to related parties		10,965,201	3,412,795
Bank borrowings		19,628,679	16,726,791
Borrowings from related parties	<i>13</i>	10,441,339	4,718,980
Other borrowings	<i>14</i>	7,063,759	2,015,000
Lease liabilities		734,022	517,007
Tax payable		496,346	370,396
		75,170,626	45,925,034
Total liabilities		210,786,067	142,814,859
Total equity and liabilities		305,806,779	211,404,964
Net current liabilities		29,528,475	15,039,289
Total assets less current liabilities		230,636,153	165,479,930

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Cash flows from operating activities		
Net cash generated from operating activities	9,903,018	5,725,614
Cash flows from investing activities		
Payments for property, plant and equipment and prepayments for construction of power plants	(24,647,824)	(17,595,752)
Payments for right-of-use assets	(818,134)	(498,025)
Proceeds from disposal of property, plant and equipment	15,889	15,312
Net cash outflow on acquisitions of subsidiaries	(1,047,763)	(1,510,983)
Net cash inflow on obtaining control of an associate	25,198	–
Net cash (outflow)/inflow on disposals of subsidiaries	(115,034)	1,264,010
Payments of consideration payable for acquisition of subsidiaries in prior year	(750,975)	–
Investments in associates	(923,130)	(1,119,811)
Investments in joint ventures	(251,986)	(55,024)
Investments in equity investments at FVTOCI	(80,000)	–
Capital injections to associates, joint ventures and equity instruments at FVTOCI	(1,889,128)	(675,450)
Repayment from related parties	3,337,857	–
Dividends received	95,891	26,832
Interests received	251,035	131,371
Increase in restricted deposits	(45,467)	(57,587)
Net cash used in investing activities	(26,843,571)	(20,075,107)

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Cash flows from financing activities		
Drawdown of bank borrowings	61,664,166	45,458,779
Drawdown of borrowings from related parties	16,660,497	11,670,054
Drawdown of other borrowings	3,728,296	12,307,218
Capital injections from non-controlling shareholders of subsidiaries	6,127,650	3,837,954
Proceeds from disposal of equity interests in subsidiaries without loss of control	3,240,574	1,085,180
Acquisition of non-controlling interests	(1,033,853)	–
Issuance of perpetual debts	5,008,740	5,608,720
Issuance of perpetual medium-term notes	3,000,000	–
Redemption of perpetual medium-term notes	(3,000,000)	–
Repayment of bank borrowings	(55,375,760)	(45,086,454)
Repayment of borrowings from related parties	(12,057,974)	(10,288,043)
Repayment of other borrowings	(5,421,698)	(4,620,000)
Payments for lease liabilities	(1,517,227)	(1,985,982)
Dividend paid	(1,384,828)	(556,576)
Distributions to holders of other equity instruments	(401,836)	(134,250)
Dividends paid to non-controlling interests	(784,530)	(488,142)
	<u>18,452,217</u>	<u>16,808,458</u>
Net cash generated from financing activities		
	1,511,664	2,458,965
Net increase in cash and cash equivalents		
Cash and cash equivalents at 1 January	4,228,099	1,766,632
Exchange (loss)/gain, net	(948)	2,502
	<u>5,738,815</u>	<u>4,228,099</u>
Cash and cash equivalents at 31 December		

GENERAL INFORMATION

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, a registered public entity auditor, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

The financial information relating to the years ended 31 December 2023 and 2022 included in this announcement of annual results 2023 do not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. The Company's auditor has reported on the financial statements of the Group for the years ended 31 December 2023 and 2022 respectively. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Notes to the consolidated financial statements

1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The consolidated financial statements have been prepared under the historical cost convention except for equity instruments and debt instruments, which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Adoption of revised HKFRSs

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The above amendments had no material impact on these consolidated financial statements of the Group.

(b) Issued but not yet effective HKFRSs

The Group has not early applied the following revised HKFRSs that have been issued but are not yet effective in these consolidated financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ⁽¹⁾
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ 2020 Amendments ”) ⁽¹⁾⁽⁴⁾
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ 2022 Amendments ”) ⁽¹⁾⁽⁴⁾
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ⁽¹⁾
Amendments to HKAS 21	Lack of Exchangeability ⁽²⁾

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2024

⁽²⁾ Effective for annual periods beginning on or after 1 January 2025

⁽³⁾ No mandatory effective date yet determined but available for adoption

⁽⁴⁾ As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

Based on the Group’s current financial position, the directors of the Company (the “**Directors**”) anticipate that the application of the above amendments to HKFRSs in issue but not yet effective will have no material impact on the Group’s financial position and performance except for certain presentation and disclosures in the consolidated financial statements of the Group.

2 Turnover, revenue and segment information

Revenue, representing turnover net of sales related taxes, recognized during the year is as follows:

	2023 <i>RMB’000</i>	2022 <i>RMB’000</i>
Types of goods or services:		
Sales of electricity to regional and provincial power grid companies (<i>note (a)</i>)	41,637,383	42,582,596
Provision of power generation (<i>note (b)</i>)	76,201	210,273
Energy storage revenue (<i>note (c)</i>)	2,548,183	896,260
	<u>44,261,767</u>	<u>43,689,129</u>
Timing of revenue recognition:		
Goods — at a point in time	44,151,854	43,587,414
Services — over time	109,913	101,715
	<u>44,261,767</u>	<u>43,689,129</u>

Notes:

- (a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the People's Republic of China (the "PRC"), and some of these tariff rates followed the market-oriented price mechanism.
- (b) Provision of power generation represents income from the provision of power generation to other companies in the PRC which is calculated based on mutually agreed terms.
- (c) Energy storage revenue includes income from the project development and integration of energy storage power stations, sales of energy storage equipment, sales of stored electricity and leasing of electricity storage capacities.

Segment information

The chief operating decision maker has been identified as the executive Directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from equity instruments at FVTOCI. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Segment assets exclude equity instruments at FVTOCI, deferred income tax assets and corporate assets, which are managed on a central basis.

Segment liabilities exclude deferred income tax liabilities, tax payable and corporate liabilities, which are managed on a central basis.

	Year ended 31 December 2023						
	Thermal power electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Energy storage RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue							
Sales of electricity	23,923,362	3,052,804	8,715,553	5,945,664	–	–	41,637,383
Provision of power generation	6,120	–	4,108	65,973	–	–	76,201
Energy storage revenue	–	–	–	–	2,548,183	–	2,548,183
	<u>23,929,482</u>	<u>3,052,804</u>	<u>8,719,661</u>	<u>6,011,637</u>	<u>2,548,183</u>	<u>–</u>	<u>44,261,767</u>
Segment results	2,417,941	(83,214)	4,442,535	2,649,270	80,210	–	9,506,742
Unallocated income	–	–	–	–	–	505,728	505,728
Unallocated expense	–	–	–	–	–	(1,297,283)	(1,297,283)
Operating profit/(loss)	2,417,941	(83,214)	4,442,535	2,649,270	80,210	(791,555)	8,715,187
Finance income	10,209	11,356	32,466	44,213	1,895	178,982	279,121
Finance costs	(796,671)	(892,944)	(1,335,443)	(1,063,970)	(59,504)	(125,335)	(4,273,867)
Share of results of associates	159,169	–	151,751	50,219	–	143,716	504,855
Share of results of joint ventures	20,924	–	99,800	54,029	–	26,541	201,294
Profit/(loss) before taxation	1,811,572	(964,802)	3,391,109	1,733,761	22,601	(567,651)	5,426,590
Income tax (expense)/credit	(496,403)	138,577	(274,990)	(229,893)	14,576	(44,502)	(892,635)
Profit/(loss) for the year	<u>1,315,169</u>	<u>(826,225)</u>	<u>3,116,119</u>	<u>1,503,868</u>	<u>37,177</u>	<u>(612,153)</u>	<u>4,533,955</u>
Other segment information							
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure							
— Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	4,636,413	932,340	6,043,576	16,731,899	969,322	1,000,025	30,313,575
Depreciation of property, plant and equipment	1,862,827	1,567,679	2,978,653	2,132,464	46,240	65,811	8,653,674
Depreciation of right-of-use assets	76,895	29,316	69,328	176,361	7,277	67,697	426,874
Amortization of other intangible assets	211,432	–	280,528	157,039	–	–	648,999
Loss on disposal of property, plant and equipment, net	37,308	3,274	381	59,678	–	10	100,651
Impairment of property, plant and equipment	15,971	–	638	50,355	–	–	66,964
Loss on disposal of subsidiaries (pre-tax), net	–	–	–	–	–	46,925	46,925
Reversal of impairment of other receivables	(280)	(50)	(158)	–	–	(1,840)	(2,328)

	As at 31 December 2023						
	Thermal power electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Energy storage RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets							
Other segment assets	43,518,774	39,179,448	99,633,685	92,240,531	6,342,687	–	280,915,125
Goodwill	–	585,751	364,097	290,710	–	–	1,240,558
Interests in associates	3,024,481	–	1,735,254	325,290	–	2,727,808	7,812,833
Interests in joint ventures	149,961	–	1,051,147	580,375	–	666,996	2,448,479
	<u>46,693,216</u>	<u>39,765,199</u>	<u>102,784,183</u>	<u>93,436,906</u>	<u>6,342,687</u>	<u>3,394,804</u>	<u>292,416,995</u>
Equity instruments at FVTOCI							4,760,344
Deferred income tax assets							1,096,304
Other unallocated assets							7,533,136
Total assets per consolidated statement of financial position							<u><u>305,806,779</u></u>
Segment liabilities							
Other segment liabilities	(4,743,321)	(4,725,976)	(9,028,795)	(10,509,611)	(3,572,442)	–	(32,580,145)
Borrowings	(25,520,018)	(22,338,874)	(54,055,777)	(50,973,581)	(2,376,187)	(9,317,811)	(164,582,248)
	<u>(30,263,339)</u>	<u>(27,064,850)</u>	<u>(63,084,572)</u>	<u>(61,483,192)</u>	<u>(5,948,629)</u>	<u>(9,317,811)</u>	<u>(197,162,393)</u>
Deferred income tax liabilities							(2,849,526)
Tax payable							(496,346)
Other unallocated liabilities							(10,277,802)
Total liabilities per consolidated statement of financial position							<u><u>(210,786,067)</u></u>

	Year ended 31 December 2022						
	Thermal power electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Energy storage RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue							
Sales of electricity	28,445,548	4,685,036	5,230,349	4,221,663	–	–	42,582,596
Provision of power generation	137,718	–	2,090	70,465	–	–	210,273
Energy storage revenue	–	–	–	–	896,260	–	896,260
	<u>28,583,266</u>	<u>4,685,036</u>	<u>5,232,439</u>	<u>4,292,128</u>	<u>896,260</u>	<u>–</u>	<u>43,689,129</u>
Segment results	730,885	1,117,060	2,665,410	2,131,527	43,219	–	6,688,101
Unallocated income	–	–	–	–	–	343,248	343,248
Unallocated gains	–	–	–	–	–	572,913	572,913
Operating profit	730,885	1,117,060	2,665,410	2,131,527	43,219	916,161	7,604,262
Finance income	7,714	14,474	8,010	39,173	855	83,398	153,624
Finance costs	(1,367,630)	(778,446)	(1,026,757)	(1,039,090)	(3,973)	(45,065)	(4,260,961)
Share of results of associates	(319,800)	4,606	59,770	30,333	–	69,858	(155,233)
Share of results of joint ventures	(119,377)	–	96,958	–	–	24,794	2,375
(Loss)/profit before taxation	(1,068,208)	357,694	1,803,391	1,161,943	40,101	1,049,146	3,344,067
Income tax (expense)/credit	(322,394)	(96,309)	(95,890)	(138,265)	(5,881)	10	(658,729)
(Loss)/profit for the year	<u>(1,390,602)</u>	<u>261,385</u>	<u>1,707,501</u>	<u>1,023,678</u>	<u>34,220</u>	<u>1,049,156</u>	<u>2,685,338</u>
Other segment information							
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure							
— Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	1,880,414	1,278,812	5,836,779	10,511,035	455,444	370,000	20,332,484
Depreciation of property, plant and equipment	2,388,746	1,667,443	1,879,957	1,281,748	13,317	53,739	7,284,950
Depreciation of right-of-use assets	64,987	29,483	66,660	177,789	2,298	34,873	376,090
Amortization of other intangible assets	40,205	–	35,561	61,897	–	–	137,663
Loss/(gain) on disposal of property, plant and equipment, net	233	–	(33)	(936)	–	85	(651)
Impairment of property, plant and equipment	14,142	–	–	–	–	–	14,142
Impairment of goodwill	67,712	183,193	–	–	–	–	250,905
Gain on disposal of subsidiaries (pre-tax), net	(497,343)	–	–	(8,866)	–	(4,654)	(510,863)
Gain on remeasurement of remaining equity interests in associates after loss of control over subsidiaries	(154,337)	–	–	–	–	–	(154,337)
Gain on recognition of negative goodwill	–	–	–	–	–	(1,551,609)	(1,551,609)
(Reversal)/provision of impairment of amounts due from related parties and other receivables	(333)	(32,010)	2,220	246	–	2,097	(27,780)

	As at 31 December 2022							
	Thermal power electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Energy storage RMB'000	Unallocated RMB'000		Total RMB'000
Segment assets								
Other segment assets	42,122,040	38,240,726	62,274,898	46,349,727	2,177,820	–		191,165,211
Goodwill	–	585,751	–	246,637	–	–		832,388
Interests in associates	2,243,623	23,930	781,586	422,586	–	1,983,457		5,455,182
Interests in joint ventures	129,037	–	644,667	39,653	–	387,657		1,201,014
	<u>44,494,700</u>	<u>38,850,407</u>	<u>63,701,151</u>	<u>47,058,603</u>	<u>2,177,820</u>	<u>2,371,114</u>		<u>198,653,795</u>
Equity instruments at FVTOCI								4,131,667
Deferred income tax assets								288,300
Other unallocated assets								8,331,202
								<u>8,331,202</u>
Total assets per consolidated statement of financial position								<u>211,404,964</u>
Segment liabilities								
Other segment liabilities	(5,525,298)	(3,963,718)	(5,963,257)	(7,528,845)	(1,072,052)	–		(24,053,170)
Borrowings	<u>(24,813,007)</u>	<u>(24,377,720)</u>	<u>(34,800,167)</u>	<u>(25,843,726)</u>	<u>(779,432)</u>	<u>(2,285,760)</u>		<u>(112,899,812)</u>
	(30,338,305)	(28,341,438)	(40,763,424)	(33,372,571)	(1,851,484)	(2,285,760)		(136,952,982)
Deferred income tax liabilities								(2,275,328)
Tax payable								(370,396)
Other unallocated liabilities								(3,216,153)
								<u>(3,216,153)</u>
Total liabilities per consolidated statement of financial position								<u>(142,814,859)</u>

Main revenue from external customers is generated from the PRC. As at 31 December 2023, except for non-current assets of RMB908,498,000 (2022: RMB674,472,000) were located outside the PRC, substantially all the Group's assets were located or utilized in the PRC.

The Group's major customers are regional and provincial power grid companies. For the year ended 31 December 2023, the Group's external revenue amounting to RMB18,377,038,000 (2022: RMB18,820,438,000) was generated from three (2022: three) major customers, each of which accounted for 10% or more of the Group's external revenue.

For the year ended 31 December 2023, major customers who accounted for 10% or more of the Group's external revenue are as follows:

Major Customers	Proportion in approximate	Segments
Customer A	16%	Thermal power electricity
Customer B	13%	Thermal power electricity and photovoltaic power electricity
Customer C	13%	Thermal power electricity, photovoltaic power electricity and wind power electricity

3 Other income

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Rental income	26,714	35,887
Income from provision of repairs and maintenance services	317,783	141,932
Dividend income	25,498	–
Income from provision of IT and other services	1,279,677	546,047
Waste treatment income	387,883	–
Others	282,011	23,184
	<u>2,319,566</u>	<u>747,050</u>

4 Other gains and losses, net

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Amortization of deferred income	24,264	21,359
Government subsidies	367,124	288,850
(Loss)/gain on disposal of property, plant and equipment, net	(100,651)	651
(Loss)/gain on disposal of subsidiaries (pre-tax), net	(46,925)	510,863
Gain on remeasurement of remaining equity interests in associates after loss of control over subsidiaries	–	154,337
Gain on recognition of negative goodwill	–	1,551,609
Profits on sales of unused power production quota	1,551	1,648
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	140,561	63,744
Impairment of property, plant and equipment (<i>Note 10</i>)	(66,964)	(14,142)
Impairment of goodwill	–	(250,905)
Others	359,854	187,631
	<u>678,814</u>	<u>2,515,645</u>

5 Other operating expenses

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Amortization of other intangible assets	648,999	137,663
Research and development expenses	306,351	228,469
Lease expenses	96,435	55,243
Reversal of impairment of amounts due from related parties and other receivables	(2,328)	(27,780)
Reservoir maintenance and usage fees	74,906	69,939
Operating costs related to power generation	1,166,342	957,118
Cost of purchase of unused power production quota	3,942	2,227
Administrative and selling related expenses	711,778	521,054
Taxes and surcharges	370,317	374,084
Others	768,562	522,813
	<u>4,145,304</u>	<u>2,840,830</u>

6 Operating profit

Operating profit is stated after charging/(crediting) the following:

	2023 RMB'000	2022 RMB'000
Amortization of other intangible assets	648,999	137,663
Auditor's remuneration	7,860	7,358
Research and development expenses	306,351	228,469
Depreciation:		
— property, plant and equipment (<i>Note 10</i>)	8,653,674	7,284,950
— right-of-use assets	426,874	376,090
Lease expenses:		
— equipment	26,861	28,842
— leasehold land and buildings	69,574	26,401
Reversal of impairment of amounts due from related parties and other receivables	(2,328)	(27,780)
Reservoir maintenance and usage fees	74,906	69,939
Cost of purchase of unused power production quota	3,942	2,227
	<u> </u>	<u> </u>

7 Finance income and finance costs

	2023 RMB'000	2022 RMB'000
Finance income		
Interest income from bank deposits	52,813	46,550
Interest income from related parties	177,332	84,075
Interest income from discounting effect on clean energy power price premium receivable (<i>Note 12(b)</i>)	48,976	22,999
	<u> </u>	<u> </u>
	279,121	153,624
Finance costs		
Interest expense on		
— bank borrowings	3,198,140	3,343,105
— borrowings from related parties	680,292	680,494
— other borrowings	428,369	368,947
— amounts due to related parties	1,823	4,836
— lease liabilities	132,143	104,100
— provisions for other long-term liabilities (<i>Note 15</i>)	104,029	104,082
	<u> </u>	<u> </u>
	4,544,796	4,605,564
Less: amounts capitalized to property, plant and equipment	<u>(301,060)</u>	<u>(337,528)</u>
	4,243,736	4,268,036
Exchange loss/(gain), net	<u>30,131</u>	<u>(7,075)</u>
	<u>4,273,867</u>	<u>4,260,961</u>

The weighted average interest rate on capitalized borrowings is approximately 3.46% (2022: 3.45%) per annum.

8 Income tax expense

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profits arising in Hong Kong for the year ended 31 December 2023 (2022: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2022: 25%) on the estimated assessable profits for the year except that certain subsidiaries were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rate of 7.5%, 12.5%, 15% or 20% (2022: 7.5%, 12.5%, 15% or 20%).

The amount of income tax recognized in the consolidated income statement represents:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
PRC current income tax		
Charge for the year	1,183,483	707,591
(Over)/under provision in prior years	<u>(7,490)</u>	<u>3,922</u>
	1,175,993	711,513
Deferred income tax		
Credit for the year	<u>(283,358)</u>	<u>(52,784)</u>
	<u>892,635</u>	<u>658,729</u>

Share of income taxation charge attributable to associates and joint ventures for the year ended 31 December 2023 of RMB147,320,000 (2022: credit of RMB80,922,000) and RMB15,149,000 (2022: credit of RMB17,924,000) respectively were included in the Group's share of results of associates and joint ventures respectively.

9 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of shares in issue during the year.

	2023	2022
Profit for the year attributable to ordinary shareholders of the Company, used in the basic earnings per share calculation (<i>RMB'000</i>)	<u>2,660,322</u>	<u>2,480,840</u>
Weighted average number of shares in issue (<i>shares in thousands</i>)	<u>12,370,151</u>	<u>11,147,639</u>
Basic earnings per share (<i>RMB</i>)	<u>0.22</u>	<u>0.22</u>

(b) Diluted

For the year ended 31 December 2023 and 2022, the computation of diluted earnings per share did not assume the exercise of the Company's share options as the exercise prices of these options were higher than the average market share price of the Company's shares during the year since dates of grant.

10 Property, plant and equipment

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At 1 January	142,306,292	128,695,251
A change in accounting policy	–	491,886
Additions and transfer from prepayments	28,974,992	16,526,390
Acquired on acquisitions of subsidiaries	42,000,674	11,935,811
Reclassified from right-of-use assets	2,219,008	290,977
Disposal of subsidiaries	(4,133,475)	(8,456,445)
Disposals	(91,159)	(36,625)
Depreciation charged for the year (<i>Note 6</i>)	(8,653,674)	(7,284,950)
Impairment written off upon disposal	–	158,139
Impairment recognized for the year (<i>Note 4</i>)	(66,964)	(14,142)
	<u>202,555,694</u>	<u>142,306,292</u>
At 31 December	<u>202,555,694</u>	<u>142,306,292</u>

11 Other intangible assets

Other intangible assets represent the carrying amount of the favourable tariff contracts and franchise rights acquired on the acquisitions of certain clean energy companies. These intangible assets have finite useful lives and are amortized on a straight-line basis over the period of 3 to 27 years (2022: 5 to 27 years).

The Group acquired the favourable tariff contracts and franchise rights of RMB8,498,056,000 on acquisitions of certain subsidiaries during the current year (2022: RMB7,490,945,000).

12 Accounts receivable

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Accounts receivable from regional and provincial power grid companies (<i>notes (a) and (b)</i>)	26,383,363	14,228,449
Accounts receivable from other companies (<i>note (a)</i>)	1,638,342	697,615
	<u>28,021,705</u>	<u>14,926,064</u>
Notes receivable (<i>note (d)</i>)	178,406	110,870
	<u>28,200,111</u>	<u>15,036,934</u>
Analyzed for reporting purposes as:		
— Non-current (included in other non-current assets (<i>note (b)</i>))	2,964,890	2,402,163
— Current	25,235,221	12,634,771
	<u>28,200,111</u>	<u>15,036,934</u>

Notes:

To measure the expected credit loss of accounts receivable, accounts and notes receivables have been assessed individually upon the application of HKFRS 9. The loss allowance of the accounts receivable as at 31 December 2023 and 2022 was insignificant.

- (a) The ageing analysis of the accounts receivable based on invoice date is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Unbilled	2,964,890	2,402,163
1 to 3 months	<u>25,056,815</u>	<u>12,523,901</u>
	<u>28,021,705</u>	<u>14,926,064</u>

The accounts receivable that are neither past due nor impaired have been assessed by reference to the historical information about counterparty default rates. The existing counterparties did not have significant default in the past.

- (b) As at 31 December 2023, accounts receivable from regional and provincial power grid companies include clean energy power price premium receivable of RMB2,964,890,000, which is unbilled and is stated after discounting.

The clean energy power price premium, which was a component of the government-approved on-grid tariff for wind and photovoltaic power generation, was recognized as revenue from sales of electricity in the consolidated income statement of the Group for its wind and photovoltaic power projects.

The financial resource for the clean energy power price premium was the national renewable energy fund that accumulated through a special levy on the consumption of electricity. Pursuant to Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance (the “MOF”), the National Development and Reform Commission (the “NDRC”) and the National Energy Administration (the “NEA”) in March 2012, the standardized application and approval procedures on a project by project basis for the settlement of the tariff premium came into force since 2012, and such applications were accepted and approved batch by batch jointly by the MOF, the NDRC and the NEA at intervals in form of announcing renewable energy subsidy catalogues (the “Subsidy Catalogue”).

In February 2020, the MOF, the NDRC and the NEA jointly issued new guidelines and notices, i.e., Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) (collectively referred to as the “New Guidelines”). Pursuant to the New Guidelines, the quota of new subsidies is decided based on the scale of subsidy funds, there will not be any new Subsidy Catalogue to be published for tariff premium and as an alternative, power grid companies will publish lists of renewable energy projects qualified for tariff premium (the “Subsidy List”) periodically after the renewable energy generators have gone through certain approval and information publicity process.

Based on the above New Guidelines and their past experience, the Directors estimated that there were no foreseeable obstacles that would lead to the application not being approved before entering into either the Subsidy Catalogue or the Subsidy List. It was expected that the Group's wind and photovoltaic power projects would be listed as qualified projects for tariff premium after 31 December 2024 (2022: obtained after 31 December 2023) and the corresponding premium receivables were estimated to be recovered after twelve months from the reporting date. Therefore, the Directors considered the renewable energy electricity sales contract for projects before entering into the Subsidy Catalogue or the Subsidy List contains a significant financing component. For the year ended 31 December 2023, the respective clean energy power price premiums were adjusted for this financing component based on an effective interest rate of 3.64% (2022: 3.81%) per annum, and the Group's revenue was adjusted by RMB82,216,000 (2022: RMB109,328,000) and interest income amounting to RMB48,976,000 (2022: RMB22,999,000) (*Note 7*) was recognized.

- (c) In December 2020, accounts receivable amounting to RMB950,000,000 were transferred to a single asset management plan (the "**Assets Management Plan**") set up by Shenwan Hongyuan Securities Co., Ltd. The Directors consider that the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the accounts receivable and retained control of the underlying assets. As at 31 December 2023, the Assets Management Plan had expired and the Group no further recognized the transferred assets to the extent of its continuing involvement (2022: RMB37,525,000 as other receivables and the associated liabilities as other payables).

In November 2021, accounts receivable amounting to RMB1,184,931,000 were transferred to State Power Investment Corporation Limited* ("**SPIC**") for participating in its Asset Backed Notes Transaction (the "**ABN Transaction**"). In the subsidiaries acquired in 2022, accounts receivable amounting to RMB340,566,000 were transferred to SPIC in November 2021 for participating in the same ABN Transaction. In the subsidiaries acquired this year, accounts receivable amounting to RMB1,153,910,000 were also transferred to SPIC in November 2021 for participating in the same ABN Transaction. The Directors consider that the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the accounts receivable and retained control of the underlying assets. As at 31 December 2023, the Group recognized the transferred assets to the extent of its continuing involvement amounting to RMB50,183,000 as other receivables and the associated liabilities as other payables (2022: RMB75,798,000 as other non-current assets and the associated liabilities as other non-current liabilities).

- (d) As at 31 December 2023, notes receivable were bank acceptance notes issued by third parties and were normally with a maturity period of 360 days (2022: 360 days).
- (e) As at 31 December 2023, certain of the bank borrowings, other borrowings (*Note 14(b)*) and lease liabilities (2022: certain of the bank borrowings and lease liabilities) were secured by the rights on certain accounts receivable. The accounts receivable pledged under these debts as at 31 December 2023 amounted to RMB7,530,108,000 (2022: RMB3,467,887,000).

13 Borrowings from related parties

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current		
Long-term borrowings from SPIC (<i>note (b)</i>)	12,788,499	9,646,099
Long-term borrowings from SPIC Financial Company Limited* (“SPIC Financial”) (<i>note (c)</i>)	4,748,492	863,000
Long-term borrowings from other related parties (<i>note (d)</i>)	1,775,423	790,463
	<u>19,312,414</u>	<u>11,299,562</u>
Less: Current portion of long-term borrowings from SPIC	(1,950,000)	(504,238)
Current portion of long-term borrowings from SPIC Financial	(678,238)	(180,000)
Current portion of long-term borrowings from other related party	(101,507)	(200,000)
	<u>(1,950,000)</u>	<u>(504,238)</u>
	<u>16,582,669</u>	<u>10,415,324</u>
Current		
Short-term borrowings from SPIC (<i>note (e)</i>)	2,000,000	1,500,000
Short-term borrowings from SPIC Financial (<i>note (f)</i>)	3,489,000	1,150,000
Short-term borrowings from other related parties (<i>note (g)</i>)	2,222,594	1,184,742
Current portion of long-term borrowings from SPIC (<i>note (b)</i>)	1,950,000	504,238
Current portion of long-term borrowings from SPIC Financial (<i>note (c)</i>)	678,238	180,000
Current portion of long-term borrowings from other related party (<i>note (d)</i>)	101,507	200,000
	<u>10,441,339</u>	<u>4,718,980</u>
	<u>27,024,008</u>	<u>15,134,304</u>

Notes:

- (a) The carrying amounts of the Group’s borrowings from related parties are denominated in the following currencies:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB	26,315,738	14,674,640
United States Dollars	708,270	459,664
	<u>27,024,008</u>	<u>15,134,304</u>

- (b) The long-term borrowings from SPIC are unsecured, interest bearing from 2.80% to 4.75% (2022: 3.35% to 5.50%) per annum.
- (c) The long-term borrowings from SPIC Financial are unsecured, interest bearing from 3.10% to 4.27% (2022: 3.29% to 4.27%) per annum.
- (d) As at 31 December 2023, the long-term borrowings from other related parties are unsecured, interest bearing from 3.79% to 4.30% (2022: 3.79% to 4.55%) per annum.
- (e) As at 31 December 2023, the short-term borrowings from SPIC are unsecured, interest bearing from 2.00% to 3.60% (2022: 3.45% to 3.85%) per annum.

- (f) As at 31 December 2023, the short-term borrowings from SPIC Financial are unsecured, interest bearing from 2.40% to 4.27% (2022: 3.45% to 4.27%) per annum.
- (g) As at 31 December 2023, the short-term borrowings from other related parties are unsecured, interest bearing from 2.70% to 4.35% (2022: 2.85% to 4.35%) per annum.

14 Other borrowings

	2023 RMB'000	2022 RMB'000
Non-current		
Medium-term notes issued by the Company (note (a))	13,000,000	13,000,000
Long-term other borrowings from third parties (note (b))	3,277,596	3,811,531
	<u>16,277,596</u>	16,811,531
Less: Current portion of medium-term notes issued by the Company	(5,000,000)	–
Current portion of long-term other borrowings from third parties	(63,759)	–
	<u>11,213,837</u>	16,811,531
Current		
Super & short-term commercial papers issued by the Company (note (c))	2,000,000	2,000,000
Short-term other borrowing from a third party	–	15,000
Current portion of medium-term notes issued by the Company (note (a))	5,000,000	–
Current portion of long-term other borrowings from third parties	63,759	–
	<u>7,063,759</u>	2,015,000
	<u>18,277,596</u>	<u>18,826,531</u>

Notes:

- (a) The balance includes:
- (i) Four unsecured RMB denominated medium-term notes issued by the Company in June, July and September 2022 respectively, each of RMB2,000,000,000 for a term of three years, which are interest bearing at 3.00%, 2.99%, 2.87% and 2.71% per annum respectively.
- (ii) Two unsecured RMB denominated medium-term notes issued by the Company in April and October 2021 respectively, each of RMB2,000,000,000 for a term of three years, which are interest bearing at 3.54% and 3.47% per annum respectively. As at 31 December 2023, the above two medium-term notes were classified and presented as current.
- (iii) An unsecured RMB denominated green note of RMB1,000,000,000 issued by the Company in October 2021 for a term of three years, which is interest bearing at 3.39% per annum. As at 31 December 2023, this green note was classified and presented as current.
- (b) As at 31 December 2023, RMB172,576,000 (2022: Nil) is secured against the rights on certain accounts receivable (Note 12(e)) and interest bearing from 3.88% to 5.10% per annum and RMB304,161,000 (2022: Nil) is secured by certain property, plant and equipment and interest bearing from 3.33% to 4.20% per annum, the remaining balances are unsecured and interest bearing from 3.88% to 4.30% (2022: 4.25% to 4.85%) per annum.
- (c) The balance represents unsecured RMB denominated super & short-term commercial papers of RMB2,000,000,000 (2022: RMB2,000,000,000) issued by the Company in December 2023 (2022: June and July 2022) with term of 90 days (2022: 270 days and 180 days respectively) and interest bearing at 2.75% (2022: 2.10% and 1.75%) per annum.

15 Provisions for other long-term liabilities

Provisions for other long-term liabilities represent provisions for inundation compensation caused by the construction of certain hydropower plants of the Group, namely the Baishi power plant, Tuokou power plant and Changzhou hydropower plant in accordance with the rules and regulations of inundation compensation.

The provisions are measured at the present value of the expenditures expected to be required to settle the compensations, based on the latest rules and regulations as set out by the relevant local government authorities in the PRC, compensation per unit of area, growth rate of compensation, and the expected useful lives of these hydropower plants, using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provisions due to the passage of time had been recognized as interest expense.

Analysis of the provisions for inundation compensation as at 31 December 2023 and 2022 is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current liabilities	1,860,767	1,866,003
Current liabilities (included in other payables and accrued charges)	<u>109,270</u>	<u>105,990</u>
	<u>1,970,037</u>	<u>1,971,993</u>

The movements of the provisions for inundation compensation for the years ended 31 December 2023 and 2022 are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At 1 January	1,971,993	1,972,664
Interest expense (<i>Note 7</i>)	104,029	104,082
Payment	<u>(105,985)</u>	<u>(104,753)</u>
At 31 December	<u>1,970,037</u>	<u>1,971,993</u>

16 Accounts and bills payables

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Accounts payable (<i>note (a)</i>)	3,371,340	2,490,043
Bills payable (<i>note (b)</i>)	452,056	76,128
	<u>3,823,396</u>	<u>2,566,171</u>

Notes:

- (a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable based on invoice date is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
1 to 6 months	3,338,475	2,267,580
7 to 12 months	–	187,697
Over 1 year	32,865	34,766
	<u>3,371,340</u>	<u>2,490,043</u>

- (b) As at 31 December 2023, bills payable are bills of exchange with maturity period ranged from 3 to 12 months (2022: ranged from 3 to 12 months).

17 Acquisitions of subsidiaries

During the year ended 31 December 2023, the Group acquired 55.15%, 100%, 100%, 100% and 100% equity interests respectively in five entities, SPIC Beijing Electric Power Co., Ltd. and its subsidiaries (“Beijing Group”), SPIC Fujian Electric Power Co., Ltd. and its subsidiaries (“Fujian Group”), SPIC Heilongjiang Power Co., Ltd.* and its subsidiaries (“Heilongjiang Group”), SPIC Shanxi Power Co., Ltd.* and its subsidiaries (“Shanxi Group”) and Jieyang Qianzhan Wind Power Co., Ltd.* (“Jieyang Qianzhan”) (collectively referred to as “Acquired Entities”) from SPIC, SPIC Guangdong Electric Power Co., Ltd. (“**SPIC Guangdong**”) and China Power Complete Equipment Co., Ltd. (“**CPCEC**”), at a cash consideration of RMB10,790,266,000 (after consideration adjustments). SPIC Guangdong is an indirect non wholly-owned subsidiary ultimately owned and controlled by SPIC. CPCEC is a wholly-owned subsidiary of SPIC. As such, these transactions were deemed as connected transactions. These acquisitions were completed on 30 September 2023 and they have been accounted for using the acquisition method when being acquired and a goodwill of RMB408,170,000 was recognized.

On 31 December 2023, SPIC Hubei Power Sales Co., Ltd., a subsidiary of the Group, acquired additional 35% equity interest in Wuhan Lvda New Energy Co., Ltd.* (“**Wuhan Lvda**”) from a third party in the form of cash consideration. Wuhan Lvda then became a subsidiary of the Group. The acquisition has been accounted for using the acquisition method when being acquired. Wuhan Lvda was not individually material. No goodwill arose as a result of the acquisition.

18 Event after the reporting period

The Company has completed the issuance of corporate bonds and received the proceeds therefrom on 14 March 2024. The amount of the corporate bonds issued is RMB2,000,000,000, with a maturity period of three years. The unit face value is RMB100 and the interest rate is 2.67% per annum.

BUSINESS REVIEW

In 2023, China, as one of the largest economies, presented a relatively strong resilience for growth with its green, low-carbon and high-quality development despite facing the international environment characterized by unstable economic recovery, imbalanced growth momentum, weak market sentiment and unresolved regional conflicts. During the year under review, the growth rate of the national electricity consumption increased year-on-year. The power market remained safe and stable with a generally balanced power supply and demand, safeguarding the power supply for socio-economic development and household consumption. The power industry achieved remarkable results in its green and low-carbon transformation, and the optimization and adjustment of the power source structure have been progressing at a faster pace.

In 2023, the national total power generation recorded a year-on-year increase of 5.2%, while the national total electricity consumption in China rose by 6.7% year-on-year with the growth rate increased by 3.1 percentage points as compared with 2022. The year-on-year increase in the growth rate of electricity consumption was driven by the rebound of the national economy.

The Group has been actively developing clean energy and emerging energy industries, so as to press on with its strategic green transformation in full force. During the year under review, we acquired a substantial number of project companies that are principally engaged in clean energy power generation from SPIC and its subsidiaries (the “**Clean Energy Acquisitions**”), and the acquisitions were completed on 30 September 2023. Upon the completion, the installed capacity of and profit contribution from the Group’s clean energy segments both increased significantly. As of 31 December 2023, the above companies have a total installed capacity of 9,137.8MW in operation, including wind power of 3,743.1MW, photovoltaic power of 5,299.7MW and environmental power of 95MW, respectively. These companies contributed a total net profit of approximately RMB236,679,000 after being consolidated into the financial statements of the Group in October 2023.

Businesses such as wind power and photovoltaic power projects continued to be the profit drivers of the Group. Meanwhile, benefitted from the relatively stable coal prices and a series of cost reduction and efficiency enhancement measures adopted by the Group, the thermal power segment achieved a turnaround from loss to profit with a substantial growth in profit as compared to the previous year. The energy storage business also expanded continuously, and the revenue of energy storage saw a significant upsurge year-on-year.

For the year ended 31 December 2023, the profit attributable to equity holders of the Group amounted to RMB3,084,469,000 (2022: RMB2,648,051,000). Profit attributable to ordinary shareholders of the Company amounted to RMB2,660,322,000 (2022: RMB2,480,840,000). Basic earnings per share was approximately RMB0.22 (2022: RMB0.22). As at 31 December 2023, net assets per share (excluding non-controlling interests and other equity instruments) was approximately RMB3.11.

During the year under review, the development and performance of the Group's principal businesses were as follows:

Installed Capacity

As at 31 December 2023, the consolidated installed capacity of the Group's power plants was 45,018.8MW, representing a year-on-year increase of 13,419.6MW. Among which, 9,137.8MW were derived from the aforementioned Clean Energy Acquisitions.

The Group has been making proactive efforts to develop clean energy. In particular, the consolidated installed capacity of clean energy including hydropower, wind power, photovoltaic power, natural gas power and environmental power was 33,938.8MW in total, accounting for approximately 75.39% of the total consolidated installed capacity of the Group, and representing a significant increase of approximately 10.45 percentage points as compared with the previous year.

Innovation of Energy Technology

In order to strengthen and enhance our first-mover advantages in the new energy market, the Group accelerated the development by incorporating its innovative technologies and stepped up its investment in technological research and development with a view to promoting our development in the emerging energy industries. Upon the successful implementation of various transformation and innovation plans, we have effectively enhanced our level of digitalization and intelligence. Besides, with a strong emphasis on innovating key techniques, recruiting and nurturing key personnel, we have also accelerated the incubation of our strategic emerging industries, thereby initiating a new phase of innovation-driven development.

Intelligent Energy Storage

During the year under review, Xinyuan Smart Storage Energy Development (Beijing) Co., Ltd.* (新源智儲能源發展(北京)有限公司, "**Xinyuan Smart Storage**"), a subsidiary of the Company, successfully launched its self-developed intelligent operation platform for general centralized control of energy storage. This platform marked the first 100MW-level energy storage and power station on the power grid side to be connected to the cloud platform through the internet. Additionally, it introduced the industry's first intelligent battery cluster control system, which effectively improved the speed of protection for battery clusters and expanded the usable capacity. All of these advancements have further underscored its innovation achievement in energy storage technology. Moreover, Xinyuan Smart Storage received multiple energy storage-related awards at various energy storage exhibitions and seminars, including the "2023 Best System Integration Solution Provider" and the "2023 Most Influential Enterprise in the Energy Storage Industry" awards in the PRC. These recognitions fully showcased Xinyuan Smart Storage's exceptional performance in aspects such as innovation, energy storage digitalization, intelligent operation and maintenance, and the delivery of products and services relating to safe and efficient energy storage system.

Colored Photovoltaic

Xinyuan Jinwu (Beijing) Technology Co., Ltd.* (新源勁吾(北京)科技有限公司, “**Xinyuan Jinwu**”), a subsidiary of the Company, is an innovative high-tech company specializing in colorization of photovoltaic modules and comprehensive utilization of obsolete photovoltaic modules, which has supplemented the industrial chain of photovoltaic modules from decommissioning to the final dismantling stage by recycling obsolete photovoltaic modules and thus prolonging their lives. Currently, its principal production base in Beijing is fully running with automated production process and intelligent operation. Benefitting from technical advantages like high light transmittance, excellent color adhesion and the absence of hot spot effect, the colorized obsolete photovoltaic modules have found extensive use in diverse demonstration settings including building clusters, transportation and public service facilities, thus driving the rapid growth of colored photovoltaic. The first full color auto-powered photovoltaic signage system and street light lighting system have been deployed in road settings in Tongzhou District and Fangshan District, Beijing, for demonstration purpose. These systems are anticipated to see broad implementation across provinces and cities nationwide and thereby catalyzing the swift advancement of colored photovoltaic.

Green Power Transportation

Shanghai Qiyuanxin Power Technology Co., Ltd.* (上海啟源芯動力科技有限公司, “**Qiyuanxin Power**”), an associate of the Company, dedicated itself to offering comprehensive battery-swap solutions for heavy-duty trucks. During the year under review, Qiyuanxin Power continued to actively expand its network of battery-swap stations for heavy-duty trucks, aiming to cover the primary transportation routes nationwide. Presently, the battery-swap stations of Qiyuanxin Power have emerged as the most widely used battery-swap brand for heavy-duty trucks, while its battery-swap stations are compatible with the broadest spectrum of heavy-duty truck models available in the market. Furthermore, it has successfully developed the first “battery-swap station for unmanned heavy-duty trucks” in Xinjiang, and constructed the first intelligent green mine model project in Southern Xinjiang. Meanwhile, focusing on the innovative areas of motive battery-powered transportation, new energy vessels and echelon utilization of motive batteries, it actively applied for a number of national key research and development programs and projects in 2023, so as to constantly enhance the Group’s influence in the emerging energy industries with technological innovation and application demonstration as the primary focus.

During the year under review, Qiyuanxin Power successfully concluded its Series B financing of RMB1.5 billion, showcasing the capital market’s acknowledgement of its innovative business model. Moving ahead, Qiyuanxin Power will persist in consolidating its resources across upstream and downstream sectors of the industrial chain to advance the nationwide ecological layout of its battery-swap operations and maintain its leading position within the industry.

Status of Key Projects

The year 2023 is the year of strategic transformation and advancement for the Group to achieve the new objectives outlined in the second phase of the national “14th Five-Year” Plan. The Group’s new energy power generation segments maintained rapid growth, with the status of key projects as follows:

Wuqiangxi Hydropower Plant Expansion Project

In Huaihua City, Hunan Province, the Wuqiangxi Hydropower Plant Expansion Project of the Group was completed and commenced operation successfully in December 2023, increasing the installed capacity of the power plant from 1,200MW to 1,700MW and hence further reinforcing the Group's position as a backbone hydropower plant for peak shaving and frequency modulation of the Central China Power Grid. Upon the commencement of operation of the Wuqiangxi Hydropower Plant Expansion Project, the Group's consolidated installed capacity for hydropower has increased from 5,451.1MW to 5,951.1MW.

Integrated Multi-energy Complementary Project

In Macheng City, Hubei Province, the Group's Multi-energy Complementary 1 million kW New Energy Base Project was successfully connected to the power grid. Under the new landscape of power reform, the Group is now actively exploring new models for synergistic operation of "Thermal Power + Green Power", striving to maximize both its investment income and returns.

Offshore Photovoltaic Projects

As offshore photovoltaic power emerges as the "new blue ocean" in the realm of development of the new energy industries, the Group is actively engaged in technological research and development for offshore photovoltaic power generation. During the year under review, we received approval for Phase I of the Shandong Peninsula South No. 5 600MW Project. The Haiyang HG34 and Wendeng HG32 Offshore Photovoltaic Demonstration Projects have effectively commenced off-grid power generation and a press conference was successfully held in September 2023 to showcase the project outcomes of the first batch of fixed offshore photovoltaic power demonstration projects with near-shore pile foundation in Shandong Province. The off-grid power generation has laid a strong foundation for propelling the extensive development and commercialization of offshore photovoltaic power.

"Photovoltaic+" Power Generation Projects

Located in Hou Town, Shouguang City, Weifang, Shandong Province, the Fishery and Photovoltaic Complementary Photovoltaic Power Generation Project with an installed capacity of 100MW is the first project to achieve full capacity power grid connection of the Lubei Saline-Alkali Tidal Flat Land 10 million kW-level Integrated Wind-Photovoltaic-and-Energy Storage Base, and has been put into commercial operation during the year under review. In addition, the Yanggu Agriculture and Photovoltaic Complementary 65MW Power Generation Project in Yanggu County, Liaocheng City, Shandong Province, being a key provincial-level project, was successfully connected to the power grid during the year under review and embodied the photovoltaic-agriculture circulation model of "power generation above and planting below the photovoltaic panels". Looking forward, the Group will promote the development and construction in Lubei region in full swing and continue to develop an array of "photovoltaic+" projects, such as "salt production and photovoltaic complementary project", "fishery and photovoltaic complementary project" and "agriculture and photovoltaic complementary project", according to the local conditions of Shandong Province. By integrating solar salt extraction, forestry and aquaculture with photovoltaic power generation, the Group will be able to enhance the productivity of the site areas and facilitate the integrated development of new energy and rural revitalization, thereby realizing base-oriented, large-scale and digitalized development of its new energy projects.

Integrated Photovoltaic Sand Control and Husbandry Promotion Demonstration Project

Located in Dalad Banner, Ordos City, Inner Mongolia Autonomous Region, the Integrated Sand Control, Husbandry Promotion and Photovoltaic Power Generation Demonstration Project with an installed capacity of 100MW is a city-level key demonstration project and has been put into commercial operation during the year under review. The project has significant environmental, economic and social benefits, and realize the integrated development of photovoltaic power generation, husbandry industry, agricultural industry and tourism in the region by planting the suitable psammophytes.

Integrated Intelligent Wind-and-Energy Storage Wind Power Project

Following the construction of CP Chaoyang 500MW Photovoltaic Power Grid Parity Demonstration Project, the Integrated Intelligent Wind-and-Energy Storage Wind Power Project with an installed capacity of 250MW in Chaoyang County, Chaoyang City, Liaoning Province is another major energy project of the Group under planning and to be constructed in Chaoyang City, Liaoning Province. As of the end of 2023, certain generating units of the project have commenced commercial operation, signifying groundbreaking progress of the Group in the development of integrated intelligent wind power project within Liaoning Province.

Overseas Wind Power Project

In 2023, Wu Ling Power Corporation* (五凌電力有限公司), a subsidiary of the Company, made investment in and developed the first centralized wind power project in Bangladesh known as the Cox's Bazar 66MW Wind Power Project. The project has been successfully connected to the power grid for power generation, and is projected to supply over 145 million kWh of green electricity annually, meeting the power needs of 100,000 households. This initiative is crucial in increasing the proportion of renewable energy in Bangladesh, promoting the adoption of new energy, and advancing energy conservation and emission reduction efforts. Being the first centralized wind power project in Bangladesh, the project reflected a pioneering milestone that showcased the latest achievements of the collaboration between China and Bangladesh in the new energy sector. It also represented a groundbreaking advancement in centralized wind power projects in Bangladesh and had been reported by the local media in Bangladesh as “a model for Sino-Bangladesh energy cooperation”. Additionally, the project has received a number of honors, including the recognition as an Outstanding Case of the 10th Anniversary of the “Belt and Road Initiative” by the State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”) and Xinhua News Agency, and being named one of the Top 10 Overseas Moments of Central Enterprises in 2023 by the News Center of the SASAC.

Photovoltaic Grid Parity Project

In 2023, the Xinrong Phase II 600MW Grid Parity Photovoltaic Power Generation Project of Datong China Power Photovoltaic Power Company Limited* (大同中電光伏發電有限公司), a subsidiary of the Company, commenced full capacity commercial operation. This project marked a new milestone of the Group in establishing its advantages in green energy industry cluster. Adopting a forestry-and-photovoltaic complementary model, the project utilized unused land in the low-lying mining areas of Datong City to establish a photovoltaic power base. It facilitated the rejuvenation of Datong City, formerly known as the “city of coal”, through the energy revolution in Shanxi Province, with green industries at the forefront of this revitalization.

Husbandry and Photovoltaic Complementary Photovoltaic Power Generation Project

In 2023, the SPIC Shenyuan Weichang Yudaokou 300MW Husbandry and Photovoltaic Complementary Photovoltaic Power Generation Project of Chengde Shenyuan Solar Power Generation Company Limited* (承德神源太陽能發電有限公司), a subsidiary of the Company, has commenced commercial operation. Situated in Weichang County, Chengde City, Hebei Province, the project was equipped with an ancillary electrochemical energy storage system with a capacity of 45MW/90MWh. The project served as a large-scale grid parity husbandry and photovoltaic complementary photovoltaic power generation demonstration project, and was selected as a key development project in Hebei Province.

Electricity Sales

The details of electricity sold by the Group are set out as follows:

	2023	2022	Changes
	MWh	MWh	%
Total electricity sold	103,239,505	108,170,802	-4.56
Hydropower	11,711,094	18,154,028	-35.49
Wind power	18,496,849	10,929,956	69.23
Photovoltaic power	14,606,863	9,775,268	49.43
Thermal power			
— Coal-fired power	54,986,785	67,862,570	-18.97
— Natural gas power	2,058,859	1,135,822	81.27
— Environmental power	1,379,055	313,158	340.37

In 2023, the total electricity sold by the Group amounted to 103,239,505MWh, representing a decrease of 4.56% as compared with the previous year. The changes in electricity sold by each power segment as compared with the previous year are as follows:

- Hydropower — A decrease of 35.49% in electricity sold was recorded due to the consistently low level of rainfall in the river basins where the Group's hydropower plants are located in the PRC during the year.
- Wind power and photovoltaic power — Benefitting from the Clean Energy Acquisitions as well as the commencement of commercial operation of new generating units, the electricity sales of wind power and photovoltaic power recorded year-on-year increases of 69.23% and 49.43%, respectively.
- Coal-fired power — The electricity sold decreased by 18.97% year-on-year due to the completion of the disposal of shares in two coal-fired power subsidiaries at the end of 2022 (the “**Coal-fired Power Disposal**”). If the effect of the Coal-fired Power Disposal was excluded, the electricity sales of coal-fired power would increase year-on-year, surpassing the growth rate of national electricity consumption.
- Natural gas power — Benefitting from the commencement of commercial operation of new projects in the second half of 2022 and 2023 respectively, the electricity sold increased by 81.27% year-on-year.
- Environmental power — Benefitting from the consolidation of new projects in the second half of 2022 and 2023, respectively, the electricity sold increased by 340.37% year-on-year.

The details of electricity sold by the Group's main associates and joint ventures are set out as follows:

	2023 <i>MWh</i>	2022 <i>MWh</i>	Changes %
Total electricity sold	44,147,967	27,908,088	58.19
Associates			
— Wind power	955,874	N/A	N/A
— Photovoltaic power	115,056	107,953	6.58
— Coal-fired power	38,952,733	23,455,722	66.07
Joint Ventures			
— Wind power	856,764	1,426,708	-39.95
— Photovoltaic power	27,144	128	21,106.25
— Coal-fired power	3,240,396	2,917,577	11.06

Heat Sales

The Group continued to carry out in-depth exploration of potential sites for heat supply in various regions. Driven by the commencement of commercial operation of one of the heat and electricity co-generation projects developed by the Group in the second half of 2022, there was a year-on-year increase in the Group's overall heat sold. In 2023, the total heat sold by the subsidiaries of the Group was 17,337,161GJ, representing an increase of 486,115GJ or 2.88% as compared with the previous year. The Group's main associates and joint ventures recorded total heat sold of 19,255,213GJ, representing an increase of 4,951,061GJ or 34.61% as compared with the previous year. The heat sales of the Group were recognized as other gains and losses in the consolidated income statement. During the year under review, profits on sales of heat, trading of coal, coal by-products, spare parts and others amounted to RMB140,561,000 (2022: RMB63,744,000), representing an increase of 120.51% over the previous year.

Market-Power Transactions

The Group has actively participated in the market-oriented reform of the national power industry and enhanced the research on electricity market policies and regulations, particularly in aspects such as the trading of spot electricity, green certificate/green energy and carbon emission allowances. Keeping abreast of the reform, the Group maximized market power sales and market share through increased participation in market-power transactions. Subsidiaries in various provinces have also established their power sales centers to attract more target customers by offering quality services.

In 2023, all the power production quota of large-scale coal-fired power generating units of the Group were obtained from the market, therefore the proportion of market-power sales has reached 100% (2022: 100%), and the average market on-grid tariff was at a premium of approximately 20.22% (2022: 20.11%) as compared with the average benchmark on-grid tariff officially approved by the Chinese Government.

Average On-Grid Tariff

In 2023, the Group's average on-grid tariffs of each power segment as compared with the previous year were as follows:

- Hydropower was RMB260.68/MWh, representing an increase of RMB2.61/MWh as compared with the previous year.
- Wind power was RMB471.41/MWh, representing a decrease of RMB7.31/MWh as compared with the previous year. It was mainly attributable to the commencement of operation and consolidation of grid parity wind power generation projects, and thus resulted in a lower average on-grid tariff of wind power.
- Photovoltaic power was RMB411.56/MWh, representing a decrease of RMB27.52/MWh as compared with the previous year. It was mainly attributable to the commencement of operation and consolidation of grid parity photovoltaic power generation projects, and thus resulted in a lower average on-grid tariff of photovoltaic power.
- Coal-fired power was RMB396.80/MWh, representing a decrease of RMB11.27/MWh as compared with the previous year. It was mainly attributable to the structural impact resulted from the Coal-fired Power Disposal of the Group completed at the end of 2022, and the decrease in spot market price for electricity in Shanxi Province.
- Natural gas power was RMB656.40/MWh, representing an increase of RMB22.60/MWh as compared with the previous year. It was mainly attributable to the increase in average selling price upon the participation of a natural gas power station of the Group in market-power transactions through the power grid company in Guangdong Province.
- Environmental power was RMB550.71/MWh, representing an increase of RMB6.58/MWh as compared with the previous year. It was mainly attributable to the higher on-grid tariff of the newly operating projects this year as compared with the average on-grid tariff of the previous year.

Average Utilization Hours of Power Generating Units

In 2023, the average utilization hours of power generating units of each power segment of the Group as compared with the previous year were as follows:

- The average utilization hours of hydropower were 2,166 hours, representing a decrease of 1,205 hours as compared with the previous year. It was mainly attributable to the decrease in power generation as a result of the decrease in the average rainfall in the river basins where the Group's hydropower plants are located during the year.

- The average utilization hours of wind power were 2,206 hours, representing an increase of 108 hours as compared with the previous year. It was mainly attributable to the improved availability of wind resources as compared with the previous year.
- The average utilization hours of photovoltaic power were 1,534 hours, representing a decrease of 88 hours as compared with the previous year. It was mainly attributable to the decrease in solar irradiance for photovoltaic power as compared with the previous year.
- The average utilization hours of coal-fired power were 5,246 hours, representing an increase of 563 hours as compared with the previous year. It was mainly attributable to the recovery of power consumption driven by the year-on-year increase in electricity demand during the year.
- The average utilization hours of natural gas power were 4,325 hours, representing an increase of 832 hours as compared with the previous year. It was mainly attributable to the recovery of power consumption driven by the year-on-year increase in electricity demand during the year.
- The average utilization hours of environmental power were 7,075 hours, representing an increase of 1,306 hours as compared with the previous year. It was mainly attributable to the year-on-year increase in volume of waste recycled.

Energy Storage Business

For 2023, the revenue from the energy storage business amounted to RMB2,548,183,000, representing a year-on-year increase of RMB1,651,923,000. The net profit amounted to RMB37,177,000, representing an increase of RMB2,957,000 or 8.64% as compared with the previous year. The revenue from energy storage business witnessed significant growth year-on-year due to the continuous expansion of the business. However, the growth of net profit was constrained by intense market competition and falling market prices. The energy storage business primarily includes sales of energy storage equipment, provision of subcontracting services for the development and assembly of power stations integrated with energy storage, energy storage capacity leasing services, and charging services of energy storage power stations. During the year under review, the Group continued to optimize its business structure and further implemented its intensive procurement model to reduce material costs and improve profitability. Additionally, the Group continued to make in-depth explorations in scientific research innovation and cross-industries partnership to further optimize its energy storage products and improve the operation and maintenance management services, so as to achieve product differentiation and enhance our competitiveness in the market. As an emerging industry, the Group's energy storage business is still at a ramp-up stage. In light of the favorable government policies and the rapid development of the energy storage market, the outlook for the energy storage business appears promising.

During the year under review, the Group diversified its energy storage project development and continued to extend its reach into overseas markets. Presently, it has projects in 33 cities in China and in countries such as Mexico, Chile and others abroad. Recognizing the tremendous opportunities in the international market, the Group plans to expedite the establishment of an overseas sales team and actively broaden its sales channels in the future, making all-out effort to advance further the development of the overseas energy storage market. With the continuous business expansion, it is anticipated that the contribution of the energy storage segment to the Group will continue to increase in the future.

OPERATING RESULTS OF 2023

In 2023, the net profit of the Group amounted to RMB4,533,955,000, representing an increase of RMB1,848,617,000 or 68.84% as compared with the previous year.

In 2023, the net profit (loss) of each operating segment was as follows:

Operating Segment	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	Change <i>%</i>
— Hydropower	(826,225)	261,385	N/A
— Wind Power	3,116,119	1,707,501	82.50
— Photovoltaic Power	1,503,868	1,023,678	46.91
— Thermal Power	1,315,169	(1,390,602)	N/A
— Energy Storage	37,177	34,220	8.64
— Unallocated	(612,153)	1,049,156	N/A
Total	4,533,955	2,685,338	68.84

As compared with 2022, the changes in net profit were mainly due to the following factors:

Revenue

The revenue of the Group was primarily derived from the sales of electricity, and the provision of power generation and energy storage-related services. In 2023, the Group recorded a revenue of RMB44,261,767,000, representing an increase of 1.31% as compared to RMB43,689,129,000 of the previous year.

In 2023, the details of revenue of each operating segment are set out as follows:

- Revenue from hydropower decreased by RMB1,632,232,000, which was attributable to the decrease in electricity sales of hydropower during the year.
- Revenue from wind power and photovoltaic power increased by RMB5,206,731,000 in total due to the consolidation and commencement of commercial operation of various projects.
- Revenue from thermal power decreased by RMB4,653,784,000, which was attributable to the effect of the Coal-fired Power Disposal. If the effect of the Coal-fired Power Disposal was excluded, the revenue from thermal power would increase year-on-year.
- Revenue from energy storage increased by RMB1,651,923,000 as the Group consistently expanded its energy storage business in alignment with the rapid growth of the energy storage market.

Operating Costs

Operating costs of the Group mainly consist of fuel costs, repairs and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, subcontracting costs, cost of sales of energy storage equipment, consumables and other operating expenses. In 2023, the operating costs of the Group amounted to RMB38,544,960,000, representing a 2.04% decrease from RMB39,347,562,000 in the previous year. Despite the commencement of operation and consolidation of various clean energy projects, as well as the significant year-on-year increase in costs associated with the expansion of the business of energy storage equipment sales, the operating costs recorded a year-on-year decrease as a result of the Coal-fired Power Disposal and stabilization of fuel prices.

Total Fuel Costs

The total fuel costs decreased by RMB5,924,400,000 or 26.07%, mainly due to the significant decrease in fuel consumption after the Coal-fired Power Disposal.

Unit Fuel Cost

The average unit fuel cost of the Group's coal-fired power business was RMB285.51/MWh, representing a decrease of 12.46% from that of RMB326.16/MWh of the previous year. It was mainly attributable to the improvement in supply given the ongoing release of domestic coal production capacity, combined with the substantial increase in imported coal. And to a lesser extent, the Group actively pushed forward the strategies in relation to joint operations between coal and power enterprises, and facilitated the fulfillment of long-term coal contracts. This, coupled with the implementation of policies such as zero tariff on coal imports, has aided the reduction of unit fuel cost.

Depreciation and Staff Costs

Depreciation of property, plant and equipment and the right-of-use assets and staff costs increased by RMB2,217,953,000 in aggregate as a result of business expansion and the large number of new power generating units that commenced commercial operation and being consolidated since the second half of 2022 and during the year.

Cost of Energy Storage Equipment Sales and Subcontracting Costs

The Group's energy storage segment is principally engaged in sales of energy storage equipment and the provision of subcontracting services for the development and assembly of power stations integrated with energy storage. In 2023, the cost of energy storage equipment sales and subcontracting costs totaled RMB2,249,439,000, representing a significant increase of RMB1,495,488,000 or 198.35% as compared to the previous year, which was primarily attributable to the year-on-year increase in sales of energy storage equipment and the increase in raw material costs thereof during the year.

Other Operating Expenses

Other operating expenses increased by RMB1,304,474,000 or 45.92% year-on-year, mainly due to the increase in operating costs related to power generation and the increase in amortization of other intangible assets.

Other Gains and Losses, Net

The net gains from other gains and losses decreased by RMB1,836,831,000 or 73.02% year-on-year, mainly due to the gain on recognition of negative goodwill recorded in the previous year, which did not occur this year.

Operating Profit

In 2023, the Group's operating profit was RMB8,715,187,000, representing an increase of 14.61% as compared with the operating profit of RMB7,604,262,000 of the previous year.

Finance Costs

In 2023, the finance costs of the Group amounted to RMB4,273,867,000 (2022: RMB4,260,961,000), representing an increase of RMB12,906,000 or 0.30% as compared with the previous year. The increase in finance costs was primarily attributable to the consolidation of certain clean energy projects acquired during the year. However, the Group's proactive efforts to optimize the debt structure and replace high-interest borrowings, coupled with the impact of the Coal-fired Power Disposal, have substantially offset the increase in finance costs.

Share of Results of Associates

In 2023, the share of results of associates was a profit of RMB504,855,000, representing an increase in profits of RMB660,088,000 as compared to the losses of RMB155,233,000 in the previous year. The increase in profits was primarily driven by the year-on-year decrease in coal prices, which resulted in a substantial year-on-year profit growth of associates engaged in coal-fired power-related businesses.

Share of Results of Joint Ventures

In 2023, the share of results of joint ventures was a profit of RMB201,294,000, representing an increase of RMB198,919,000 as compared to RMB2,375,000 in the previous year. The increase in profits was primarily driven by the year-on-year decrease in coal prices, which resulted in a substantial year-on-year profit growth of joint ventures engaged in coal-fired power-related businesses.

Income Tax Expense

In 2023, income tax expense of the Group was RMB892,635,000, representing an increase of 35.51% as compared with RMB658,729,000 in the previous year. The increase was mainly due to the return to profitability of the thermal power business and the continued increase in profit from clean energy projects, although losses in the hydropower segment partially offset the increase.

Final Dividend

At the Board meeting held on 21 March 2024, the Board recommended the payment of a final dividend for the year ended 31 December 2023 of RMB0.132 (equivalent to HK\$0.1455 at the exchange rate announced by the People's Bank of China on 21 March 2024) per ordinary share (2022: RMB0.11 per ordinary share), totaling RMB1,632,860,000 (equivalent to HK\$1,799,857,000) (2022: RMB1,360,717,000), which is based on 12,370,150,983 shares in issue on 21 March 2024.

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

As at 31 December 2023, the carrying amount of equity instruments at FVTOCI was RMB4,760,344,000, accounting for 1.56% of total assets, including listed equity securities of RMB3,073,452,000 and unlisted equity investments of RMB1,686,892,000.

Listed equity securities represent the equity interests in Shanghai Electric Power Co., Ltd.* (“**Shanghai Power**”) held by the Group. As at 31 December 2023, the Group held 12.90% (31 December 2022: 12.90%) of the issued share capital of Shanghai Power, the A shares of which are listed on the Shanghai Stock Exchange. They were categorized as level 1 financial assets of fair value measurements, and their fair values decreased by 15.48% as compared with RMB3,636,555,000 as at 31 December 2022.

Unlisted equity investments represent the Group's investment in equity of certain unlisted companies principally engaged in financial services, coal production and electricity trading services respectively. They were categorized as level 3 financial assets of fair value measurements, and their fair values increased by 240.71% from RMB495,112,000 as at 31 December 2022.

The valuation methods and key inputs used for measuring the fair values of the above level 3 financial assets were market approach, i.e. fair values of such equity instruments were estimated by calculating the appropriate value ratio based on market multiples derived from a set of comparable listed companies in the same or similar industries. Key inputs were (i) the market value of the said equity interests, (ii) price-to-book ratio (1.25–1.30) and price-earnings ratio (4.29–13.28) of the comparable companies, and (iii) the discount for lack of marketability (11.09%–23.28%).

The fair value loss on equity instruments at FVTOCI (net of tax) for the year ended 31 December 2023 of RMB413,328,000 (2022: RMB768,112,000) was recognized in the consolidated statement of comprehensive income.

MATERIAL ACQUISITIONS AND DISPOSALS

In July 2023, the Group and SPIC entered into the sale and purchase agreement, pursuant to which the Group agreed to acquire, and SPIC agreed to sell the equity interests in four target companies. On the same day, the Group, SPIC Guangdong and CPCEC entered into another sale and purchase agreement, pursuant to which the Group agreed to acquire, and SPIC Guangdong and CPCEC agreed to sell the equity interests in another target company. The Clean Energy Acquisitions were completed on 30 September 2023 and were settled by cash for a final consideration of approximately RMB10,790,266,000.

The Clean Energy Acquisitions will accelerate the progress of the Group's strategy for rapid expansion of clean energy business and expand its clean energy bases in new regions of China. For details, please refer to the announcements of the Company dated 26 July and 31 October 2023 respectively, and the circular dated 18 August 2023.

In September 2023, the Group entered into five equity transfer agreements with SPIC Qingneng (Beijing) New Energy Development Co., Ltd.* (電投清能(北京)新能源發展有限責任公司) (a special purpose vehicle ultimately controlled by the Group) and the respective target companies, pursuant to which the Group agreed to sell and the special purpose vehicle agreed to acquire the respective equity interests of the target companies for an aggregate consideration of RMB3,412,467,708. For details, please refer to the announcement of the Company dated 3 October 2023.

Save as disclosed above, the Group did not have any other material acquisitions and disposals during the year under review.

EVENT AFTER THE REPORTING PERIOD

The Company has completed the issuance of corporate bonds and received the proceeds therefrom on 14 March 2024. The corporate bonds were issued in a principal amount of RMB2,000,000,000, with a maturity period of three years. The unit face value is RMB100 and the interest rate is 2.67% per annum.

LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

As at 31 December 2023, cash and cash equivalents of the Group were RMB5,738,815,000 (31 December 2022: RMB4,228,099,000). Current assets amounted to RMB45,642,151,000 (31 December 2022: RMB30,885,745,000), current liabilities amounted to RMB75,170,626,000 (31 December 2022: RMB45,925,034,000) and current ratio was 0.61 (31 December 2022: 0.67).

During the year under review, the Group recorded a net increase in cash and cash equivalents of RMB1,511,664,000 (2022: a net increase of RMB2,458,965,000). For the year ended 31 December 2023:

- net cash generated from operating activities amounted to RMB9,903,018,000 (2022: RMB5,725,614,000). The significant increase in cash inflow was mainly attributable to the significant year-on-year increase in operating profit.
- net cash used in investing activities amounted to RMB26,843,571,000 (2022: RMB20,075,107,000), which was mainly attributable to the cash outflow of capital expenditure on payments for property, plant and equipment, and right-of-use assets and prepayments for construction of power plants of the Group.
- net cash generated from financing activities amounted to RMB18,452,217,000 (2022: RMB16,808,458,000). The increase in net cash inflow, as compared with the previous year, was mainly attributable to the year-on-year increase in the amount of drawdown of borrowings from related parties.

The financial resources of the Group were mainly derived from cash inflow generated from operating activities, debt instruments, borrowings from banks and related parties, and project financing.

DEBTS

As at 31 December 2023, total debts of the Group amounted to RMB168,714,840,000 (31 December 2022: RMB116,606,464,000). Over 99% of the Group's total debts are denominated in RMB.

As at 31 December 2023, the Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), was approximately 63% (31 December 2022: approximately 62%). The Group's gearing ratio remained stable.

As at 31 December 2023, the amount of borrowings granted by SPIC Financial was approximately RMB8.24 billion (31 December 2022: approximately RMB2.01 billion).

The details of the Group's debt as at 31 December 2023 and 2022 are set out as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings, secured	33,517,405	25,878,250
Bank borrowings, unsecured	85,763,239	53,060,727
Borrowings from related parties	27,024,008	15,134,304
Medium-term notes and super & short-term commercial papers issued by the Company	15,000,000	15,000,000
Lease liabilities	4,132,592	3,706,652
Other borrowings	3,277,596	3,826,531
	<u>168,714,840</u>	<u>116,606,464</u>

The above debts are repayable as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	37,867,799	23,977,778
Between one and two years	27,253,931	15,089,720
Between two and five years	30,965,101	34,461,220
Over five years	72,628,009	43,077,746
	<u>168,714,840</u>	<u>116,606,464</u>

Among the above debts, approximately RMB48,169,746,000 (31 December 2022: approximately RMB43,065,624,000) are subject to fixed interest rates, and the remaining debts denominated in RMB are subject to adjustment based on the relevant rules of the People's Bank of China and bearing interest rates ranged from 1.60% to 5.10% (2022: ranged from 1.25% to 5.39%) per annum.

ASSET IMPAIRMENT

When there is any indication of asset impairment, the Group will conduct an impairment test on the assets to assess whether an impairment has occurred.

In 2023, the Group recognized an impairment of RMB66,964,000, which was mainly attributable to an asset impairment of property, plant and equipment recognized for a photovoltaic power station.

SIGNIFICANT FINANCING

Issuance of Debt Financing Instruments

In 2023, the Company was approved by the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to extend the effective registration period of issuing debt financing instruments (“**DFI**”) for another two years from September 2023. During the effective registration period, the Company is permitted to issue multi-type of DFIs, including but not limited to super & short-term commercial papers, short-term commercial papers, medium-term notes, perpetual notes, asset-backed notes and green debt financing instruments in one or multiple tranches.

Under the DFI registration, the Company issued in November and December 2023, (i) the first tranche of perpetual medium-term notes in a principal amount of RMB1.5 billion at the interest rate of 3.58% per annum and an initial maturity period of three years; (ii) the second tranche of perpetual medium-term notes in a principal amount of RMB1.5 billion at the interest rate of 3.30% per annum and an initial maturity period of three years; and (iii) the first tranche of super & short-term commercial papers in a principal amount of RMB2 billion at the interest rate of 2.75% per annum and a maturity period of 90 days, respectively.

Perpetual Debt Investment Contracts

Through SPIC, the ultimate controlling shareholder of the Company, the Group has been allocated up to an aggregate amount of approximately RMB11.268 billion of funding in the form of perpetual debt instruments as of 31 December 2023, and has received the funding in full as of 31 December 2023 (of which certain subsidiaries and an associate of the Group have received approximately RMB5.208 billion and RMB6.06 billion in 2023 and 2022, respectively by entering into the perpetual debt investment contracts). The perpetual trust funds under the perpetual debt investment contracts helped the Group to expand its financing channels, enhance its cash flow adequacy and optimize its asset-liability structure, thus optimizing its financial position.

The proceeds from the above debt instruments have been fully applied towards the repayment of the existing borrowings and/or replenishment of the working capital of the Group.

SHARE INCENTIVE SCHEME

The Company adopted a new share option incentive scheme (the “**Share Incentive Scheme**”) upon the approval by its shareholders at an extraordinary general meeting held on 15 June 2022. Under the Share Incentive Scheme, the Company granted a total of 103,180,000 share options in two tranches in July 2022. All the aforesaid grantees are employees of the Company or its controlled subsidiaries. Since 15 grantees left the Group in 2023, 10,120,000 share options had lapsed. As of 31 December 2023, the Company had 93,060,000 shares available for issuance in relation to share options granted but not yet lapsed or cancelled under the Share Incentive Scheme. As a result of the leaving of grantees and based on the revised estimates of the number of lapsed share options in the future, the Company recognized share-based payment expenses of RMB7,422,000 (2022: RMB28,802,000) during the year under review.

CAPITAL EXPENDITURE

In 2023, the capital expenditure of the Group was RMB30,313,575,000 (2022: RMB20,332,484,000). In particular, the capital expenditure for clean energy segments (hydropower, wind power, photovoltaic power and energy storage) was RMB24,677,137,000 (2022: RMB18,082,070,000), which was mainly applied for the engineering construction of new power plants and power stations, and the asset purchases related to the energy storage business; whereas the capital expenditure for thermal power segment was RMB4,636,413,000 (2022: RMB1,880,414,000), which was mainly applied for the engineering construction of new thermal power generating units and technical upgrade for the existing power generating units. These expenditures were mainly funded by project financing, debt instruments, funds generated from business operations and borrowings from related parties.

PLEDGE OF ASSETS

As at 31 December 2023, certain bank borrowings and other borrowings (31 December 2022: certain bank borrowings) totaling RMB1,235,982,000 (31 December 2022: RMB741,473,000) were secured by certain property, plant and equipment with a net book value of RMB2,235,221,000 (31 December 2022: RMB1,849,800,000). In addition, certain bank borrowings, other borrowings and lease liabilities (31 December 2022: certain bank borrowings and lease liabilities) totaling RMB33,517,642,000 (31 December 2022: RMB26,120,745,000) were secured by the rights on certain accounts receivable amounted to RMB7,530,108,000 (31 December 2022: RMB3,467,887,000).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities.

FOREIGN EXCHANGE RISKS

The Group principally operates its businesses in Mainland China with most of its transactions settled in RMB. Apart from certain bank borrowings, borrowings from related parties as well as cash and cash equivalents, the Group's assets and liabilities are mainly denominated in RMB. The Group held borrowings denominated in Japanese Yen (“JPY”) and United States Dollars (“USD”) during the year. Volatility of RMB exchange rate against JPY and USD may increase the exchange risks of the Group, thus affecting its financial position and operating results. As at 31 December 2023, the Group's borrowings denominated in foreign currencies amounted to RMB926,998,000 (31 December 2022: RMB702,940,000), which accounted for 0.55% (31 December 2022: 0.60%) of the total debts of the Group.

The Group will continue to keep track on the movements of exchange rate and, if necessary, take responsive measures to avoid excessive foreign exchange rate risks.

FUNDING RISKS

With the Group's strengthened efforts in developing all kinds of new energy and innovative technology projects, funding adequacy has become an important issue for the Group. The financing market is affected by a number of factors such as the liquidity of the lending market, interest rates and the economic environment, which in turn may also affect the effectiveness and costs of the Group's borrowing. Financing from SPIC in the form of perpetual debt instruments has significantly increased the financial resources available to the Group. In addition, the Group has always leveraged its capability of accessing the Mainland China and overseas markets to optimize its funding sources, increase the credit facilities and lower its financing costs. Moreover, the financial services framework agreement with SPIC Financial also facilitates the mitigation of funding risks.

As at 31 December 2023, the Group had sufficient available unutilized financing facilities amounting to RMB42,848,259,000 and will refinance and restructure the existing loan terms when appropriate to safeguard against funding risks.

SOCIAL AND ENVIRONMENTAL GOVERNANCE

Operational Safety

In 2023, there had been no material accidents in relation to employees, facilities and environmental protection of the Group.

Human Resources

As at 31 December 2023, the Group had a total of 14,254 (2022: 10,829) full-time employees.

Energy Saving and Emissions Reduction

The Group has always placed a great emphasis on environmental protection from the perspective of sustainable corporate development, vigorously promoting energy saving and emissions reduction, conscientiously fulfilling its social responsibilities and actively responding to global climate change.

In 2023, the net coal consumption rate of the Group was 298.72g/kWh, representing a slight decrease of 3.65g/kWh as compared with the previous year. The Company made active efforts to promote the optimization and upgrade of its existing assets. By adopting effective solutions such as variable-frequency wind turbines and flue gas circulation, it strenuously pushed forward the transformation for energy saving and consumption reduction, which enhanced the efficiency of power generation and reduced both coal and power consumption indicators for power supply during the year. As the economic efficiency of power generating units continued to improve, their market competitiveness also increased gradually.

In 2023, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2022: 100%), and the efficiency ratio of desulphurization reached 99.46% (2022: 99.39%); while the operational ratio of denitration facilities was 100% (2022: 100%) and the efficiency ratio of denitration reached 89.21% (2022: 89.52%).

During the year under review, the environmental protection indicators for coal-fired power generating units were as follows:

- Emission rate of sulphur dioxide was 0.067g/kWh, representing a decrease of 0.003g/kWh as compared with the previous year;
- Emission rate of nitrogen oxide was 0.137g/kWh, representing an increase of 0.006g/kWh as compared with the previous year; and
- Emission rate of flue gas and dusts was 0.008g/kWh, which remained unchanged as compared with the previous year.

The rise of emission level of nitrogen oxide as compared with the previous year was mainly attributable to the increase of emission concentration by the Group to ensure operational safety under the national and respective local emission standards.

OUTLOOK FOR 2024

In 2024, the year marking the 20th anniversary of the listing of the Company on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), the Group will persist in pursuing its clean and low-carbon transformation and remain committed to maintaining a high-level security for safeguarding energy and power supply while co-ordinating for a high-quality development. We will vigorously drive value creation, reform and innovation, striving to evolve into a world-class clean energy listed group oriented to technological innovation.

Adhering to the principle of “poised for future success” while advancing the development of strategic emerging industries through technological innovation. The Group will continue to enhance its technological innovation capabilities, expedite the creation of differentiated advantages and strengthen its value creation ability within emerging energy industries. Through enhanced collaboration with various parties including those in the industries, schools and scientific research institutes, the Group will continue to foster technological innovation, propel the development of strategic emerging industries, and enhance the business planning and synergistic integration across various industry segments to maximize the value of technological innovation. It is our firm belief that by staying abreast of the latest trends and actively embracing technological innovations, we would thus be able to seize the opportunity to lead industry transformation as a first-mover.

Focusing on “Clean and Green Development” while firmly propelling strategic transformation and development. The Group will press on with the implementation of its transformation goals, and promote sustainable corporate development. Strictly implementing the concept of “In-depth, Stringent, Meticulous and Quality”, we will ensure that the operation and development are in line with the economic benefits and strategic direction through in-depth preliminary preparation, stringent work commencement and implementation, meticulous construction process as well as quality and satisfactory production results.

Insisting on the principle of “improving quality while maintaining quantity” to adapt to the new landscape of power reform proactively. The Group will fully leverage the integration of hydropower, wind and photovoltaic energy, along with the synergistic benefits of high-quality thermal power and energy storage, to effectively execute market-power transactions. In addition, we will also actively participate in the trading of green power and green certificates to further explore green benefits and values, and fully capitalize on the opportunities presented by the introduction of new tariff reform policies.

Ensuring compliance with “world-class” standards while giving play to the new momentum in the international business. The Group will proactively utilize its extensive experience accumulated in the entrusted management of the offshore assets of its parent company to actively expand the international business footprint of the listed company. The Group will drive further breakthroughs in the number of independent development projects overseas, focusing on the projects with large load capacity, favorable investment environment and low country-specific risks to ensure stable income and returns.

Staying focus on “value creation” for shareholders. The Group will firmly adhere to the requirements of the SASAC regarding the enhancement of the quality of listed companies controlled by central enterprises, and strengthen its efforts related to the capital market and market capitalization management, in an endeavor to reward all investors with even better results.

In 2024, the Group will remain committed to the goal of serving the interests of all stakeholders and continue to progress towards becoming a world-class clean energy listed company oriented to green power-related technological innovation.

REVIEW OF FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditor of the Company, Ernst & Young, the annual results and the consolidated financial statements for the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2023.

CORPORATE GOVERNANCE

The Company always strives to raise the standard of its corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and management on abiding by the standards of corporate governance, as well as our willingness to maintain transparency and accountability to maximize the value of our shareholders as a whole.

The Hong Kong Stock Exchange simplified the appendices to the Listing Rules in its consultation conclusions to the paperless listing regime and other rule amendments issued in June 2023. The Corporate Governance Code (the “**CG Code**”) previously numbered Appendix 14 was re-numbered to Appendix C1 effective 31 December 2023. Throughout the year ended 31 December 2023, the Company has strictly complied with all the applicable code provisions of the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (the “**Code of Conduct**”), the terms of which are no less than the requirement of Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have fully complied with the Code of Conduct throughout the year ended 31 December 2023.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and on the Company's websites at www.chinapower.hk and www.irasia.com/listco/hk/chinapower/index.htm, respectively.

The 2023 annual report will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the 2023 annual report will also be made available for review on the above websites in due course.

* *English or Chinese translation, as the case may be, is for identification purpose only.*

By Order of the Board
China Power International Development Limited
HE Xi
Chairman

Hong Kong, 21 March 2024

As at the date of this announcement, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors ZHOU Jie and HUANG Qinghua, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.